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FOR IMMEDIATE RELEASE

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Matsushita Electric to Acquire All Outstanding Shares of
Five Subsidiaries through Share Exchanges

With respect to the share exchange between Matsushita Electric Industrial Co., Ltd. (MEI) and
Matsushita Communication Industrial Co., Ltd. (MCI)

MEI presently expects that a registration statement will be filed with the Securities and Exchange Commission (SEC) under the Securities Act of 1933, as amended, and that the prospectus included therein will be distributed to holders of MCI common stock in the United States. U.S. investors are urged to read the prospectus because it will contain important information about MEI and MCI, and the proposed share exchange between the two companies. You may read, and copy (upon payment of fees prescribed by the SEC) any documents filed by MEI, including the registration statement (if filed), at the SEC's public reference room, which is located at 450 Fifth Street, N.W., Washington D.C. 20549, telephone number: 1-800-732-0330. In addition, copies of the registration statement (if filed) will be made available free of charge through MEI's Corporate Finance & IR Group in Japan, telephone number: 81-6-6906-1763.

With respect to the share exchange between MEI and each of Kyushu Matsushita Electric Co., Ltd.,
Matsushita Seiko Co., Ltd., Matsushita Kotobuki Electronics Industries, Ltd. and Matsushita Graphic
Communication Systems, Inc.

The business combination referred to in this press release (Transaction) involves shares of common stock of a non-U.S. company. The Transaction is subject to disclosure requirements of a non-U.S. country that are different from those of the United States. Financial information included in this press release, if any, has been prepared in accordance with non-U.S. accounting standards that may not be comparable to the financial information of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the issuer of the securities is located in a non-U.S. country, and some or all of its officers and directors may be residents of a non-U.S. country. You may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. It may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

Matsushita Electric Industrial Co., Ltd. (NYSE and PCX symbol: MC) and five (5) of its subsidiaries (five group companies) announced today that, subject to the approval of the shareholders' meeting of each company, the five group companies will become wholly-owned subsidiaries of MEI through share exchanges as provided for under the amended Commercial Code of Japan. The five group companies are: Matsushita Communication Industrial Co., Ltd. (MCI), Kyushu Matsushita Electric Co., Ltd. (KME), Matsushita Seiko Co., Ltd. (MS), Matsushita Kotobuki Electronics Industries, Ltd. (MKEI) and Matsushita

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Graphic Communication Systems, Inc. (MGCS). All but MGCS are listed companies. Upon a resolution at a meeting of the Board of Directors of each company held on January 10, 2002, each of the five group companies has entered into a separate memorandum of understanding with MEI for share exchanges to become wholly-owned subsidiaries of MEI.

Officially, the share exchange agreements are scheduled to be signed in late April 2002, and, upon approval at the ordinary general meeting of shareholders of MEI and each of MCI, KME, MS, MKEI and MGCS, to be held in late June 2002, the share exchanges will become effective on October 1, 2002.

Details of the proposed share exchanges are as follows:

1. Purpose of acquiring all outstanding shares of five subsidiaries

To achieve new growth in the 21st century, Matsushita began its mid-term management plan "Value Creation 21" for the period from April 2001 to March 2004. Under the "Deconstruct and Create" theme, several restructuring programs have been implemented as of the date of this release, including reforms of the domestic consumer products distribution structure, expansion of IT utilization, strategic selection and strengthening of businesses and closing/integration of manufacturing units, initiatives to innovate manufacturing operations and R&D structure, and employment restructuring programs.

To achieve business growth that will maximize corporate value, and improve profitability, Matsushita will propel Groupwide business and operational restructuring to facilitate optimum allocation of management resources, as well as enhance management speed. Through such restructuring, Matsushita will realign the business areas of responsibility for all operating divisions, and their autonomous management system.

Actual business and organizational restructuring will be implemented on an ongoing basis, in accordance with the following basic policies:

- (1) Eliminate duplication of business lines, and counterproductive competition within the Group.
- (2) Unify and concentrate R&D resources into strategic areas to achieve optimum results from a Groupwide perspective.
- (3) Establish a system where there is a single window to customers, with full responsibility for development, production and sales for each product domain.

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To achieve this restructuring, the Board of Directors of MEI, and those of its above-named majority-owned subsidiaries, adopted the resolution at their respective extraordinary board meetings held today, whereby the five group companies will become wholly-owned subsidiaries of MEI by means of share exchanges.

The share exchange agreements of the above companies will be submitted for approval at the ordinary general meeting of shareholders of each of the above companies to be held in late June 2002. Upon shareholders' approval at each company, share exchanges will take place on October 1, 2002. Thereafter, Matsushita intends to complete the appropriate restructuring by the end of March 2003.

2. Terms and Conditions of Share Exchanges

A. Method

MEI will allot new MEI shares or its treasury stock to shareholders of each of the five subsidiaries. The shareholders of each of the five subsidiaries will become MEI shareholders through the respective share exchanges, and all of their shares will be exchanged for MEI shares. After the share exchanges, the five group companies will be wholly-owned subsidiaries of MEI.

B. Schedule

| | |
|------------------------------|--|
| January 10, 2002 | Board of Directors approves Memorandum of Understanding for share exchange |
| January 10, 2002 | Signing of Memorandum of Understanding to execute share exchange |
| Late April 2002 (planned) | Board of Directors to approve share exchange agreement |
| Late April 2002 (planned) | Signing of share exchange agreement |
| Late June 2002 (planned) | Shareholder approval of share exchange agreement (ordinary shareholders meeting) |
| September 30, 2002 (planned) | Shareholder submission of shares for share exchange |
| October 1, 2002 (planned) | Share exchange |

C. Share Exchange Ratios

In determining share exchange ratios, MEI sought advice from Nomura Corporate Advisors Co., Ltd. (NCA), while MCI consulted Global Management Directions Co., Ltd. (Andersen), KME received advice from Deloitte Tohmatsu Corporate Finance Co., Ltd. (Deloitte Tohmatsu) and MS, MKEI and MGCS received advice from KPMG Corporate Finance K.K. (KPMG). Each company requested its advisor to calculate relevant share exchange ratios.

The following share exchange ratios were established upon mutual agreement of the companies after consultation with their advisors. In the event of any major changes in assets or management, the parties agree to collaborate on adjusting the exchange ratios to reflect the changes.

| | | | |
|----------------|-------|-------|-------|
| Company | MEI | MCI | KME |
| Exchange Ratio | 1 | 2.884 | 0.576 |
| Company | MS | MKEI | MGCS |
| Exchange Ratio | 0.332 | 0.833 | 0.538 |

(Notes)

I. Valuation Methods:

- 1) MEI's financial advisor, NCA, primarily applied market price analysis, net worth method and discounted cash flow analysis in assessing MEI and the listed subsidiaries' corporate value. At the same time, NCA also calculated MGCS's corporate value, primarily applying comparable company analysis, net worth method and discounted cash flow analysis.
- 2) MCI's financial advisor, Andersen, calculated the exchange ratio for MCI considering the results of their equity value analysis of MEI and MCI primarily based on market price analysis, discounted cash flow analysis and the adjusted book value method.
- 3) Deloitte Tohmatsu, as financial advisor for KME, applied primarily the following methods in its calculation of the exchange ratio for KME:
 - a. market price analysis and discounted cash flow analysis in assessing MEI's corporate value
 - b. market price analysis and discounted cash flow analysis in assessing KME's corporate value
- 4) KPMG, as the financial advisor for MS, MKEI and MGCS, applied primarily the following methods in its calculation of the exchange ratios for MS, MKEI and MGCS:
 - a. market price analysis and break-up value analysis in assessing MEI's corporate value

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- b. market price analysis and adjusted present value method in assessing MS's corporate value
- c. market price analysis and discounted cash flow analysis in assessing MKEI's corporate value
- d. discounted cash flow analysis and market multiple method in assessing MGCS's corporate value

II. MEI's new shares will not be allotted to its existing share interests in the five group companies.

III. MEI may use its treasury stock in substitution for a part of MEI's shares to be issued for the share exchanges.

IV. Definitive amounts of increases in capital stock and capital surplus are yet to be determined.

V. Each of the five group companies will separately obtain approvals at each company's Board of Directors' and shareholders' meetings for the execution of its own share exchange agreement with MEI. Share exchanges for each of the five subsidiaries are not subject to approval by the Board of Directors or shareholders of the other subsidiaries. Therefore, it is possible that the proposed share exchanges may not be implemented at the same time by all of the five group companies, but partially by four or less subsidiaries.

3. Basic Information for MEI and 5 Group Companies

(Each on a parent company alone basis, as of September 30, 2001)

| | | |
|--------------------------------------|---|--|
| Trade Name | Matsushita Electric Industrial Co., Ltd. (to be 100% parent company) | Matsushita Communication Industrial Co., Ltd. (to be 100% subsidiary) |
| Principal Lines of Business | Manufacture and sale of electronic and electric equipment | Manufacture and sale of information/communication, measuring/control, audio/video, office, medical, precision and other electronic equipment. |
| Date of Incorporation | December 15, 1935 | May 31, 1944 |
| Principal Office | Kadoma-shi, Osaka, Japan | Kohoku-ku, Yokohama, Japan |
| Representative | Kunio Nakamura, President | Yasuo Katsura, President |
| Capital Stock (million yen) | 211,000 | 22,856 |
| Shares Issued | 2,079,579,524 | 188,149,981 |
| Shareholders' Equity (million yen) | 2,657,120 | 352,371 |
| Total Assets (million yen) | 4,407,548 | 535,731 |
| Financial Closing Date | March 31 | March 31 |
| No. of Employees | 57,585 | 8,026 |
| Major Customers | Consumer products-- widely distributed to general public through consumer and household equipment sales networks. Business and industrial equipment and components-- sold mainly to corporations, government agencies and manufacturers through systems and industrial sales networks. | MEI |
| Major Shareholders and Shareholdings | Sumitomo Mitsui Banking Corporation 4.69% Japan Trustee Services Bank (trust account) 4.00% Nippon Life Insurance 3.95% Sumitomo Life Insurance 3.69% Moxley & Co. 2.90% | MEI 56.33% Japan Trustee Services Bank (trust account) 3.42% Toyo Trust (trust account A) 1.62% Mitsubishi Trust (trust account) 1.21% Chuo Mitsui Trust 1.00% (as trustee for investment trust) |
| Major Banks | Sumitomo Mitsui Banking Corporation, Asahi Bank, etc. | Sumitomo Mitsui Banking Corporation, Asahi Bank, etc. |

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| | | |
|--------------------------------------|--|---|
| Trade Name | Kyushu Matsushita Electric Co., Ltd. (to be 100% subsidiary) | Matsushita Seiko Co. Ltd. (to be 100% subsidiary) |
| Principle Lines of Business | Manufacture and sale of information, office automation and industrial equipment, and electric components. | Manufacture and sale of electric home appliances, residential air conditioning equipment, industrial air conditioning equipment, and others |
| Date of Incorporation | April 10, 1951 | May 15, 1956* |
| Principal Office | Hakata-ku, Fukuoka, Japan | Joto-ku, Osaka, Japan |
| Representative | Hajime Sakai, President | Teruo Nakano, President |
| Capital Stock (million yen) | 29,845 | 12,092 |
| Shares Issued | 175,362,847 | 159,971,744 |
| Shareholders' Equity (million yen) | 157,293 | 75,229 |
| Total Assets (million yen) | 228,502 | 103,014 |
| Financial Closing Date | March 31 | March 31 |
| No. of Employees | 5,671 | 1,633 |
| Major Customers | MEI | MEI |
| Major Shareholders and Shareholdings | MEI 51.45% Sumitomo Mitsui Banking Corporation 2.62% Japan Trustee Services Bank (trust account) 2.37% Kyushu Matsushita Electric Employee Stockholding Association 2.32% Mitsubishi Trust (trust account) 1.98% | MEI 57.60% Sumitomo Marine and Fire Insurance 3.04% Nippon Life Insurance 2.02% Sumitomo Mitsui Banking Corporation 1.98% Sumitomo Life Insurance 1.72% |
| Major Banks | Sumitomo Mitsui Banking Corporation, Asahi Bank, etc. | Sumitomo Mitsui Banking Corporation, Asahi Bank, etc. |

* Matsushita Seiko Co. Ltd. was incorporated under a different name at time of incorporation.

| | | |
|--------------------------------------|--|---|
| Trade Name | Matsushita Kotobuki Electronics Industries, Ltd. (to be 100% subsidiary) | Matsushita Graphic Communication Systems, Inc. (to be 100% subsidiary) |
| Principal Lines of Business | Manufacture and sale of audio, information, video and other equipment | Manufacture and sale of facsimile and copying equipment and other related equipment |
| Date of Incorporation | November 15, 1948 | April 1, 1949 |
| Principal Office | Takamatsu, Kagawa, Japan | Meguro-ku, Tokyo, Japan |
| Representative | Tomiyasu Chiba, President | Nobutane Yamamoto, President |
| Capital Stock (million yen) | 7,907 | 1,500 |
| Shares Issued | 158,146,560 | 30,000,000 |
| Shareholders' Equity (million yen) | 217,293 | 24,754 |
| Total Assets (million yen) | 282,609 | 68,490 |
| Financial Closing Date | March 31 | March 31 |
| No. of Employees | 4,338 | 2,827 |
| Major Customers | MEI | MEI |
| Major Shareholders and Shareholdings | MEI 57.63% Japan Trustee Services Bank (trust account) 3.04% Hyakujushi Bank 2.64% Sumitomo Mitsui Banking Corporation 2.53% Sumitomo Life Insurance 1.36% | MEI 67.6% Fujitsu 14.4% Newspaper, Communication and Investigation Association 6.7% Domei Ikusei Association 3.6% Kyodo News 1.8% |
| Major Banks | Sumitomo Mitsui Banking Corporation, Hyakujushi Bank, etc. | Sumitomo Mitsui Banking Corporation, etc. |

4. Financial Results (for the most recent three fiscal years)

(In millions of yen, except per share amounts)

| Fiscal Year ended | Matsushita Electric Industrial Co., Ltd. (to be 100% parent company) | | | Matsushita Communication Industrial Co., Ltd. (to be 100% subsidiary) | | |
|--------------------------------------|---|-----------|-----------|---|----------|----------|
| | 1999/3 | 2000/3 | 2001/3 | 1999/3 | 2000/3 | 2001/3 |
| Net Sales | 4,597,561 | 4,553,223 | 4,831,866 | 656,814 | 693,123 | 817,844 |
| Operating Profit | 80,536 | 75,228 | 76,634 | 46,205 | 56,255 | 51,241 |
| Recurring Profit | 122,746 | 113,536 | 115,494 | 55,022 | 58,373 | 52,285 |
| Net Income | 62,019 | 42,349 | 63,687 | 23,309 | 35,086 | 32,298 |
| Net Income per Share (yen) | 29.67 | 20.53 | 30.63 | 123.89 | 186.48 | 171.66 |
| Annual Dividends per Share (yen) | 14.00 | 12.50 | 12.50 | 14.00 | 25.00 | 25.00 |
| Shareholders' Equity per Share (yen) | 1,152.29 | 1,248.31 | 1,306.37 | 1,433.71 | 1,837.60 | 1,988.43 |

| Fiscal Year ended | Kyushu Matsushita Electric Co., Ltd. (to be 100% subsidiarv) | | | Matsushita Seiko Co., Ltd. (to be 100% subsidiarv) | | |
|--------------------------------------|---|---------|---------|---|---------|--------|
| | 1999/3 | 2000/3 | 2001/3 | 1999/3 | 2000/3 | 2001/3 |
| Net Sales | 314,328 | 313,823 | 330,883 | 72,329 | 72,637 | 75,111 |
| Operating Profit (Loss) | 2,493 | 5,063 | 7,686 | (1,306) | (1,075) | 1,160 |
| Recurring Profit | 4,331 | 5,206 | 7,022 | 773 | 2,347 | 2,468 |
| Net Income (Loss) | 1,333 | (4,041) | 3,513 | 580 | 540 | 1,586 |
| Net Income (Loss) per Share (yen) | 7.56 | (22.92) | 19.92 | 3.27 | 3.04 | 9.56 |
| Annual Dividends per Share (yen) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Shareholders' Equity per Share (yen) | 901.40 | 915.20 | 920.51 | 459.96 | 476.73 | 478.14 |

| Fiscal Year ended | Matsushita Kotobuki Electronics Industries, Ltd. (to be 100 % subsidiary) | | | Matsushita Graphic Communication Systems, Inc. (to be 100% subsidiary) | | |
|--------------------------------------|---|----------|----------|--|----------|----------|
| | 1999/3 | 2000/3 | 2001/3 | 1999/3 | 2000/3 | 2001/3 |
| Net Sales | 462,985 | 369,979 | 309,785 | 119,099 | 116,407 | 109,418 |
| Operating Profit (Loss) | 21,641 | (7,912) | (3,992) | 3,745 | 2,727 | (1,124) |
| Recurring Profit (Loss) | 28,928 | (5,963) | 720 | 4,483 | 3,493 | (308) |
| Net Income (Loss) | 1,026 | (3,474) | (4,358) | 1,007 | 1,853 | (5,199) |
| Net Income (Loss) per Share (yen) | 6.49 | (21.96) | (27.55) | 33.59 | 61.79 | (173.30) |
| Annual Dividends per Share (yen) | 13.50 | 13.50 | 13.50 | 10.00 | 10.00 | 10.00 |
| Shareholders' Equity per Share (yen) | 1,326.45 | 1,479.48 | 1,439.53 | 759.60 | 1,053.59 | 881.17 |

Note: Amounts less than one million yen have been omitted, except per share amounts, which are in yen.

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5. Changes After Share Exchanges

A. Trade Names, Principal Lines of Business, Principal Offices and Representatives

No changes are currently contemplated with respect to trade names, principal lines of business, or corporate representatives for the above companies from those described in “3. Basic Information for MEI and 5 Group Companies.” With respect to principal offices, no changes are currently contemplated, except for MKEI, which is planning to shift its head office to the Matsuyama area in Ehime Prefecture.

B. Capital Stock

(In millions of yen)

| Matsushita Electric Industrial Co., Ltd. | Matsushita Communication Industrial Co., Ltd. | Kyushu Matsushita Electric Co., Ltd. |
|--|--|--|
| Undecided | 22,856 | 29,845 |
| Matsushita Seiko Co., Ltd. | Matsushita Kotobuki Electronics Industries, Ltd. | Matsushita Graphic Communication Systems, Inc. |
| 12,092 | 7,907 | 1,500 |

C. Effects on MEI's Consolidated Financial Results

The share exchanges will have no immediate material effect on MEI's consolidated sales and earnings, since the five group companies are already consolidated subsidiaries of MEI. At present, effects on MEI's consolidated balance sheet are not calculable, including amounts of possible increases in capital stock and capital surplus.

Toward the future, it is expected that transforming the five group companies into wholly-owned subsidiaries of MEI will raise the group's overall management efficiency and enhance business strategies, thus leading to the possibility of operational performance improvements within the entire Matsushita group.

This press release includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) that reflect the Matsushita Group's plans and expectations in relation to the share exchange schemes described above and the benefits resulting from them. To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of Matsushita Electric Industrial Co., Ltd. (MEI) and the five group companies referred to above in light of the information currently available to them, and involve known and unknown risks, uncertainties, and other factors. Such risks, uncertainties, and other factors include, in particular, the ability of MEI to integrate the operations of the five group companies effectively and the factors set forth in "Item 3.D: Risk Factors" of MEI's Annual Report on Form 20-F dated July 24, 2001 which has been filed with the U.S. Securities and Exchange Commission. Such risks, uncertainties and other factors may cause the Matsushita Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. MEI and the five group companies undertake no obligation to publicly update any forward-looking statements after the date of this press release.

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