

Fact Book

- For the year ended March 31, 2006 -

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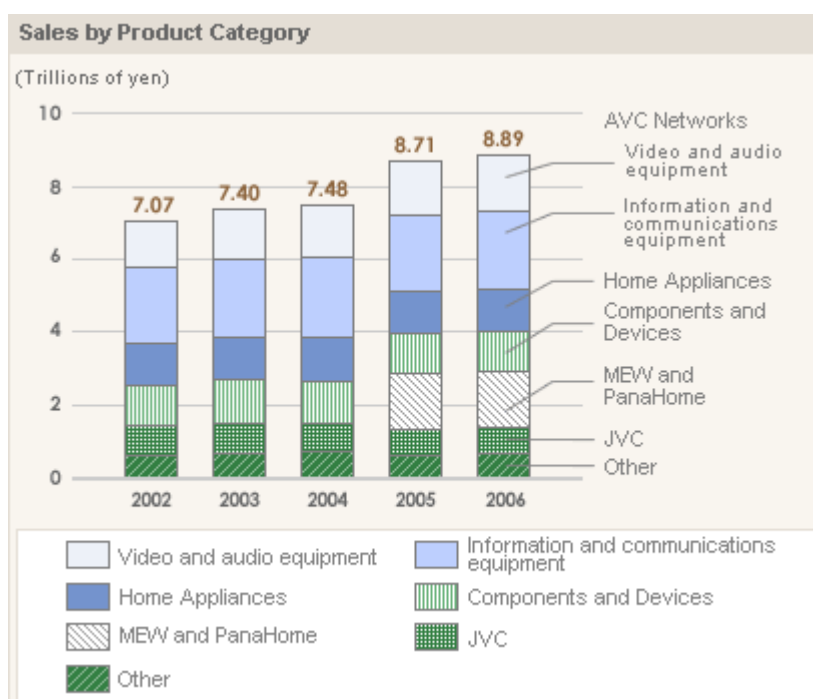
Matsushita Electric Industrial Co., Ltd.

Consolidated Sales Data

(Years ended March 31)

(Millions of yen)

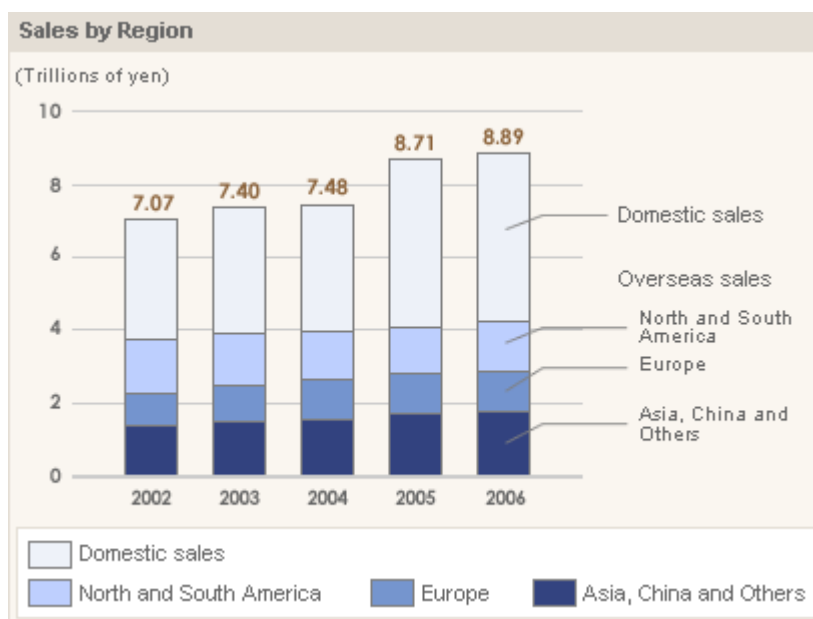
	2002	2003	2004	2005	2006
Sales by Product Category					
AVC Networks:					
Video and audio equipment	1,295,698	1,397,668	1,418,118	1,482,617	1,576,499
Information and communications equipment	2,100,288	2,113,820	2,206,021	2,076,214	2,111,838
Subtotal	3,395,986	3,511,488	3,624,139	3,558,831	3,688,337
Home Appliances	1,142,024	1,184,148	1,189,118	1,156,591	1,183,126
Components and Devices	1,090,077	1,193,832	1,142,395	1,112,454	1,086,591
MEW and PanaHome	—	—	—	1,558,968	1,570,812
JVC	812,479	827,967	802,650	717,781	699,010
Other	633,271	684,279	721,442	609,011	666,453
Total	7,073,837	7,401,714	7,479,744	8,713,636	8,894,329



- Notes:
1. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.
 2. Matsushita Electric Works, Ltd. (MEW), PanaHome Corporation (PanaHome) and their respective subsidiaries became consolidated subsidiaries of the Company on April 1, 2004. Accordingly, a new category, MEW and PanaHome, has been added to the product categories from fiscal 2005.
 3. Under the collaboration with MEW, the Company reorganized business and sales channels in such areas as electrical construction materials, building equipment and home appliances. Accordingly, the year-on-year figures for the Home Appliances and MEW and PanaHome categories are based on the reclassified fiscal 2005 sales results for those product categories.
 4. See "Product Categories and Main Products" for information about major products in each category.

(Millions of yen)

	2002	2003	2004	2005	2006
Sales by Region					
Domestic sales	3,313,912	3,453,836	3,477,492	4,580,555	4,611,440
Overseas sales:					
North and South America	1,495,258	1,420,802	1,326,940	1,282,956	1,387,424
Europe	839,248	999,637	1,080,143	1,122,493	1,113,556
Asia, China and Others	1,425,419	1,527,439	1,595,169	1,727,632	1,781,909
Overseas total	3,759,925	3,947,878	4,002,252	4,133,081	4,282,889
Total	7,073,837	7,401,714	7,479,744	8,713,636	8,894,329



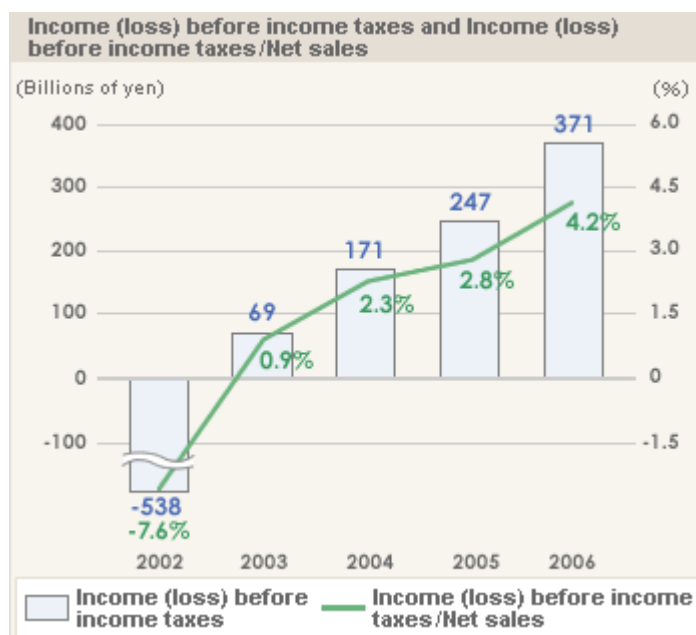
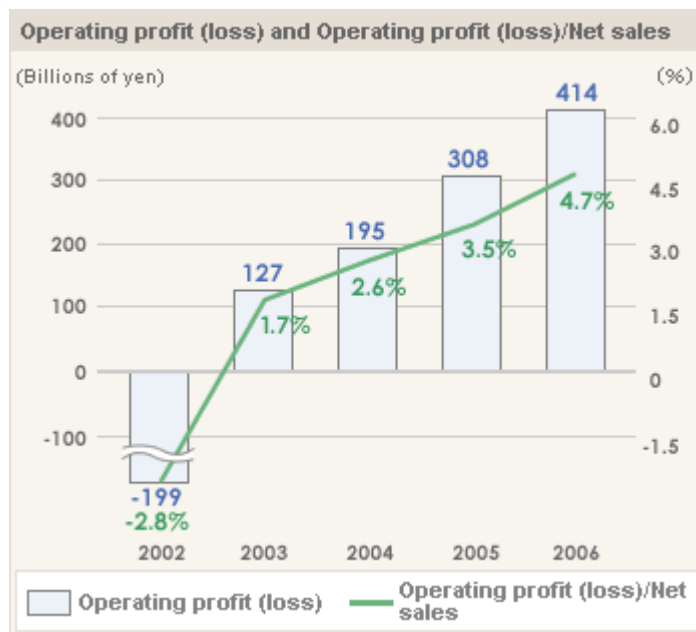
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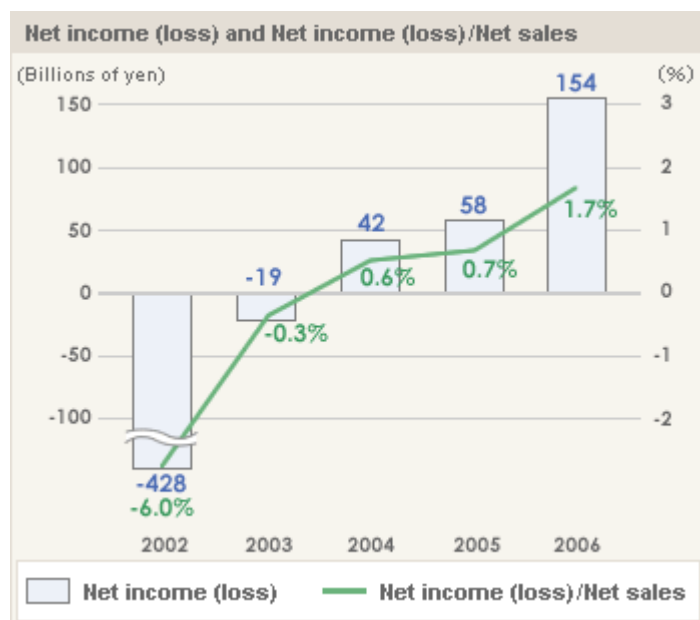
Profitability

(Years ended March 31)

(Millions of yen)

	2002	2003	2004	2005	2006
Net sales	7,073,837	7,401,714	7,479,744	8,713,636	8,894,329
Operating profit (loss)	-198,998	126,571	195,492	308,494	414,273
Operating profit (loss)/Net sales	-2.8%	1.7%	2.6%	3.5%	4.7%
Income (loss) before income taxes	-537,779	68,916	170,822	246,913	371,312
Income (loss) before income taxes/Net sales	-7.6%	0.9%	2.3%	2.8%	4.2%
Net income (loss)	-427,779	-19,453	42,145	58,481	154,410
Net income (loss)/Net sales	-6.0%	-0.3%	0.6%	0.7%	1.7%





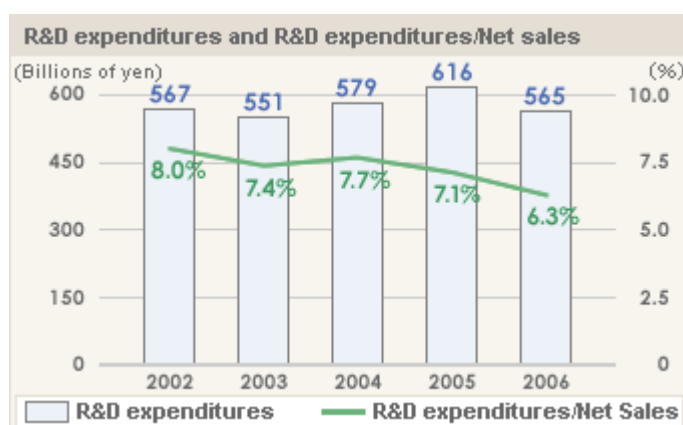
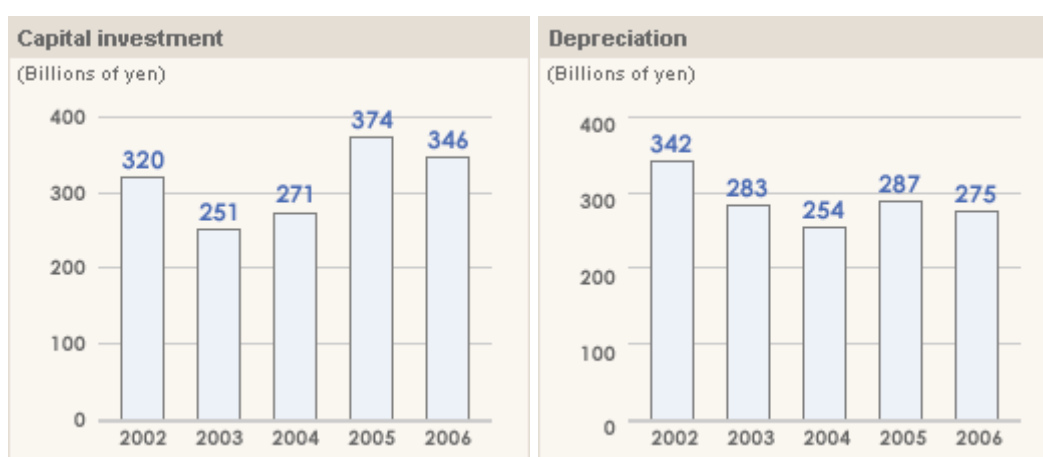
- Notes:
1. Loss before income taxes for fiscal 2002 includes ¥164.1 billion for expenses associated with the implementation of the regional-based employee remuneration system and early retirement programs, a ¥92.3 billion loss for write-down of investment securities, and ¥86.0 billion for impairment losses and other expenses associated with the closure or integration of several locations.
 2. Income before income taxes for fiscal 2003 includes restructuring charges of ¥12.5 billion associated with the implementation of early retirement programs and a ¥52.6 billion loss for write-down of investment securities.
 3. Income before income taxes for fiscal 2004 includes restructuring charges of ¥54.1 billion associated with the implementation of early retirement programs and the closure and integration of locations, ¥11.7 billion for impairment losses, a ¥52.5 billion loss for write-down of investment securities and a ¥72.2 billion gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance.
 4. Income before income taxes for fiscal 2005 includes restructuring charges of ¥110.6 billion associated with the implementation of early retirement programs and the closure and integration of locations, a ¥16.2 billion loss for write-down of investment securities and a ¥31.5 billion gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance.
 5. Income before income taxes for fiscal 2006 includes restructuring charges of ¥37.0 billion associated with the implementation of early retirement programs and a ¥24.9 billion related to the kerosene fan heater recall.
 6. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during fiscal 2003 and restated amounts fiscal 2002.
 7. In order to be consistent with financial reporting practices generally accepted in Japan, operating profit (loss) is presented as net sales less cost of sales and selling, general and administrative expenses. Under U.S. generally accepted accounting principles, certain additional charges (such as impairment losses and restructuring charges) are included as part of operating profit (loss) in the consolidated statements of operations. See Notes 1, 2, 3, 4 and 5 above, and the Consolidated Statements of Operations.

Capital Investment, Depreciation and R&D Expenditures

(Years ended March 31)

(Millions of yen)

	2002	2003	2004	2005	2006
Capital investment :					
Purchases of property, plant and equipment shown as capital expenditures in the consolidated statements of cash flows	342,107	246,603	275,544	352,203	356,751
Effect of timing difference between acquisition dates and payment dates	-21,962	4,867	-4,253	22,050	-10,932
	320,145	251,470	271,291	374,253	345,819
Depreciation	341,549	283,434	253,762	287,400	275,213
R&D expenditures	566,567	551,019	579,230	615,524	564,781
R&D expenditures/Net sales	8.0%	7.4%	7.7%	7.1%	6.3%



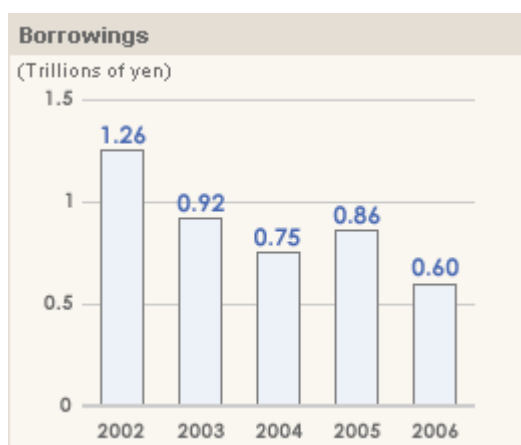
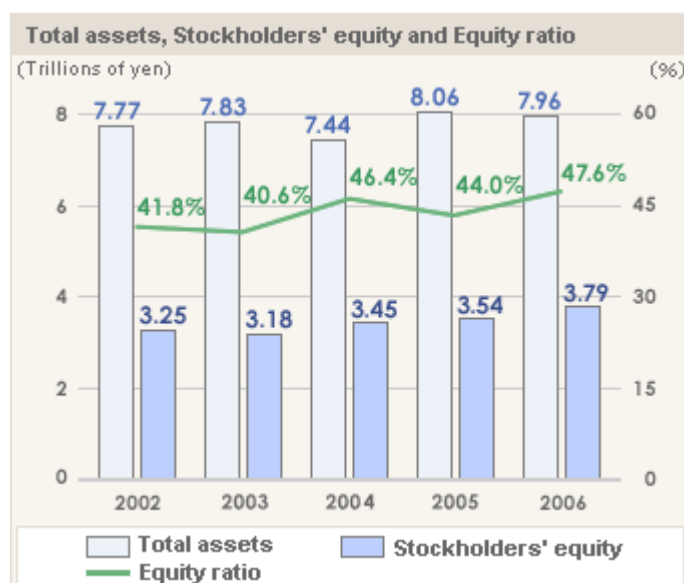
- Notes: 1. The Company defines capital investment as purchases of property, plant and equipment on an accrual basis which reflects the effects of timing differences between acquisition dates and payment dates. The Company has included the information concerning capital investment because its management uses this indicator to manage its capital expenditures and it believes that such indicator is useful to investors to present accrual basis capital investments in addition to the cash basis information in the consolidated statements of cash flows. The above table shows a reconciliation of capital investment to purchases of property, plant and equipment shown as capital expenditures in the consolidated statements of cash flows.
2. Depreciation does not include intangibles.
3. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

Assets, Liabilities and Stockholders' Equity

(Years ended March 31)

(Millions of yen)

	2002	2003	2004	2005	2006
Total assets (at year-end)	7,768,457	7,834,693	7,438,012	8,056,881	7,964,640
Stockholders' equity (at year-end)	3,247,860	3,178,400	3,451,576	3,544,252	3,787,621
Equity ratio	41.8%	40.6%	46.4%	44.0%	47.6%
Current assets (at year-end)	4,006,890	3,986,178	3,774,977	4,030,532	4,406,553
Current liabilities (at year-end)	2,594,085	2,570,832	2,569,786	2,828,891	2,885,068
Borrowings (at year-end)	1,261,824	921,888	750,847	862,617	603,915
Interest coverage ratio (Times)	-3.47	4.67	7.95	14.60	20.71

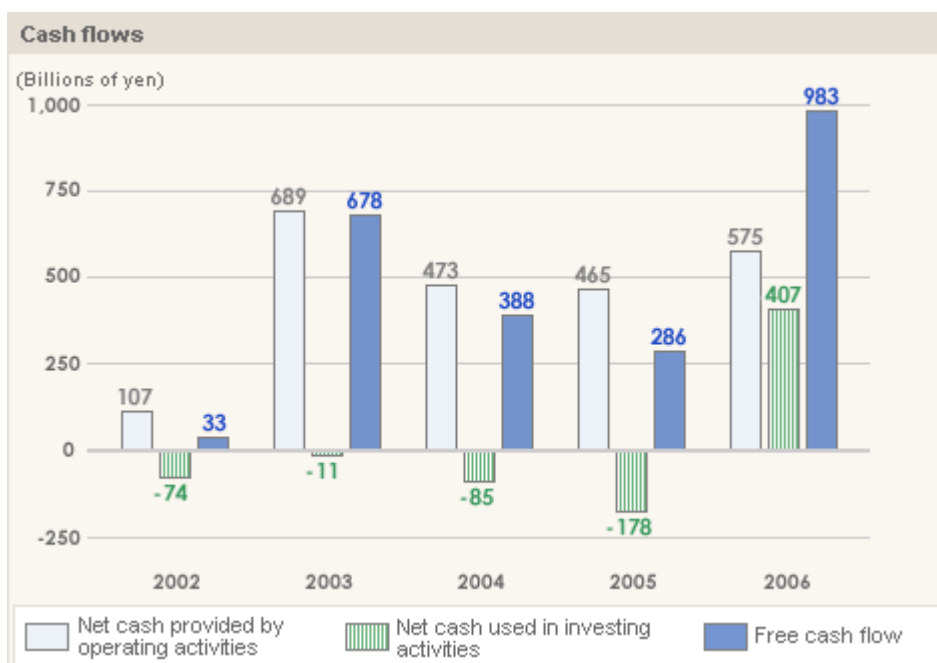


- Notes: 1. Interest coverage ratio is calculated as the aggregate of operating profit (loss), interest and dividend income divided by interest expense.
2. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

Cash Flows

(Years ended March 31)

	(Millions of yen)				
	2002	2003	2004	2005	2006
Net cash provided by operating activities	107,091	688,910	473,226	464,562	575,418
Net cash used in investing activities	-74,472	-11,177	-85,445	-178,296	407,091
Free cash flow	32,619	677,733	387,781	286,266	982,509
Net cash provided by (used in) financing activities	6,271	-433,447	-256,795	-405,578	-524,568
Net increase (decrease) in cash and cash equivalents	55,431	234,338	107,544	-105,258	497,640



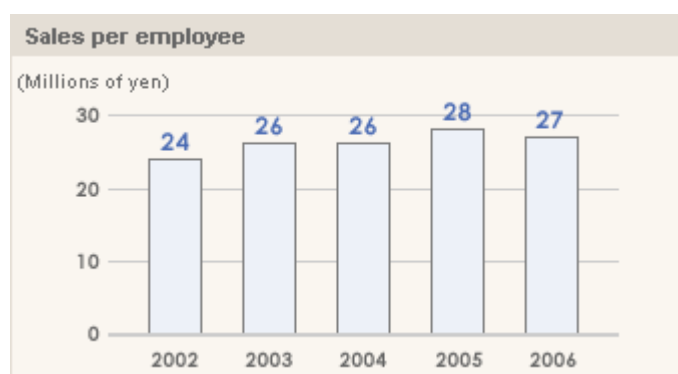
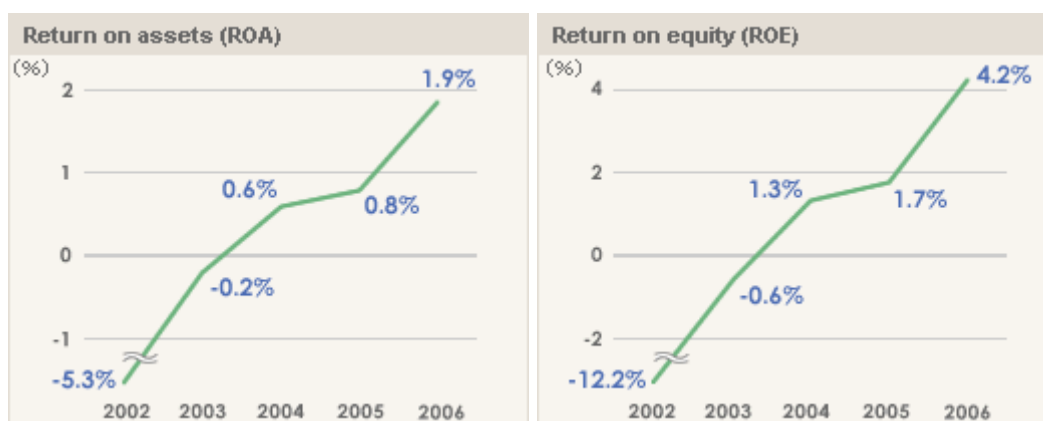
- Notes:
1. The Company defines free cash flow as the sum of net cash provided by operating activities and net cash used in investing activities. The Company has included the information concerning free cash flow because its management uses this indicator, and it believes that such indicator is useful to investors, to assess its cash availability after financing of its capital projects.
 2. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.
 3. The Company changed the presentation of "deposits and advances from customers" from net cash used in financing activities to net cash provided by operating activities in the consolidated statements of cash flows for fiscal 2006. In addition, the Company revised the corresponding prior year presentation.
 4. Regarding free cash flows, for the reasons mentioned in Note 3 above, results for previous years have been revised. For the description of free cash flow, see Note 1 above.

Efficiency

(Years ended March 31)

	(Millions of yen)				
	2002	2003	2004	2005	2006
Net income (loss)	-427,779	-19,453	42,145	58,481	154,410
Total assets (at year-end)	7,768,457	7,834,693	7,438,012	8,056,881	7,964,640
Stockholders' equity (at year-end)	3,247,860	3,178,400	3,451,576	3,544,252	3,787,621
ROA	-5.3%	-0.2%	0.6%	0.8%	1.9%
ROE	-12.2%	-0.6%	1.3%	1.7%	4.2%
Sales per employee	24	26	26	28	27

	(Number of people)				
	2002	2003	2004	2005	2006
Total employees (at year-end)	291,232	288,324	290,493	334,752	334,402
Domestic employees (at year-end)	126,378	121,451	119,528	150,642	144,871
Overseas employees (at year-end)	164,854	166,873	170,965	184,110	189,531

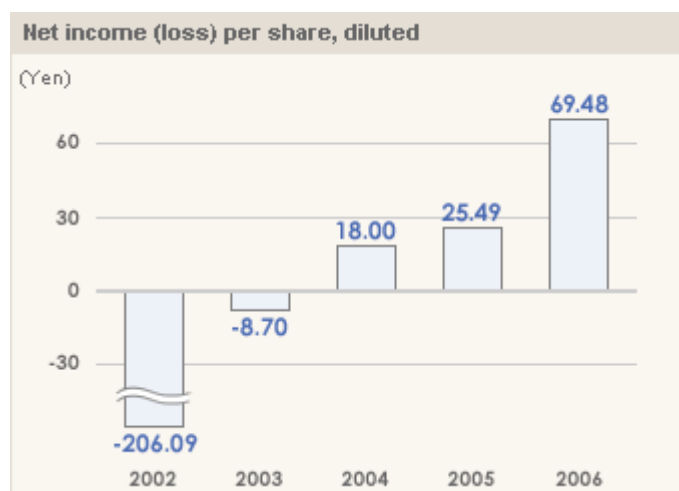


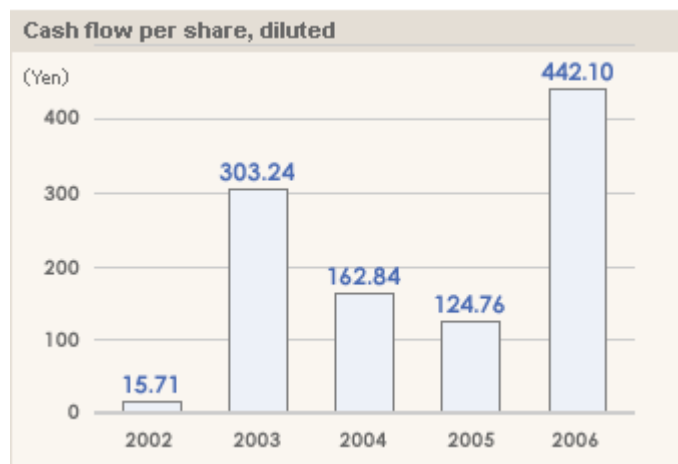
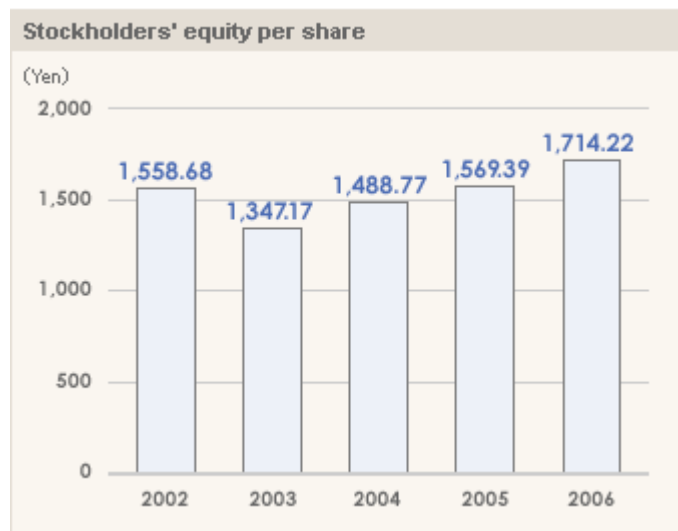
- Notes: 1. ROA and ROE are calculated by using the average of total assets and stockholders' equity, respectively, at the beginning and the end of each fiscal year.
2. Sales per employee is calculated as net sales divided by the average number of employees.
3. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

Common Share Data

(Years ended March 31)

	2002	2003	2004	2005	2006
Net income (loss) (Millions of yen)	-427,779	-19,453	42,145	58,481	154,410
Diluted net income (loss) (Millions of yen)	-427,779	-19,453	42,872	58,481	154,410
Stockholders' equity (at year-end) (Millions of yen)	3,247,860	3,178,400	3,451,576	3,544,252	3,787,621
Net cash provided by operating activities (Millions of yen)	107,091	688,910	473,226	464,562	575,418
Net cash used in investing activities (Millions of yen)	-74,472	-11,177	-85,445	-178,296	407,091
Free cash flow (Millions of yen)	32,619	677,733	387,781	286,266	982,509
Number of common shares issued (at year-end) (Thousand shares)	2,138,515	2,447,923	2,453,053	2,453,053	2,453,053
Treasury stock (at year-end) (Thousand shares)	54,793	88,606	134,646	194,696	243,522
Number of dilutive shares (at year-end) (Thousand shares)	60,336	60,336	—	—	—
Average number of shares outstanding (Thousand shares)	2,075,668	2,234,969	2,321,835	2,294,608	2,222,376
Average number of diluted shares outstanding (Thousand shares)	2,075,668	2,234,969	2,381,296	2,294,608	2,222,388
Net income (loss) per share, diluted (Yen)	-206.09	-8.70	18.00	25.49	69.48
Stockholders' equity per share (Yen)	1,558.68	1,347.17	1,488.77	1,569.39	1,714.22
Cash flow per share, diluted (Yen)	15.71	303.24	162.84	124.76	442.10





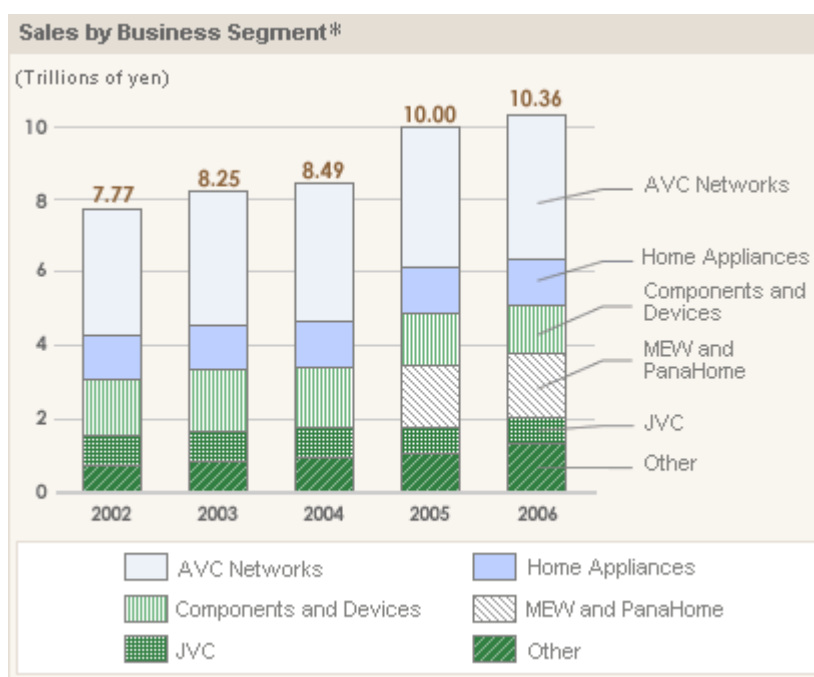
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 2. The Company changed the presentation of "deposits and advances from customers" from net cash used in financing activities to net cash provided by operating activities in the consolidated statements of cash flows for the year ended March 31, 2006 (fiscal 2006). In addition, the Company revised the corresponding prior year presentation.
 3. Regarding free cash flows, for the reasons mentioned in Note 2 above, results for previous years have been revised. For the description of free cash flow, see Note 1 above.
 4. Net income (loss) per share, diluted is calculated by dividing diluted net income (loss) by the average number of diluted shares outstanding. Net losses per share for fiscal 2003 and 2002 are not adjusted for antidilutive shares, as the Company incurred net losses for these years.
 5. Stockholders' equity per share is calculated by dividing stockholders' equity at year-end by the number of common shares issued, after deducting treasury stock, at year-end.
 6. From fiscal 2005, cash flow per share, diluted is calculated by dividing free cash flow by the average number of diluted shares outstanding. Prior year figures have been restated to reflect this measure. For the description of free cash flow, see Note 1 above.
 7. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during fiscal 2003 and restated amounts for fiscal 2002.

■ Segment Information

(Years ended March 31)

(Millions of yen)

	2002	2003	2004	2005	2006
Sales by Business Segment					
AVC Networks	3,508,624	3,668,195	3,840,268	3,858,781	3,986,088
Home Appliances	1,170,785	1,197,481	1,223,190	1,229,768	1,241,202
Components and Devices	1,534,728	1,709,732	1,659,672	1,469,007	1,368,258
MEW and PanaHome	—	—	—	1,686,257	1,747,207
JVC	834,819	851,509	818,999	730,209	703,116
Other	725,357	819,055	948,728	1,027,123	1,315,292
Subtotal	7,774,313	8,245,972	8,490,857	10,001,145	10,361,163
Eliminations	-700,476	-844,258	-1,011,113	-1,287,509	-1,466,834
Total	7,073,837	7,401,714	7,479,744	8,713,636	8,894,329

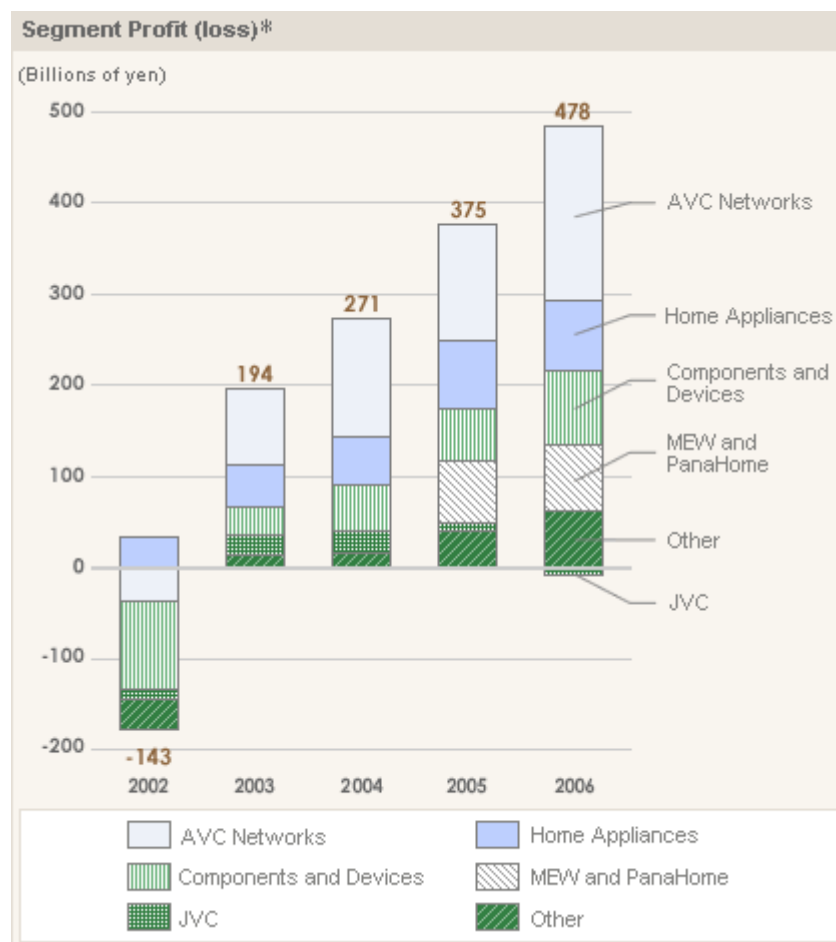


* Charts are prepared excluding adjustments for eliminations.

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2. Matsushita Electric Works, Ltd. (MEW), PanaHome Corporation (PanaHome) and their respective subsidiaries became consolidated subsidiaries of the Company on April 1, 2004. Accordingly, a new segment, "MEW and PanaHome," has been added to the Company's business segment classifications from fiscal 2005.
3. Under the collaboration with MEW, the Company reorganized business and sales channels in such areas as electrical construction materials, building equipment and home appliances. Accordingly, the year-on-year figures for the Home Appliances and MEW and PanaHome segments are based on the reclassified fiscal 2005 sales results for those business segments.

(Millions of yen)

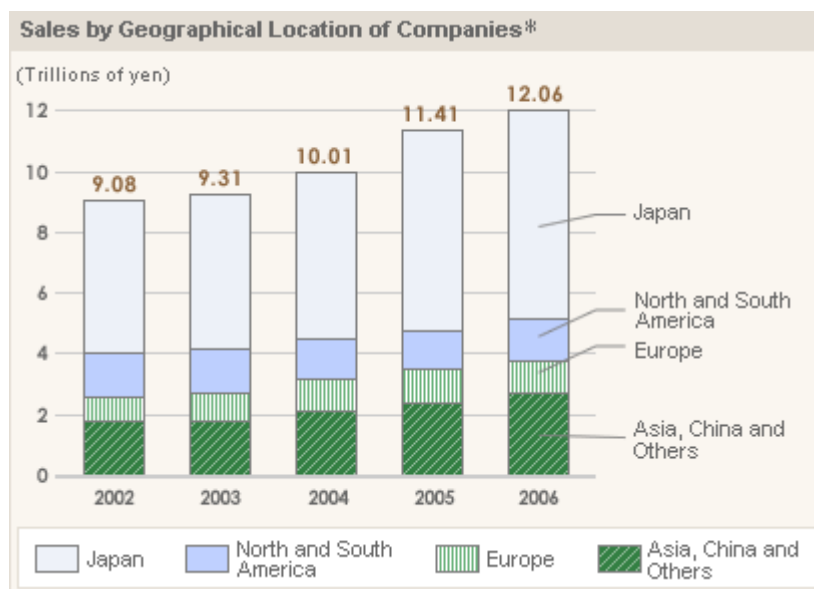
	2002	2003	2004	2005	2006
Segment Profit (loss)					
AVC Networks	-35,626	82,828	129,102	127,366	190,885
Home Appliances	32,611	45,240	52,759	74,794	77,135
Components and Devices	-95,714	31,213	50,099	57,761	81,111
MEW and PanaHome	—	—	—	66,761	72,694
JVC	-12,345	21,863	24,675	9,887	-5,782
Other	-32,388	13,042	14,701	38,352	62,225
Subtotal	-143,462	194,186	271,336	374,921	478,268
Corporate and eliminations	-55,536	-67,615	-75,844	-66,427	-63,995
Total	-198,998	126,571	195,492	308,494	414,273



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3. Under the collaboration with MEW, the Company reorganized business and sales channels in such areas as electrical construction materials, building equipment and home appliances. Accordingly, the year-on-year figures for the Home Appliances and MEW and PanaHome segments are based on the reclassified fiscal 2005 sales results for those business segments.

(Millions of yen)

	2002	2003	2004	2005	2006
Sales by Geographical Location of Companies					
Japan	5,017,105	5,140,394	5,511,035	6,620,052	6,890,339
North and South America	1,445,748	1,390,399	1,297,183	1,271,617	1,366,537
Europe	786,793	939,250	1,027,335	1,072,564	1,087,667
Asia, China and Others	1,830,524	1,837,412	2,176,410	2,444,998	2,716,361
Subtotal	9,080,170	9,307,455	10,011,963	11,409,231	12,060,904
Eliminations	-2,006,333	-1,905,741	-2,532,219	-2,695,595	-3,166,575
Total	7,073,837	7,401,714	7,479,744	8,713,636	8,894,329



* Charts are prepared excluding adjustments for eliminations.

Note: The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

(Millions of yen)

	2002	2003	2004	2005	2006
Profit (loss) by Geographical Location of Companies					
Japan	-166,134	88,152	131,796	262,063	374,129
North and South America	-4,092	22,449	23,258	20,834	16,773
Europe	-14,600	21,741	16,325	7,393	4,511
Asia, China and Others	48,530	71,016	89,706	75,324	81,337
Subtotal	-136,296	203,358	261,085	365,614	476,750
Corporate and eliminations	-62,702	-76,787	-65,593	-57,120	-62,477
Total	-198,998	126,571	195,492	308,494	414,273



* Charts are prepared excluding adjustments for corporate and eliminations.

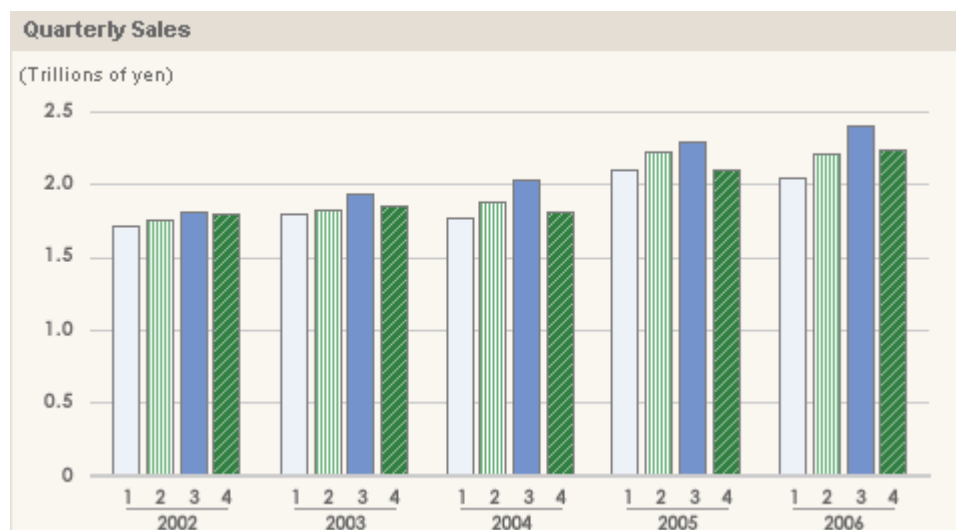
Note: The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

Quarterly Financial Data

(Years ended March 31)

(Millions of yen)

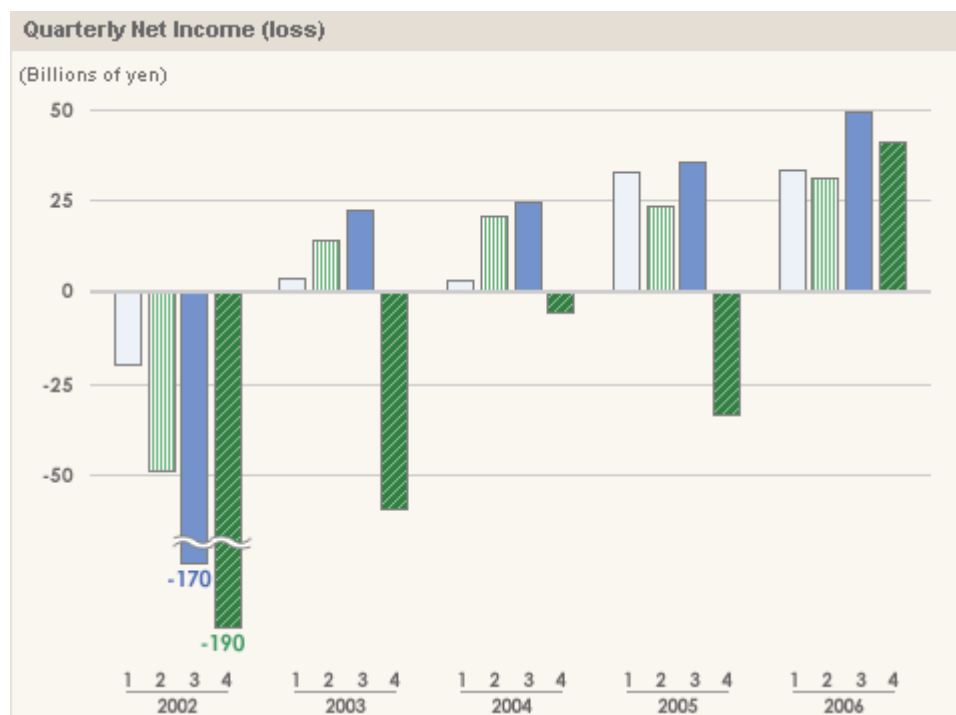
	2002	2003	2004	2005	2006
Quarterly Sales					
1st quarter	1,717,732	1,793,387	1,763,600	2,102,027	2,048,161
2nd quarter	1,748,067	1,827,582	1,876,088	2,216,510	2,211,052
1st half	3,465,799	3,620,969	3,639,688	4,318,537	4,259,213
3rd quarter	1,810,013	1,935,015	2,031,319	2,296,525	2,398,420
4th quarter	1,798,025	1,845,730	1,808,737	2,098,574	2,236,696
2nd half	3,608,038	3,780,745	3,840,056	4,395,099	4,635,116
Total	7,073,837	7,401,714	7,479,744	8,713,636	8,894,329



Note: The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

(Millions of yen)

	2002	2003	2004	2005	2006
Quarterly Net Income (loss)					
1st quarter	-19,760	3,467	2,698	32,818	33,443
2nd quarter	-48,726	14,132	20,448	23,361	30,964
1st half	-68,486	17,599	23,146	56,179	64,407
3rd quarter	-170,099	22,359	24,246	35,570	49,269
4th quarter	-189,194	-59,411	-5,247	-33,268	40,734
2nd half	-359,293	-37,052	18,999	2,302	90,003
Total	-427,779	-19,453	42,145	58,481	154,410



Note: The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

Consolidated Financial Statements

Consolidated Balance Sheets

(As of March 31)

Assets	(Millions of yen)				
	2002	2003	2004	2005	2006
Current assets:					
Cash and cash equivalents	933,132	1,167,470	1,275,014	1,169,756	1,667,396
Time deposits	526,438	395,559	170,047	144,781	11,001
Short-term investments	11,849	1,196	2,684	11,978	56,753
Trade receivables:					
Notes	78,969	67,440	62,822	107,317	66,707
Accounts	1,103,589	1,132,508	1,052,718	1,188,257	1,117,508
Allowance for doubtful receivables	-43,265	-53,043	-47,873	-43,836	-37,400
Net trade receivables	1,139,293	1,146,905	1,067,667	1,251,738	1,146,815
Inventories	903,377	783,262	777,540	893,425	915,262
Other current assets	492,801	491,786	482,025	558,854	609,326
Total current assets	4,006,890	3,986,178	3,774,977	4,030,532	4,406,553
Noncurrent receivables	316,230	299,239	280,398	246,201	—
Investments and advances	1,251,795	1,020,137	1,237,427	1,146,505	1,100,035
Property, plant and equipment:					
Land	231,017	264,148	251,419	393,635	374,989
Buildings	1,359,246	1,280,448	1,253,350	1,665,243	1,667,764
Machinery and equipment	3,225,710	2,840,184	2,705,251	3,087,155	3,142,607
Construction in progress	67,128	64,792	46,037	84,139	71,037
Less accumulated depreciation	3,389,393	3,150,677	3,046,555	3,572,092	3,624,058
Net property, plant and equipment	1,493,708	1,298,895	1,209,502	1,658,080	1,632,339
Other assets	699,834	1,230,244	935,708	975,563	825,713
Total assets	7,768,457	7,834,693	7,438,012	8,056,881	7,964,640

Liabilities and Stockholders' Equity	(Millions of yen)				
	2002	2003	2004	2005	2006
Current liabilities:					
Short-term borrowings, including current portion of long-term debt	553,651	333,686	290,208	385,474	339,845
Trade payables:					
Notes	35,100	34,218	40,604	37,099	66,316
Accounts	533,376	693,066	744,130	828,920	914,963
Total trade payables	568,476	727,284	784,734	866,019	981,279
Accrued income taxes	29,123	33,499	44,179	47,916	51,128
Accrued payroll	151,923	150,095	141,932	145,871	142,594
Other accrued expenses	674,460	683,569	696,741	789,999	842,467
Deposits and advances from customers	111,197	100,469	83,798	92,089	90,600
Employees' deposits	136,387	125,024	124,800	118,441	14,065
Other current liabilities	368,868	417,206	403,394	383,082	423,090
Total current liabilities	2,594,085	2,570,832	2,569,786	2,828,891	2,885,068
Noncurrent liabilities:					
Long-term debt	708,173	588,202	460,639	477,143	264,070
Retirement and severance benefits	722,857	1,375,143	801,199	597,163	414,266
Other liabilities	23,160	11,939	26,697	113,491	112,024
Total noncurrent liabilities	1,454,190	1,975,284	1,288,535	1,187,797	790,360
Minority interests	472,322	110,177	128,115	495,941	501,591
Stockholders' equity:					
Common stock	258,737	258,738	258,740	258,740	258,740
Capital surplus	682,848	1,219,686	1,230,476	1,230,701	1,234,289
Legal reserve	82,647	80,700	83,175	87,838	87,526
Retained earnings	2,470,356	2,432,052	2,442,504	2,461,071	2,575,890
Accumulated other comprehensive income (loss):					
Cumulative translation adjustments	-55,121	-161,124	-282,287	-245,642	-162,331
Unrealized holding gains (losses) of available-for-sale securities	50,812	-18,082	88,104	72,608	145,306
Unrealized gains (losses) of derivative instruments	128	-1,090	6,676	6,403	1,326
Minimum pension liability adjustments	-150,362	-525,346	-211,995	-71,746	-10,420
Total accumulated other comprehensive income (loss)	-154,543	-705,642	-399,502	-238,377	-26,119
Treasury stock, at cost	-92,185	-107,134	-163,817	-255,721	-342,705
Total stockholders' equity	3,247,860	3,178,400	3,451,576	3,544,252	3,787,621
Total liabilities and stockholders' equity	7,768,457	7,834,693	7,438,012	8,056,881	7,964,640

Note: The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during fiscal 2003 and restated amounts for fiscal 2002.

Consolidated Statements of Operations

(Years ended March 31)

(Millions of yen)

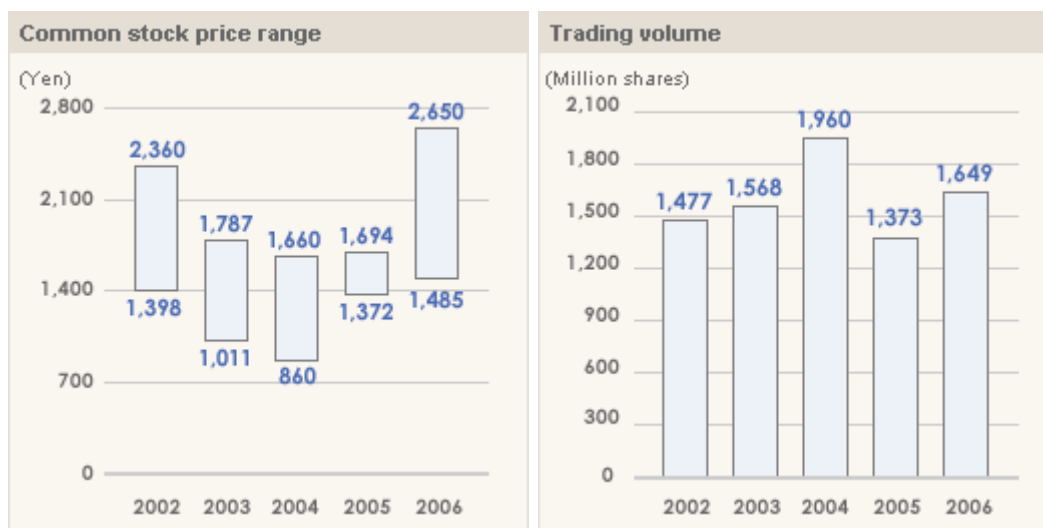
	2002	2003	2004	2005	2006
Net sales	7,073,837	7,401,714	7,479,744	8,713,636	8,894,329
Cost of sales	5,312,039	5,323,605	5,313,065	6,176,046	6,155,297
Gross profit	1,761,798	2,078,109	2,166,679	2,537,590	2,739,032
Selling, general and administrative expenses	1,960,796	1,951,538	1,971,187	2,229,096	2,324,759
Operating profit (loss)	-198,998	126,571	195,492	308,494	414,273
Other income (deductions) :					
Interest and dividend income	42,580	26,773	25,039	24,873	34,783
Gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance	—	—	72,228	31,509	—
Interest expense	-45,088	-32,805	-27,744	-22,827	-21,686
Other, net	-336,273	-51,623	-94,193	-95,136	-56,058
Income (loss) before income taxes	-537,779	68,916	170,822	246,913	371,312
Provision for income taxes :					
Current	33,902	51,704	77,375	96,529	96,341
Deferred	-87,177	19,572	21,160	56,805	70,748
Total provision for income taxes	-53,275	71,276	98,535	153,334	167,089
Minority interests	-56,666	5,505	19,618	27,719	-987
Equity in earnings (losses) of associated companies	59	-11,588	-10,524	-7,379	-50,800
Net income (loss)	-427,779	-19,453	42,145	58,481	154,410

- Notes: 1. Other income (deductions) for fiscal 2002 includes ¥164.1 billion for expenses associated with the implementation of the regional-based employee remuneration system and early retirement programs, a ¥92.3 billion loss for write-down of investment securities, and ¥86.0 billion for impairment losses, and other expenses associated with the closure or integration of several locations.
2. Other income (deductions) for fiscal 2003 includes restructuring charges of ¥12.5 billion associated with the implementation of early retirement programs and a ¥52.6 billion loss for write-down of investment securities.
3. Other income (deductions) for fiscal 2004 includes restructuring charges of ¥54.1 billion associated with the implementation of early retirement programs and the closure and integration of locations, ¥11.7 billion for impairment losses, and a ¥52.5 billion loss for write-down of investment securities.
4. Other income (deductions) for fiscal 2005 includes restructuring charges of ¥110.6 billion associated with the implementation of early retirement programs and the closure and integration of locations, and a ¥16.2 billion loss for write-down of investment securities.
5. Other income (deductions) for fiscal 2006 includes restructuring charges of ¥37.0 billion associated with the implementation of early retirement programs and a ¥24.9 billion related to the kerosene fan heater recall.
6. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during fiscal 2003 and restated amounts for fiscal 2002.
7. In order to be consistent with financial reporting practices generally accepted in Japan, operating profit (loss) is presented as net sales less cost of sales and selling, general and administrative expenses. Under U.S. generally accepted accounting principles, certain additional charges (such as impairment and restructuring charges) are included as part of operating profit (loss) in the consolidated statements of operations. See Notes 1,2,3,4 and 5 above.

Common Stock Information

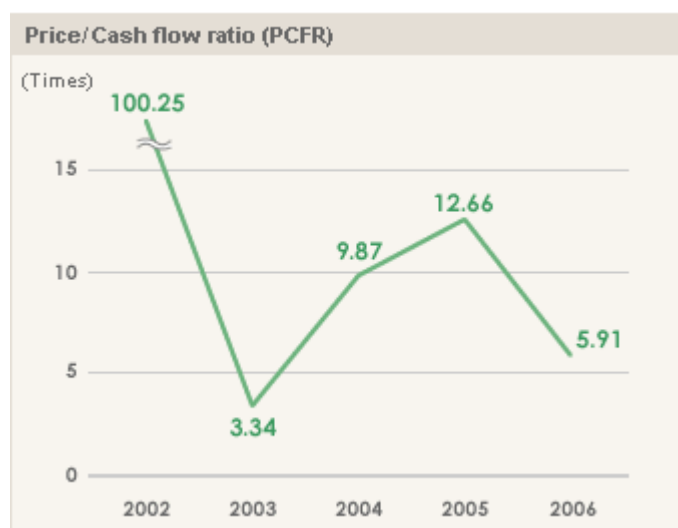
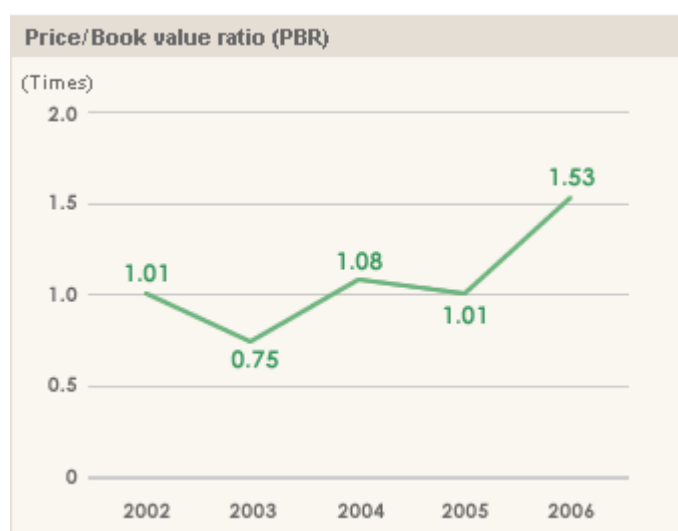
(Years ended March 31)

	2002	2003	2004	2005	2006
					(Yen)
Common stock price (High)	2,360	1,787	1,660	1,694	2,650
Common stock price (Low)	1,398	1,011	860	1,372	1,485
Trading volume (Thousand shares)	1,477,117	1,567,651	1,959,789	1,373,151	1,648,901
Cash dividends per share	12.50	10.00	12.50	15.25	17.50
Net income (loss) per share, basic	-206.09	-8.70	18.15	25.49	69.48
Payout ratio	—	—	68.9%	59.8%	25.2%



- Notes:
1. Common stock price range and trading volume of the Company are those at the Tokyo Stock Exchange.
 2. Cash dividends per share reflect those paid during each fiscal year.
 3. Payout ratio is calculated by dividing cash dividends per share by net income per share, basic.
 4. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.

	(Yen)				
	2002	2003	2004	2005	2006
Common stock price (at year-end)	1,575	1,013	1,608	1,580	2,615
Net cash provided by operating activities (Millions of yen)	107,091	688,910	473,226	464,562	575,418
Net cash used in investing activities (Millions of yen)	-74,472	-11,177	-85,445	-178,296	407,091
Free cash flow (Millions of yen)	32,619	677,733	387,781	286,266	982,509
Net income (loss) per share, diluted	-206.09	-8.70	18.00	25.49	69.48
Stockholders' equity per share	1,558.68	1,347.17	1,488.77	1,569.39	1,714.22
Cash flow per share, diluted	15.71	303.24	162.84	124.76	442.10
PER (Times)	—	—	89.33	61.99	37.64
PBR (Times)	1.01	0.75	1.08	1.01	1.53
PCFR (Times)	100.25	3.34	9.87	12.66	5.91



- Notes:
1. The Company defines free cash flow as the sum of net cash provided by operating activities and net cash used in investing activities. The Company has included the information concerning free cash flow because its management uses this indicator, and it believes that such indicator is useful to investors, to assess its cash availability after financing of its capital projects.
 2. The Company changed the presentation of “deposits and advances from customers” from net cash used in financing activities to net cash provided by operating activities in the consolidated statements of cash flows for the year ended March 31, 2006 (fiscal 2006). In addition, the Company revised the corresponding prior year presentation.
 3. Regarding free cash flows, for the reasons mentioned in Note 2 above, results for previous years have been revised. For the description of free cash flow, see Note 1 above.

4. Net income (loss) per share, diluted is calculated by dividing diluted net income (loss) by the average number of diluted shares outstanding. Net loss per share for fiscal 2003 and 2002 are not adjusted for antidilutive shares, as the Company incurred net losses for years.
5. Stockholders' equity per share is calculated by dividing stockholders' equity at year-end by the number of common shares issued, after deducting treasury stock, at year-end.
6. From fiscal 2005, cash flow per share, diluted is calculated by dividing free cash flow by the average number of diluted shares outstanding. Prior year figures have been restated to reflect this measure. For the description of free cash flow, see Note 1 above.
7. PER is calculated as year-end stock price divided by diluted net income per share. PER for fiscal 2003 and 2002 are omitted, as the Company recorded net losses for these years.
8. PBR is calculated as year-end stock price divided by stockholders' equity per share.
9. PCFR is calculated as year-end stock price divided by diluted cash flow per share. Prior year figures have been restated to reflect this measure by restatement of cash flow per share, diluted. For the description of free cash flow, see Note 1 above.
10. The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during fiscal 2003 and restated amounts for fiscal 2002.

Breakdown of Share Holdings

(As of March 31)

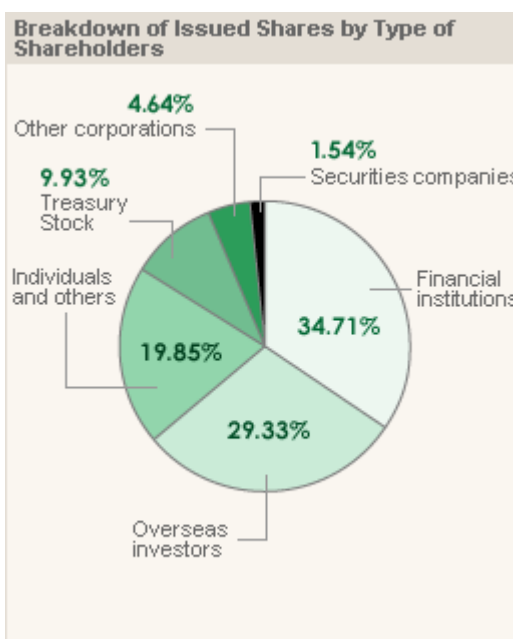
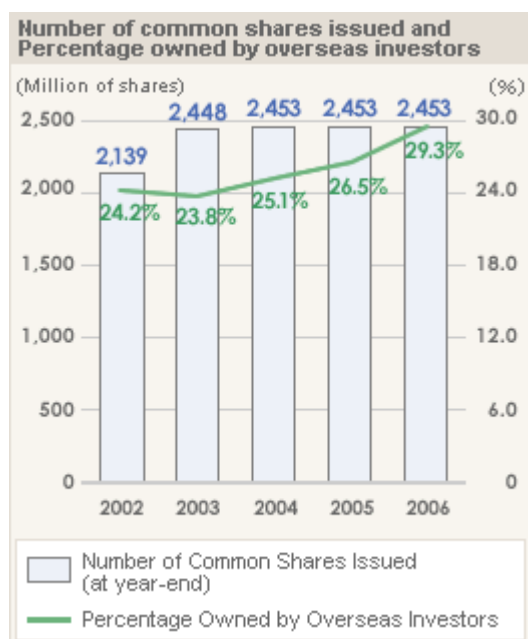
	2002	2003	2004	2005	2006
Number of common shares issued (Thousands)	2,138,515	2,447,923	2,453,053	2,453,053	2,453,053
Percentage owned by overseas investors	24.2%	23.8%	25.1%	26.5%	29.3%

Breakdown of Issued Shares Holdings as of March 31, 2006

Breakdown by type of shareholder	Financial institutions	Securities companies	Overseas investors	Other corporations	Individuals and others	Treasury Stock	Total
Number of shares held (Thousands)	851,524	37,699	719,565	113,821	486,922	243,522	2,453,053

Breakdown	34.71%	1.54%	29.33%	4.64%	19.85%	9.93%	100%
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Breakdown by shareholder holding size	1,000 units or more	500 units or more	100 units or more	50 units or more	10 units or more	5 units or more	One unit or more	Less than one unit	Total
Number of shares held (Thousands)	1,850,613	73,042	79,332	20,586	88,865	83,198	231,903	25,514	2,453,053
Breakdown	75.44%	2.98%	3.23%	0.84%	3.62%	3.39%	9.45%	1.05%	100%



■ Number of Consolidated Companies and Employees

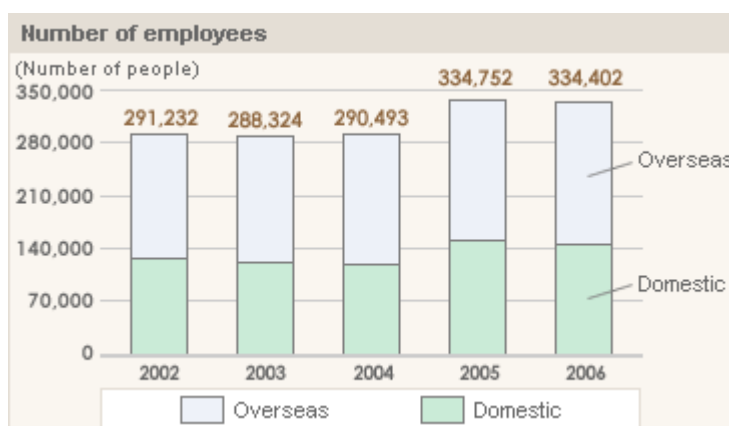
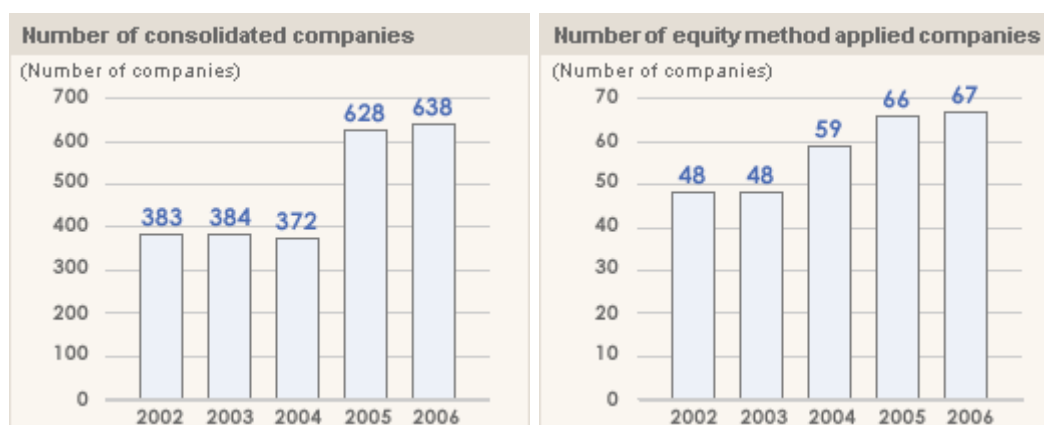
(As of March 31)

	(Number of companies)				
	2002	2003	2004	2005	2006
Number of consolidated companies	383	384	372	628	638
Domestic	125	127	112	285	274
Overseas	258	257	260	343	364

	(Number of companies)				
	2002	2003	2004	2005	2006
Number of equity method applied companies	48	48	59	66	67

	(Number of people)				
	2002	2003	2004	2005	2006
Number of employees	291,232	288,324	290,493	334,752	334,402
Domestic	126,378	121,451	119,528	150,642	144,871
Overseas	164,854	166,873	170,965	184,110	189,531

Note: The Company began consolidating certain previously unconsolidated subsidiaries (primarily overseas subsidiaries of Victor Company of Japan, Ltd.) during the year ended March 31, 2003 (fiscal 2003) and restated amounts for fiscal 2002.



■ Product Categories and Main Products

(As of March 31, 2006)

AVC Networks	<u>Video and Audio Equipment</u> Plasma, LCD and CRT TVs, DVD recorders/players, VCRs, camcorders, digital cameras, compact disc (CD), Mini Disc (MD) and Secure Digital (SD) players, other personal and home audio equipment, SD Memory Cards and other recordable media, optical pickup and other electro-optic devices, etc.
	<u>Information and Communications Equipment</u> PCs, optical disc drives, copiers, printers, telephones, mobile phones, facsimile equipment, broadcast- and business-use AV equipment, communications network-related equipment, traffic-related systems, car AVC equipment, etc.
Home Appliances	Refrigerators, room air conditioners, washing machines, clothes dryers, vacuum cleaners, electric irons, microwave ovens, rice cookers, other cooking appliances, dish washer/dryers, electric fans, air purifiers, electric and gas heating equipment, electric and gas hot water supply equipment, sanitary equipment, healthcare equipment, electric lamps, ventilation and air-conditioning equipment, car air conditioners, compressors, vending machines, medical equipment, etc.
Components and Devices	Semiconductors, general components (capacitors, modules, circuit boards, power supply and inductive products, circuit components, electromechanical components, speakers, etc.), electric motors, batteries, etc.
MEW and PanaHome	Lighting fixtures, wiring devices, distribution panelboards, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic and plastic materials, automation controls, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, residential real estate, etc.
JVC	LCD, rear projection, plasma and CRT TVs, VCRs, camcorders, DVD recorders/players, CD/DVD/MD audio systems and other audio equipment, car AV equipment, business-use AV systems, motors and other components for precision equipment, recordable media, AV software for DVD, CD and video tapes, AV furniture, etc.
Other	Electronic-components-mounting machines, industrial robots, welding equipment, bicycles, imported materials and components, etc.

■ Business domain companies and their main products

(As of April 1, 2006)

AVC Networks

Panasonic AVC Networks Company	Plasma, LCD and CRT TVs, set-top boxes, CATV systems, VCRs, camcorders, digital cameras, DVD recorders/players, home audio, portable audio, DVD discs, SD Memory Cards, magnetic tapes, optical devices, optical pickups, AVC accessories, PCs, broadcast- and business-use AV systems equipment, in-flight AV entertainment system, in-train AV entertainment system, video projectors, display devices, etc.
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Panasonic Communications Co., Ltd.	Cordless phones, business-use phones, personal and business-use facsimiles, PBXs, intercoms, network cameras, copiers, printers, multifunctional facsimile/printer/copiers, document scanners, electronic write boards, DVD multi drives, DVD-ROM and CD-R/RW drives, card readers, radio frequency identification(RFID), etc.
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Panasonic Mobile Communications Co., Ltd.	W-CDMA (3G) mobile phones, PDC mobile phones, infrastructure equipment for mobile communications, communication measuring instruments, etc.
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Panasonic Automotive Systems Company	Car navigation systems, car AV & rear seat entertainment systems, digital tuners & TVs for cars, car audio equipment, speakers & amplifiers, Electronic Control Unit (Engine, Smart Keyless, Camera Control Unit), electric toll collection terminals, Batteries (Nickel Metal-Hydride Batteries, Lithium Metal Batteries, Lead-Acid Storage Batteries), electromechanical components (sensors, capacitors, resistors), cameras (rear, side, night view), motors, compressors, etc.
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Panasonic System Solutions Company	Security systems (surveillance cameras, hard disk recorders for surveillance, iris recognition readers, integrated intelligent technology systems, etc.), broadcast/cross-media systems (digital broadcast systems, digital CATV systems, video & data transmission systems, etc.), business solutions (IC card recognition & settlement terminals, mobile settlement terminals, logistics management systems, POS systems, etc.), public system (ITS-related systems, local information systems, wireless network systems, town security systems, etc.), etc.
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Panasonic Shikoku Electronics Co., Ltd.	Blood sugar sensors, camcorders, multimedia projection displays, TV/DVD/VCR combination units, digital cameras, DVD multi drives, DVD-ROM & CD-R/RW drives, DAT data storage devices, fluid dynamic bearing motors, etc.
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Home Appliances

Home Appliances Group

Matsushita Home Appliances Company	Washing machines, clothes dryers, dishwasher/dryers, electric irons, vacuum cleaners, garbage disposal units, rice cookers, IH cooking equipment, electric thermos pots,
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microwave ovens, electrically-heated rugs, electric and gas hot-water supply systems, water heating systems utilize natural refrigerant (CO₂) heat pumps, room air conditioners, compressors for home- and industrial-use air conditioners, compressors for automobile air conditioners, packaged air conditioners, etc.

Matsushita Refrigeration Company	Refrigerators, freezers, wine cellars, vending machines, compressors, heat-exchange equipment, high performance insulation devices, refrigeration units, heat pump units, control components, etc.
Healthcare Business Company	Ultrasonic diagnostic (imaging) equipment, blood sugar sensors, X-ray and laser, healthcare monitors, medical-use imaging systems, automatic injection dispensing systems, etc.
Lighting Company	Fluorescent lamps, incandescent lamps, highlighting discharge lamps, cold cathode fluorescent lamps, photographic flash units, camera-related devices, etc.
Matsushita Ecology Systems Co., Ltd.	Ventilating fans, rangehoods, household ventilation systems equipment, bath dry ventilating fans, electric fans, ceiling fans, dehumidifiers, air purifiers, humidifiers, air-conditioning equipment, ventilation and dust collection system for road tunnels, air moving equipment, fancoil unit, hand dryers, fan filters, fan motors, air purification engineering, environment engineering, etc.
Components and Devices	
Semiconductor Company	System LSIs, microprocessors, logics, analog ICs, image sensors (CCDs/MOSs, Core cameras for cellular phones), discrete (including compound semiconductors and hologram units), LEDs, etc.
Matsushita Battery Industrial Co., Ltd.	Manganese batteries, alkaline batteries, oxyride dry batteries, lithium batteries, zinc-air batteries, lithium-ion batteries, nickel metal hydride batteries, Ni-cd batteries, automotive storage batteries, value regulated lead-acid batteries, battery appliances, PC cards and adapters, recharging systems, power supply installations, etc.
Panasonic Electronic Devices Co., Ltd.	Capacitors, modules, printed circuit boards, power supply and inductive products, circuit components, electromechanical components, speakers, etc.
Motor Company	Industrial, consumer and information equipment-use motors, motors for automotive-related equipment, etc.
MEW and PanaHome	
Matsushita Electric Works, Ltd.	Lighting fixtures, wiring devices, distribution panelboards, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic and plastic materials, automation controls, etc.

PanaHome Corporation	Detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, housing-related services (residential real estate), etc.
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JVC

Victor Company of Japan, Ltd.	LCD, rear projection, plasma and CRT TVs, VCRs, camcorders, DVD recorders/players, CD/DVD/MD audio systems and other audio equipment, car AV equipment, business-use AV systems, motors and other components for precision equipment, recordable media, AV software for DVD, CD and video tapes, AV furniture, etc.
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Other

Panasonic Factory Solutions Co., Ltd.	Electronic parts-mounting machines, screen printing machines, inspection machines, systems software, die bonders, flip chip bonders, plasma cleaners, FPD bonders, pharmaceutical support robots, etc.
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Matsushita Welding Systems Co., Ltd.	Welding equipment, industrial robots, laser processing machines, etc.
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■ Recent Major Alliances

(As of March 31, 2006)

Business Partner	Business Area
Fanuc Ltd.	OEM agreements for industrial robots and welding equipment
Hitachi, Ltd., Toshiba Corporation, Hitachi Displays, Ltd.	Manufacturing and sales of LCD panels for flat panel TVs through IPS Alpha Technology, Ltd.
Sumitomo Trust & Banking Co., Ltd.	Financing services including leasing, credit and other services through Sumishin Matsushita Financial Services Co., Ltd.
Hewlett-Packard Company	Recordable DVD drives
Mitsubishi Electric Corporation, Sony Corporation	High-speed power line communication (PLC) specifications
Olympus Corporation	Development of interchangeable lens type digital SLR cameras
Hitachi, Ltd.	Plasma display business
Intel Corporation	Joint development of next generation rechargeable batteries for extended operating time in notebook PCs
Sharp Corporation, Sony Corporation, Toshiba Corporation, Hitachi, Ltd.	Joint discussions relating to future broadband service for digital TVs
Nomura Research Institute, Ltd.	Development and sales of information security systems for the office

■ Number of Patents

(As of March 31)

	(Number of patents)				
	2002	2003	2004	2005	2006
Domestic	47,037	48,020	48,061	47,166	46,040
Overseas	29,077	32,932	38,358	43,660	48,444



Note: Patents are those held by Matsushita Electric Industrial Co., Ltd. and its major subsidiaries, excluding Matsushita Electric Works, Ltd., PanaHome Corporation and Victor Company of Japan, Ltd.

■ **For further information, please contact**

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