

February 4, 2005

**FOR IMMEDIATE RELEASE**

*Matsushita Electric Industrial Co., Ltd.*

*Media Contacts:*

*Mike Kitadeya/Karl Takahashi (Osaka)*

*Tel: +81-6-6949-2293*

*International PR*

*Tel: +81-3-3542-6205*

*Panasonic News Bureau (Tokyo)*

*Investor Relations Contacts:*

*Ryuichi Tsuruta (Japan)*

*Tel: +81-6-6908-1121*

*Akihiro Takei*

*Panasonic Finance (America), Inc.*

*Tel: +1-212-698-1365*

*Norio Iino*

*Panasonic Finance (Europe) plc*

*Tel: +44-20-7562-4400*

*Matsushita Electric Works, Ltd.*

*Media Contact:*

*Yukio Kinashi*

*Publicity Dept. (Japan)*

*Tel: +81-6-6909-7187*

*Investor Relations Contacts:*

*Tomio Kado*

*Financial Management Dept. (Japan)*

*Tel: +81-6-6903-0442*

*Akihiro Takei*

*Panasonic Finance (America), Inc.*

*Tel: +1-212-698-1365*

*Norio Iino*

*Panasonic Finance (Europe) plc*

*Tel: +44-20-7562-4400*

**Signing of Agreements on Reorganization of New Matsushita Group**

Osaka, Japan, February 4, 2005 -- Matsushita Electric Industrial Co., Ltd. (MEI [NYSE: MC]), best known for its "Panasonic" brand name, and Matsushita Electric Works, Ltd. (MEW), today announced the signing of agreements regarding reorganization of the building materials and equipment business, the home appliances business and the industrial equipment business (see September 28, 2004 press release "Reorganization of New Matsushita Group" and November 29, 2004 press release "Matsushita Group to Reorganize and Consolidate Industrial Equipment Business"). Details of the reorganization are outlined below.

**I. Reorganization of building materials and equipment business**

**1. Transfer of MEI's building materials and equipment business to MEW**

**A. Outline of business transfer**

MEI will transfer the Corporate Housing Equipment Sales Division (including shares in Matsushita Housing Equipment & Systems Corporation (MHESC), but not including City Gas Equipment Business Promotion Department and OEM sales of equipment and instruments) of Matsushita Home Appliances Company to MEW.

**B. Schedule**

February 4, 2005	Signing of business transfer agreement
April 1, 2005 (planned)	Date of business transfer

C. Assets and liabilities of the businesses to be transferred (forecast for March 31, 2005)

(in millions of yen)

Item	Book value
Assets	1,293
Liabilities	--

D. Transfer price and payment method

(in millions of yen)

Transfer price	5,687
----------------	-------

Payment method	Decision will be separately made after due consultation.
----------------	--

**2. Transfer of MHESC's building materials and equipment business to MEW**

A. Outline of business transfer

MHESC, currently a subsidiary of MEI, will transfer the kitchen-related business, and the product marketing & sales promotion and representative sales functions of its headquarters to MEW.

B. Schedule

February 4, 2005	Signing of business transfer agreement
April 1, 2005 (planned)	Date of business transfer

C. Assets and liabilities of the businesses to be transferred (as of September 30, 2004)

(in millions of yen)

Item	Book value
Assets	906
Liabilities	--

D. Transfer price and payment method

(in millions of yen)

Transfer price	906
----------------	-----

Note: The above transfer price is calculated based on the assets and liabilities as of September 30, 2004. MEW and MHESC will decide the final transfer price by the end of April 2005, adjusting for fluctuations in market prices of assets and liabilities as of the day prior to the business transfer.

Payment method	Decision will be separately made after due consultation.
----------------	--

**3. Transfer of MHESC's building materials and equipment business to Matsushita Electric Works Bathroom Ware Systems & Life Co., Ltd.**

A. Outline of business transfer

MHESC will transfer its bathroom ware systems business to Matsushita Electric

Works Bathroom Ware Systems & Life Co., Ltd. (MEWBWSL), a subsidiary of MEW established in January 2005.

**B. Schedule**

February 4, 2005	Signing of business transfer agreement
April 1, 2005 (planned)	Date of business transfer

**C. Assets and liabilities of the businesses to be transferred (as of September 30, 2004)**

(in millions of yen)

Item	Book value
Assets	163
Liabilities	--

**D. Transfer price and payment method**

(in millions of yen)

Transfer price	163
----------------	-----

Note: The above transfer price is calculated based on the assets and liabilities as of September 30, 2004. MHESC and MEWBWSL will decide the final transfer price by the end of April 2005, adjusting for fluctuations in market prices of assets and liabilities as of the day prior to the business transfer.

Payment method	Decision will be separately made after due consultation.
----------------	--

**II. Reorganization of home appliances business**

**1. Division of sales functions of home appliances in MEW and other MEW products, and transfer of such to MEI**

**[Outline of business division]**

**A. Schedule**

February 4, 2005	Signing of business division agreement
April 1, 2005 (planned)	Date of business division, transfer and commercial registration

**B. Method of business division and allotment of shares**

MEW will divide a certain part of its business and MEI will succeed the divided business. MEI will allot 2,542,767 shares of its common stock (owned by MEI as treasury stock) to MEW.

MEI and MEW separately consulted their respective outside financial advisors regarding the assessment of the overall value of the relevant business. Based on such assessments, both companies held negotiations, and determined the number of shares to be allotted to MEW in consideration of the value of the business to be divided and transferred.

C. Cash distribution upon business division and transfer

There will be no cash distribution in relation to the business division and transfer.

D. Rights and obligations to be succeeded

Assets, liabilities, rights and obligations with respect to the business to be divided and transferred, which are considered to be necessary for MEI in order to operate the business to be succeeded.

E. Prospects of paying debt obligations

MEI and MEW believe that both companies can pay their respective debt obligations after the business division and transfer.

F. New directors and corporate auditors of succeeding company

None

**[Description of the business to be divided]**

A. Business to be divided

MEW's sales functions of home appliances and other MEW products

B. Annual sales results of the business to be divided for the year ended November 30, 2004

Net Sales	Approximately 140 billion yen
-----------	-------------------------------

C. Assets and liabilities of the business to be divided (as of November 30, 2004)

(in millions of yen)

Item	Book value
Assets	459
Liabilities	--

**2. Division of electrolysis water systems and other water treatment equipment business of Panasonic Communications Co., Ltd., and transfer of such to MEW**

**[Outline of business division]**

A. Schedule

February 4, 2005	Signing of business division agreement
April 1, 2005 (planned)	Date of business division, transfer and commercial registration

B. Method of business division and allotment of shares

Panasonic Communications Co., Ltd. (PCC), a subsidiary of MEI will divide a certain part of its business and MEW will succeed the divided business. MEW will allot 5,575,963 shares of its common stock (owned by MEW as treasury stock) to MEI, the sole shareholder of PCC (the company dividing relevant business). MEW and PCC separately consulted their respective outside financial advisors regarding the assessment of the overall value of the relevant business. Based on such assessments, both companies held negotiations, and determined the number of shares to be allotted to MEI in consideration of the value of the business to be divided and transferred.

C. Cash distribution upon business division and transfer

There will be no cash distribution in relation to the business division and transfer.

D. Rights and obligations to be succeeded

Assets, liabilities, rights and obligations with respect to the business to be divided and transferred, which are considered to be necessary for MEW in order to operate the business to be succeeded.

E. Prospects of paying debt obligations

MEW and PCC believe that both companies can pay their respective debt obligations after the business division and transfer.

F. New directors and corporate auditors of succeeding company

None

**[Description of the business to be divided]**

A. Business to be divided

Electrolysis water systems and other water treatment equipment business

(including alkaline-ion water purifiers, water purifiers and pumps) of PCC.

B. Annual sales results of the business to be divided for the year ended March 31, 2004

Net Sales	Approximately 12 billion yen
-----------	------------------------------

C. Assets and liabilities of the business to be divided (forecast for March 31, 2005)

(in millions of yen)

Item	Book value
Assets	4,464
Liabilities	1,214

**3. Transfer of MEW's home appliance business to MEI**

A. Outline of business transfer

MEW will transfer the electric carpet, kitchen waste processor and hygiene toilet seat businesses to MEI.

B. Schedule

February 4, 2005	Signing of business transfer agreement
April 1, 2005 (planned)	Date of business transfer

C. Assets and liabilities of the businesses to be transferred (as of November 30, 2004)

(in millions of yen)

Item	Book value
Assets	317
Liabilities	--

D. Transfer price and payment method

(in millions of yen)

Transfer price	317
----------------	-----

Note: The above transfer price is calculated based on the assets and liabilities as of November 30, 2004. MEI and MEW will decide the final transfer price by the end of April 2005, adjusting for fluctuations in market prices of assets and liabilities as of the day prior to the business transfer.

Payment method	Decision will be separately made after due consultation.
----------------	--

**4. Transfer of MEW's home appliance business to Matsushita Ecology Systems Co., Ltd.**

A. Outline of business transfer

MEW will transfer its air purifier business to Matsushita Ecology Systems Co., Ltd., a subsidiary of MEI.

B. Schedule

February 4, 2005	Signing of business transfer agreement
April 1, 2005 (planned)	Date of business transfer

C. Assets and liabilities of the businesses to be transferred (as of November 30, 2004)

(in millions of yen)

Item	Book value
Assets	162
Liabilities	--

D. Transfer price and payment method

(in millions of yen)

Transfer price	1,517
----------------	-------

Payment method	Decision will be separately made after due consultation.
----------------	--

**III. Reorganization of Industrial Equipment Business**

**1. Transfer of high-voltage power distribution equipment (CUBICLE) business within Matsushita Industrial Information Equipment Co., Ltd. to Matsushita Electric Works Electric Control Equipment & Systems, Ltd.**

A. Outline of business transfer

Matsushita Industrial Information Equipment Co., Ltd. (MIIE), currently a subsidiary of MEI, will transfer its CUBICLE business (excluding the central monitoring and control system business) to Matsushita Electric Works Electric Control Equipment & Systems, Ltd. (MEWECES), a subsidiary of MEW established in January 2005.

B. Schedule

February 4, 2005	Signing of business transfer agreement
March 31, 2005 (planned)	Date of business transfer

C. Assets and liabilities of the businesses to be transferred (as of September 30, 2004)

(in millions of yen)

Item	Book value
Assets	438
Liabilities	--

D. Transfer price and payment method

(in millions of yen)

Transfer price	438
----------------	-----

Note: The above transfer price is calculated based on the assets and liabilities as of September 30,

2004. MIIE and MEWECES will decide the final transfer price by the end of April 2005, adjusting for fluctuations in market prices of assets and liabilities as of the day prior to the business transfer.

Payment method	Decision will be separately made after due consultation.
----------------	--

## 2. Transfer of MIIE's central monitoring and control system business for facility management to MEW

### A. Outline of business transfer

MIIE will transfer the central monitoring and control system business for facility management to MEW.

### B. Schedule

February 4, 2005	Signing of business transfer agreement
March 31, 2005 (planned)	Date of business transfer

### C. Assets and liabilities of the businesses to be transferred (as of September 30, 2004)

(in millions of yen)

Item	Book value
Assets	55
Liabilities	--

### D. Transfer price and payment method

(in millions of yen)

Transfer price	55
----------------	----

Note: The above transfer price is calculated based on the assets and liabilities as of September 30, 2004. MEW and MIIE will decide the final transfer price by the end of April 2005, adjusting for fluctuations in market prices of assets and liabilities as of the day prior to the business transfer.

Payment method	Decision will be separately made after due consultation.
----------------	--

MIIE will be merged into MEI on April 1, 2005 after the execution of the above mentioned business transfers. Through such merger, MEI will integrate the environmentally-friendly materials business of MIIE on April 1, 2005, aiming to further strengthen the group's environmental business in the industrial equipment area. For further information about this merger, please refer to a separate press release issued today "Matsushita to Absorb Wholly-Owned Subsidiary."

**[Reference]**

**1. Business status of MEI and MEW after the business divisions and transfers**

**MEI**

- 1) Trade name: Matsushita Electric Industrial Co., Ltd.
- 2) Principal lines of business: Manufacture and sale of electronic and electric equipment
- 3) Principal office: Osaka, Japan
- 4) Representative: Kunio Nakamura, President
- 5) Capital stock: No change as a result of this reorganization
- 6) Total assets: Approximately 3 billion yen increase on total assets as a result of this reorganization
- 7) Annual financial closing date: March 31
- 8) Effect on financial results: MEI currently expects that this reorganization will have no material effect on the company's financial performance on both a consolidated and non-consolidated basis for the year ending March 31, 2005.

**MEW**

- 1) Trade name: Matsushita Electric Works, Ltd.
- 2) Principal lines of business: Manufacture and sale of lighting, information and communications equipment, automation components, plastic materials, and housing-related products
- 3) Principal office: Osaka, Japan
- 4) Representative: Koichi Hatanaka, President
- 5) Capital stock: No change as a result of this reorganization
- 6) Total assets: Approximately 55 billion yen increase in total assets as a result of this reorganization
- 7) Annual financial closing date: November 30
- 8) Effect on financial results: MEW currently expects that the reorganization will have no material effect on the company's financial performance on both a consolidated and non-consolidated basis for the year ending March 31, 2005.\*

\*This irregular fiscal year is subject to approval at MEW's ordinary general meeting of shareholders scheduled for the middle of February 2005.

MEI and MEW plan to announce consolidated and non-consolidated financial forecasts for the fiscal year ending March 31, 2006 after this reorganization, around the end of April 2005.

**2. Basic information for MEI and MEW** (non-consolidated basis)

Trade Name	MEI (as of September 30, 2004)	MEW (as of November 30, 2004)						
Principal Lines of Business	Manufacture and sale of electronic and electric equipment	Manufacture and sale of lighting, information and communications equipment, electronic components to consumers, and housing-related products						
Date of Incorporation	December 15, 1935	December 15, 1935						
Principal Office	Osaka, Japan	Osaka, Japan						
Representative	Kunio Nakamura, President	Koichi Hatanaka, President						
Capital Stock □million yen□	258,740	138,349						
Shares Issued	2,453,053,497	733,211,014						
Shareholders' Equity (million yen)	2,841,380	547,075						
Total Assets (million yen)	5,095,843	881,953						
Financial Closing Date	March 31	November 30						
No. of Employees	50,753	13,991						
Major Shareholders And Shareholdings	The Master Trust Bank of Japan, Ltd. (Trust account) 6.21% Japan Trustee Services Bank, Ltd. (Trust account) 6.08% Moxley & Co. 4.46% Nippon Life Insurance Co. 2.70% Matsushita Investment & Development Co., Ltd. 2.32%  MEI holds 148,527 thousand shares (6.05% of total issued shares) of its own common stock.	MEI 51.00% Japan Trustee Services Bank, Ltd. (Trust account) 3.76% The Master Trust Bank of Japan, Ltd. (Trust account) 2.58% Matsushita Investment & Development Co., Ltd. 1.97% Matsushita Real Estate Co., Ltd. 1.54%  MEW holds 16,083 thousand shares (2.19% of total issued shares) of its own common stock.						
Relationship with companies dividing relevant businesses	<table border="1"> <tr> <td>Capital Stock</td> <td>MEI holds 51.00% of MEW's issued shares as of February 4, 2005</td> </tr> <tr> <td>Personnel</td> <td>There is one Director from MEI on MEW's Board of Directors</td> </tr> <tr> <td>Business</td> <td>Mutual sales and purchases of products</td> </tr> </table>	Capital Stock	MEI holds 51.00% of MEW's issued shares as of February 4, 2005	Personnel	There is one Director from MEI on MEW's Board of Directors	Business	Mutual sales and purchases of products	
Capital Stock	MEI holds 51.00% of MEW's issued shares as of February 4, 2005							
Personnel	There is one Director from MEI on MEW's Board of Directors							
Business	Mutual sales and purchases of products							

- Notes: 1. Amounts less than one million yen have been omitted. (hereinafter the same)  
 2. The amounts shown above for shareholders' equity, total assets, and number of employees are corrections of the respective amounts for MEI in the November 29, 2004 press release "Reorganization of Electrical Supplies Business of New Matsushita Group."

**Financial results for the most recent three fiscal years** (non-consolidated basis)

(in millions of yen, except per share amounts)

Fiscal year ended	MEI			MEW		
	March 2002	March 2003	March 2004	November 2002	November 2003	November 2004
Net Sales	3,900,790	4,237,869	4,081,485	859,361	864,452	855,293
Operating Profit (Loss)	(92,952)	52,884	46,993	22,238	29,080	30,896
Recurring Profit (Loss)	(42,480)	80,196	105,201	29,889	34,911	36,688
Net Income (Loss)	(132,410)	28,828	59,499	14,814	21,636	21,928
Net Income (Loss) per Share (in yen)	(63.79)	12.80	25.52	20.81	29.95	30.36
Annual Dividends per Share (in yen)	10.00	12.50	14.00	12.50	14.00	13.75
Shareholders' Equity per Share (in yen)	1,225.39	1,173.14	1,224.59	721.91	744.29	762.66

### 3. Basic information for the companies relevant to this reorganization

(non-consolidated basis)

Trade Name	Panasonic Communications Co., Ltd. (as of March 31, 2004)	Matsushita Ecology Systems Co., Ltd. (as of March 31, 2004)
Principal Lines of Business	Manufacture and sale of fixed-line communications equipment, including document related equipment	Manufacture and sale of environmental systems business equipment
Date of Incorporation	April 10, 1951	May 15, 1956
Principal Office	Fukuoka, Japan	Aichi, Japan
Representative	Hajime Sakai, President	Tameshige Hirata, President
Capital Stock (million yen)	29,845	12,092
Shares issued	175,140,849	159,971,744
Shareholders' Equity (million yen)	182,695	68,675
Total Assets (million yen)	283,443	95,946
Financial Closing Date	March 31	March 31
No. of Employees	7,162	1,162
Major Shareholders and Shareholdings	MEI 100%	MEI 100%

Trade Name	Matsushita Industrial Information Equipment Co., Ltd. (as of March 31, 2004)	Matsushita Housing Equipment & Systems Corporation (as of March 31, 2004)
Principal Lines of Business	Manufacture and sale of information equipment and systems terminals, and electric power management/power distribution equipment	Design, development and manufacture of housing systems products including system kitchens and bathroom ware systems Consulting, construction, sales and servicing of building equipment
Date of Incorporation	January 17, 1977	January 21, 1963
Principal Office	Osaka, Japan	Nara, Japan
Representative	Shunji Sawai, President	Masajiro Iima, President
Capital Stock (million yen)	3,000	500
Shares issued	6,000,000	1,000,000
Shareholders' Equity (million yen)	301	3,695
Total Assets (million yen)	11,578	49,756
Financial Closing Date	March 31	March 31
No. of Employees	526	2,556
Major Shareholders and Shareholdings	MEI 100%	MEI 91.8%

Trade Name	Matsushita Electric Works Bathroom Ware Systems & Life, Ltd. (as of date of incorporation)	Matsushita Electric Works Electric Control Equipment & Systems, Ltd. (as of date of incorporation)
Principal Lines of Business	Manufacture and sale of housing equipment including plastic prefabricated baths, and building materials	Manufacture and sale of high and low voltage distribution/cubicle units, housing distribution boards, circuit breaker boxes, wave clocks, solar battery-run clocks, timer switches
Date of Incorporation	January 26, 2005	January 12, 2005
Principal Office	Osaka, Japan	Aichi, Japan
Representative	Ikuo Hamashita, President	Toshiaki Kakiuchi, President
Capital Stock (million yen)	450	450
Shares issued	9,000	9,000
Shareholders' Equity (million yen)	450	450
Total Assets (million yen)	450	450
Financial Closing Date	March 31	March 31
No. of Employees	180* (*forecast for April 1, 2005)	643* (*forecast for April 1, 2005)
Major Shareholders and Shareholdings	MEW 100%	MEW 100%