



# HOME APPLIANCES

In home appliances, including household appliances, refrigeration, air conditioning, heating, healthcare systems, lighting and environmental systems, Matsushita strives to develop value-added products that meet rapidly changing customer needs and growing interest in health and the environment, providing products and services that foster a sense of security and brand loyalty.

In fiscal 2006, hit products that take advantage of the Company's extensive R&D resources included tilted-drum washer/dryers that utilize a heat-pump drying system, refrigerators that significantly increase storage space and air purifiers that suppress bacteria and odors. In air conditioners, products with automatic filter cleaning and dust removal functions sold well, while new models with enhanced functions to prevent dust buildup enabled Matsushita to secure the top market share in Japan.

Going forward, Matsushita will continue to offer value-added products that are based on black-box and environmental technologies, and incorporate universal design concepts. Matsushita will achieve increased growth and profitability by augmenting production bases, mainly in China and Asia, and promoting localization of product development and materials procurement.



The world's first tilted-drum washer/dryer to feature a heat-pump drying system

## Household Appliances

In household appliances, Matsushita's main business areas include washing machines, vacuum cleaners, dishwasher/dryers, microwave ovens, rice cookers, induction-heating (IH) cooking equipment, sanitary equipment and electric heating equipment.

In fiscal 2006, Matsushita continued to enjoy favorable sales of tilted-drum washer/dryers, while combination steamer/microwave ovens achieved high sales growth.

Regarding tilted-drum washer/dryers, Matsushita introduced the world's first model to employ a heat-pump drying system that uses no heater or cooling water during the dry cycle, thereby achieving significant energy- and water-savings.



Combination steamer/microwave oven equipped with a “Healthy Course” feature that cuts fat and salt in half



Washing machine production plant in Hangzhou, China



This air conditioner requires no cleaning or filter change for 10 years



This CO<sub>2</sub> water heating system is an industry leader in energy efficiency



Cordless carbon dioxide surgical dental laser with rechargeable batteries for ease of use

In response to increased awareness about personal health, Matsushita launched a new steamer/microwave oven in June 2005 that combines steam, microwave and conventional oven cooking functions to eliminate excess fat and salt from foods. This product was a hit in the domestic market, contributing to increased market share. Then, in April 2006, Matsushita launched a new model that enables two-tiered adjustment of fat and salt levels to meet various preferences and health requirements.

Matsushita also launched new products in IH cooking equipment that are compatible with cooking ware of any metal type, while expanding the IH lineup with more affordable and easy-to-use products featuring universal design.

For the future, Matsushita will continue to focus on high-growth products, including IH cooking equipment and dishwasher/dryers. Overseas, Matsushita began production of tilted-drum washer/dryers at its Hangzhou, China plant in August 2005, aiming to increase production capacity in China and achieve further growth.

## Refrigeration, Air Conditioning and Heating

Matsushita manufactures a wide range of consumer- and industry-use products including air conditioners and refrigerators, water heating systems that use carbon dioxide as a natural refrigerant, and vending machines. In addition, Matsushita is also intensifying efforts in key devices such as compressors.

In fiscal 2006, sales of air conditioners, refrigerators and water heating systems remained strong. Air conditioners sold especially well in comparison with the previous fiscal year. This was achieved through popular models equipped with automatic filter cleaning and dust removal functions, and collaborative efforts to utilize MEW sales channels. As a result, Matsushita achieved the top share in the domestic market. The Company further expanded its product lineup with the December 2005 release of a new model that requires no cleaning or filter change for 10 years.

In refrigerators, Matsushita introduced a popular new model with 50% more freezer space, made possible through the use of a compact and lightweight compressor.

In CO<sub>2</sub> water heating systems, the Company launched new products with improved heat exchange ratios and floor heating functions. By strengthening product competitiveness and expanding product lineups, Matsushita maintained the top share in Japan.

Matsushita will focus on further enhancing added-value and strengthening cost-competitiveness in key devices, such as compressors for air conditioners and refrigerators, in order to maintain a leading global market share.

## Healthcare Systems

Matsushita's healthcare systems business focuses on daily health management, with products ranging from blood glucose monitoring systems, ultrasonic diagnostic equipment and laser devices, to in-home healthcare solutions.

During the year under review, responding to continually increasing demand for blood glucose monitoring systems both in Japan and overseas markets, Matsushita maintained the top share in domestic sales and expanded production of blood glucose monitoring sensors to further increase overseas sales. Meanwhile, in medical laser systems, Matsushita introduced the world's first cordless rechargeable carbon dioxide surgical laser for dental use and expanded overseas businesses, resulting in increased overall sales in medical laser devices.

In the future, Matsushita will accelerate product development and continue to introduce innovative new products, while reinforcing existing businesses. Furthermore, recognizing the convergence of medical services and in-home healthcare, Matsushita will contribute to the realization of ubiquitous healthcare by providing reliable and affordable high-quality healthcare products at a reasonable cost.

## Lighting



The Pa-look Premier, extended-life fluorescent lamps

The lighting business consists of general lighting products, such as fluorescent and incandescent lamps, optical devices for LCD backlights and electronic flash units for cameras and related equipment.

In fiscal 2006, Matsushita significantly increased its market share in consumer-use fluorescent lamps. This strong performance was underpinned by the new Pa-look Premier fluorescent lamps with extended lifetime and spiral-shaped compact fluorescent lamps. Fueled by an increase in new home construction, Matsushita also enjoyed sales growth in mini krypton bulb incandescent lamps. These factors collectively contributed to favorable sales in general lighting products. In optical devices, Matsushita outperformed the industry in sales growth of LCD backlights.

Matsushita will continue to focus on the development of value-added products, while emphasizing extended lifespan and energy efficiency. The Company also strives to develop new products by integrating the business strategies of its lamp business with MEW's lighting fixture business. Through these efforts, the Company aims to further increase sales and market share in consumer-use products. In addition, Matsushita will strengthen its competitive position in the LCD backlight industry by further improving yield rates and production capacity.



This air purifier uses ultra-fine ion particles generated by moisture in the air to inhibit unpleasant odors and bacteria buildup in fabric fibers

## Environmental Systems

The environmental systems business consists of ventilating fans and air purifiers, as well as an environmental engineering business for industrial wastewater treatment solutions.

In fiscal 2006, overseas sales were particularly strong for ventilation systems, due mainly to the introduction of new products in North America as well as increased sales in the Middle East. In the domestic ventilating fan market, Matsushita achieved an industry first with total production to date exceeding 100 million units in February 2006. At the same time, the Company released a micro-mist sauna for the bathroom, attracting significant market acclaim in Japan.

In October 2005, combining the Company's black-box technologies with those of MEW, Matsushita launched an ion-generating air purifier, which uses ultra-fine ion particles that penetrate deep into fabric fibers to inhibit bacteria buildup and eliminate unpleasant odors.

Going forward, Matsushita will achieve advances in function, energy-efficiency and compact design in ventilation and home environment systems. Matsushita will also utilize its expertise in the environmental engineering business, where the Company will focus on water, soil and air purification. To enhance cost competitiveness in global markets, Matsushita will take advantage of extensive overseas operations, including its principal factory in Guangdong, China.



This home sauna employs a fine mist, allowing users to read or watch TV