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**FOR IMMEDIATE RELEASE**

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**ANNOUNCEMENT OF FINANCIAL RESULTS**

(Note: Dollar amounts for the most recent period have been translated for convenience at the rate of U.S.\$1.00 = 118 yen.)

**MATSUSHITA REPORTS THIRD QUARTER NET PROFIT INCREASE**

***- Full-year Forecast Revised on Strong Third Quarter Results -***

Osaka, Japan, February 2, 2006 -- Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its consolidated financial results for the third quarter and nine months, ended December 31, 2005, of the current fiscal year, ending March 31, 2006 (fiscal 2006).

**Consolidated Third-quarter Results**

Consolidated group sales for the third quarter increased 4% to 2,398.4 billion yen (U.S.\$20.33 billion), from 2,296.5 billion yen in the same three-month period a year ago. Explaining the third quarter results, the company cited sales gains in digital audiovisual (AV) products, especially V-products. Of the consolidated group total, domestic sales were down 1% to 1,181.6 billion yen (\$10.02 billion), from 1,189.0 billion yen a year ago. Overseas sales increased 10% to 1,216.8 billion yen (\$10.31 billion), from 1,107.5 billion yen in the third quarter of fiscal 2005.

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During the third quarter, the overall economic situation in Japan continued a moderate recovery trend, while global economic conditions were generally favorable, led by the United States and China. The outlook for world economies, however, is still uncertain, with concerns about the adverse impact of rising crude oil prices and risks associated with excessive housing investment in the United States.

In the electronics industry, conditions were favorable due mainly to strong sales in consumer electronics in the United States and steady global demand in information technology (IT) industries. The most recent round of inventory adjustments, particularly in components and devices, has also come to an end. However, a severe business environment continues due mainly to rising raw materials costs and price declines, mainly in AV products, caused by intensified global competition. Under these circumstances, Matsushita is accelerating the implementation of growth strategies and strengthening management structures to achieve global excellence in 2010.

As part of such efforts, the company successfully launched a new series of V-products and promoted the simultaneous introduction of products such as flat-panel TVs in Japan, the United States and Europe, resulting in increased market share. Meanwhile, the company promoted collaboration activities with Matsushita Electric Works, Ltd. (MEW), launching "Collaboration V-products" such as bathroom systems, which were developed through integrated core technologies from Matsushita and MEW, while reorganizing marketing structures. Furthermore, as part of initiatives to augment management structures, Matsushita launched a Next Cell Production Project to achieve further reductions in inventories and improve cost competitiveness. Also, a Second Corporate Cost Busters Project was launched to enhance profitability by eliminating redundancies throughout the Matsushita group.

Regarding earnings, negative factors, such as intensified global price competition and increased raw materials costs, including crude oil prices, were more than offset by sales gains, comprehensive cost reduction efforts and other positive factors. As a result, operating profit<sup>1</sup> for the third quarter was up 47%, to 129.4 billion yen (\$1.10 billion), from 88.3 billion yen in the same period a year ago. Income before income

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<sup>1</sup> For information about operating profit, see Note 2 of Notes to consolidated financial statements on page 14.

taxes increased 52% to 126.1 billion yen (\$1.07 billion), from 83.1 billion yen last year. This improvement was mainly attributable to increased operating profit, despite 8.0 billion yen in expenses associated with early retirement programs and 8.8 billion yen related to a recall of certain kerosene fan heaters, which the company manufactured and sold in Japan between 1985 and 1992. Net income also increased, up 39% to 49.3 billion yen (\$418 million), from 35.6 billion yen in the same period a year ago. The company's net income per common share was 22.29 yen (\$0.19) on a diluted basis, versus 15.56 yen on the same basis a year ago.

### **Consolidated Nine-month Results**

Consolidated group sales for the nine months ended December 31, 2005 increased 1% to 6,657.6 billion yen (\$56.42 billion), compared with 6,615.1 billion yen in the same nine-month period a year ago. Domestic sales decreased 1% to 3,355.3 billion yen (\$28.43 billion), while overseas sales were up 2% to 3,302.3 billion yen (\$27.99 billion).

For reasons similar to those given for third quarter results, the company's operating profit for the nine months increased 23% to 300.5 billion yen (\$2.55 billion), from 244.6 billion yen in the comparable period a year ago. Pre-tax income for the nine-month period increased 27% to 280.2 billion yen (\$2.37 billion), compared with 220.4 billion yen a year ago. In other income (deductions), the company recorded a 10.3 billion yen gain from the sale of shares of Matsushita Leasing & Credit Co., Ltd. (MLC),<sup>2</sup> and incurred expenses of 28.8 billion yen associated with the implementation of early retirement programs, and 8.8 billion yen in expenses related to the aforementioned recall of kerosene fan heaters. Net income was also up 24% to 113.7 billion yen (\$963 million), as compared with 91.7 billion yen in the same nine-month period of the previous year. The company's net income per common share was 51.05 yen (\$0.43) on a diluted basis, versus 39.79 yen on the same basis a year ago.

### **Consolidated Third-quarter Sales Breakdown by Product Category**

The company's third-quarter consolidated sales by product category, as compared with prior year amounts, are summarized as follows:

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<sup>2</sup> For information about the sale of shares of MLC, see Note 3 of Notes to consolidated financial statements on page 14.

### AVC Networks

AVC Networks sales increased 9% to 1,049.1 billion yen (\$8.89 billion), compared with 966.9 billion yen in the same period of the previous year. Sales of video and audio equipment increased 9% from the previous year's third quarter, due mainly to strong sales of digital AV products, such as plasma TVs and digital cameras.

Sales of information and communications equipment increased 8%, mainly a result of sales gains in PCs and peripherals and automotive electronics, which were more than sufficient to offset weak overseas sales in cellular phones.

### Home Appliances

Sales of Home Appliances decreased 2% to 311.3 billion yen (\$2.64 billion), compared with 316.5 billion yen in last year's third quarter. Although sales of air conditioners and microwave ovens were favorable, sales declines were recorded in refrigerators, compressors and seasonal products.

### Components and Devices

Sales of Components and Devices increased 3% to 286.9 billion yen (\$2.43 billion), compared with 279.1 billion yen in the same period of the previous year, due mainly to favorable sales of semiconductors, general components and batteries.

### MEW and PanaHome

Sales of MEW and PanaHome increased 3% to 387.3 billion yen (\$3.28 billion), from 376.6 billion yen last year. At MEW and its subsidiaries, sales gains were recorded mainly in electrical construction materials, automation controls and electronic and plastic materials. At PanaHome Corporation, sales of detached housing were sluggish, while sales gains were recorded in rental apartment housing and home remodeling businesses.

### JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 211.8 billion yen (\$1.80 billion), up 1% from 209.4 billion yen in the third quarter of the previous year, due primarily to favorable sales of consumer electronics in the Americas and software and media.

## Other

Sales for Other increased 3% to 152.0 billion yen (\$1.29 billion) from 148.0 billion yen in the third quarter of the previous year, due mainly to sales increases in factory automation equipment.

## **Consolidated Financial Condition**

On a consolidated basis, total assets as of December 31, 2005 were 8,265.0 billion yen (\$70.04 billion), an increase of 175.0 billion yen from the end of the first fiscal half ended September 30, 2005. This was due mainly to an increase in trade receivables caused by seasonal factors such as year-end sales, and an increase in investments as a result of revaluation, despite decreased inventories. Stockholders' equity increased 136.0 billion yen, as compared with the end of the first fiscal half, due primarily to an increase of 1,203 billion yen in accumulated other comprehensive income, primarily attributable to a weaker yen.

## **Outlook for the Full Fiscal Year 2006, ending March 31, 2006**

Regarding the outlook for the full fiscal year 2006, considering the current financial results, Matsushita today announced an upward revision of the forecast announced on April 28, 2005. Regarding net sales on a consolidated basis, Matsushita revised its previous forecast of 8,720 billion yen upward, to approximately 8,840 billion yen. Reasons given for the upward revision include strong sales of digital AV products, especially V-products, a weaker yen and other positive effects, sufficient to offset sales downturns in cellular phones. Operating profit is now expected to increase to 400 billion yen, from the previous forecast of 330 billion yen. The upward revision for operating profit is due mainly to rationalization efforts in materials costs, the effects of restructuring initiatives and cost reduction activities. Regarding consolidated income before income taxes<sup>3</sup>, despite negative factors such as the aforementioned product recall (approximately 24 billion yen), increased restructuring expenses and impairment losses from long-lived assets, Matsushita has revised its forecast to 300 billion yen, from the previous forecast of 290 billion yen, due mainly to the expected increase in

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<sup>3</sup> Other income (deductions) affecting the forecast for income before income taxes is expected to amount to a loss of 100 billion yen, including restructuring charges of 55 billion yen and other expenses of 45 billion yen.

operating profit and gains related to the liquidation of a consolidated subsidiary, MEI Holding Inc. (MHI)<sup>4</sup>. Net income is now expected to increase to 130 billion yen, from the previous forecast of 110 billion yen, due mainly to the increase in pre-tax income and a lower effective tax rate, mainly a result of the reorganization of domestic and overseas subsidiaries.

Matsushita Electric Industrial Co., Ltd., best known for its Panasonic brand products, is one of the world's leading manufacturers of electronic and electric products for consumer, business and industrial use. Matsushita's shares are listed on the Tokyo, Osaka, Nagoya, New York, Euronext Amsterdam, and Frankfurt stock exchanges.

For more information, please visit the following Web sites:

Matsushita home page URL: <http://panasonic.co.jp/global/>

Matsushita IR Web site URL: <http://ir-site.panasonic.com/>

**Disclaimer Regarding Forward-Looking Statements**

*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) about Matsushita and its Group companies (the Matsushita Group). 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 the Matsushita Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. 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. Matsushita undertakes no obligation to publicly update any forward-looking statements after the date of this press release. Investors are advised to consult any further disclosures by Matsushita in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.*

*The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Matsushita Group operates businesses, or in which assets and liabilities of the Matsushita Group are denominated; the ability of the Matsushita Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and*

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<sup>4</sup> For more information, see separate press release issued today, "Matsushita to Divest Stake in Universal."

*technology; the ability of the Matsushita Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Matsushita Group to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Matsushita Group; the possibility that the Matsushita Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Matsushita Group has holdings or changes in valuation of long-lived assets and deferred tax assets; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes and other events that may negatively impact business activities of the Matsushita Group. The factors listed above are not all-inclusive and further information is contained in Matsushita's latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission.*

(Financial Tables and Additional Information Attached)

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Statement of Income \***  
**(Three months ended December 31)**

	Yen (millions)		Percentage 2005/2004	U.S. Dollars
	2005	2004		(millions) 2005
Net sales	¥ 2,398,420	¥ 2,296,525	104%	\$ 20,326
Cost of sales	(1,651,182)	(1,631,230)		(13,993)
Selling, general and administrative expenses	<u>(617,818)</u>	<u>(577,041)</u>		<u>(5,236)</u>
Operating profit	129,420	88,254	147%	1,097
Other income (deductions):				
Interest income	7,226	4,644		61
Dividend income	1,776	1,466		15
Interest expense	(5,635)	(5,075)		(48)
Expenses associated with the implementation of early retirement programs **	(8,049)	(12,253)		(68)
Other income, net	<u>1,351</u>	<u>6,054</u>		<u>12</u>
Income before income taxes	126,089	83,090	152%	1,069
Provision for income taxes	(54,116)	(35,701)		(459)
Minority interests	(7,071)	(10,029)		(60)
Equity in earnings (losses) of associated companies	<u>(15,633)</u>	<u>(1,790)</u>		<u>(132)</u>
Net income	<u>¥ 49,269</u>	<u>¥ 35,570</u>	139%	<u>\$ 418</u>
Net income, basic				
per common share	22.29 yen	15.56 yen		\$0.19
per ADS	22.29 yen	15.56 yen		\$0.19
Net income, diluted				
per common share	22.29 yen	15.56 yen		\$0.19
per ADS	22.29 yen	15.56 yen		\$0.19

(Parentheses indicate expenses, deductions or losses.)

\* \*\* See Notes to consolidated financial statements on pages 14-15.

**Supplementary Information**  
**(Three months ended December 31)**

	Yen (millions)		U.S. Dollars
	2005	2004	(millions) 2005
Depreciation (tangible assets)	¥ 68,523	¥ 69,370	\$ 581
Capital investment *	¥ 98,226	¥ 76,908	\$ 832
R&D expenditures	¥ 138,147	¥ 148,649	\$ 1,171
Number of employees (Dec. 31)	330,581	337,863	

\* These figures are calculated on an accrual basis.

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Statement of Income \***  
**(Nine months ended December 31)**

	Yen (millions)		Percentage 2005/2004	U.S. Dollars
	2005	2004		(millions) 2005
Net sales	¥ 6,657,633	¥ 6,615,062	101%	\$ 56,421
Cost of sales	(4,608,348)	(4,706,826)		(39,054)
Selling, general and administrative expenses	<u>(1,748,778)</u>	<u>(1,663,648)</u>		<u>(14,820)</u>
Operating profit	300,507	244,588	123%	2,547
Other income (deductions):				
Interest income	18,369	13,762		156
Dividend income	6,535	5,374		55
Gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance	--	31,509		--
Interest expense	(15,868)	(16,569)		(134)
Expenses associated with the implementation of early retirement programs **	(28,823)	(61,862)		(244)
Other income (loss), net	<u>(520)</u>	<u>3,561</u>		<u>(5)</u>
Income before income taxes	280,200	220,363	127%	2,375
Provision for income taxes	(139,544)	(96,533)		(1,183)
Minority interests	(475)	(25,375)		(4)
Equity in earnings (losses) of associated companies	<u>(26,505)</u>	<u>(6,706)</u>		<u>(225)</u>
Net income	<u>¥ 113,676</u>	<u>¥ 91,749</u>	124%	<u>\$ 963</u>
Net income, basic				
per common share	51.05 yen	39.79 yen		\$0.43
per ADS	51.05 yen	39.79 yen		\$0.43
Net income, diluted				
per common share	51.05 yen	39.79 yen		\$0.43
per ADS	51.05 yen	39.79 yen		\$0.43

(Parentheses indicate expenses, deductions or losses.)

\* \*\* See Notes to consolidated financial statements on pages 14-15.

**Supplementary Information**  
**(Nine months ended December 31)**

	Yen (millions)		U.S. Dollars
	2005	2004	(millions) 2005
Depreciation (tangible assets)	¥ 200,862	¥ 208,038	\$ 1,702
Capital investment *	¥ 257,670	¥ 222,551	\$ 2,184
R&D expenditures	¥ 416,564	¥ 465,176	\$ 3,530

\* These figures are calculated on an accrual basis.

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Balance Sheet \*\***  
**December 31, 2005**  
**With comparative figures for September 30, 2005**

	Yen (millions)		U.S. Dollars (millions)
	<u>Dec. 31, 2005</u>	<u>Sept. 30, 2005</u>	<u>Dec. 31, 2005</u>
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	¥ 1,413,509	¥ 1,455,714	\$ 11,979
Time deposits	241,275	213,543	2,045
Short-term investments	54,320	16,252	460
Trade receivables (notes and accounts) and other current assets	1,730,596	1,618,856	14,666
Inventories	986,306	1,006,422	8,359
Total current assets	<u>4,426,006</u>	<u>4,310,787</u>	<u>37,509</u>
Noncurrent receivables	--	--	--
Investments and advances	1,299,435	1,197,666	11,012
Property, plant and equipment, net of accumulated depreciation	1,636,267	1,635,462	13,866
Other assets	903,285	946,076	7,655
Total assets	<u>¥ 8,264,993</u>	<u>¥ 8,089,991</u>	<u>\$ 70,042</u>
<b><u>Liabilities and Stockholders' Equity</u></b>			
Current liabilities:			
Short-term borrowings	¥ 299,843	¥ 359,033	\$ 2,541
Trade payables (notes and accounts) and other current liabilities	2,623,419	2,513,075	22,232
Total current liabilities	<u>2,923,262</u>	<u>2,872,108</u>	<u>24,773</u>
Long-term debt	425,821	429,250	3,608
Other long-term liabilities	636,478	680,427	5,394
Minority interests	517,283	482,089	4,384
Common stock	258,740	258,740	2,193
Capital surplus	1,234,269	1,231,516	10,460
Legal reserve	86,988	87,813	737
Retained earnings	2,535,693	2,507,767	21,489
Accumulated other comprehensive income (loss) *	(11,597)	(131,855)	(98)
Treasury stock	(341,944)	(327,864)	(2,898)
Total liabilities and stockholders' equity	<u>¥ 8,264,993</u>	<u>¥ 8,089,991</u>	<u>\$ 70,042</u>

\* Accumulated other comprehensive income (loss) breakdown:

	Yen (millions)		U.S. Dollars (millions)
	<u>Dec. 31, 2005</u>	<u>Sept. 30, 2005</u>	<u>Dec. 31, 2005</u>
Cumulative translation adjustments	¥ (112,196)	¥ (182,182)	\$ (951)
Unrealized holding gains of available-for-sale securities	165,826	127,848	1,406
Unrealized gains of derivative instruments	14,422	8,704	122
Minimum pension liability adjustments	(79,649)	(86,225)	(675)

\*\* See Notes to consolidated financial statements on pages 14-15.

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Sales Breakdown \***  
**(Three months ended December 31)**

	Yen (billions)		Percentage 2005/2004	U.S. Dollars (millions)
	2005	2004		2005
<i>AVC Networks</i>				
Video and audio equipment	¥ 516.7	¥ 476.2	109%	\$ 4,379
Information and communications equipment	532.4	490.7	108%	4,512
Subtotal	1,049.1	966.9	109%	8,891
<i>Home Appliances</i>	311.3	316.5	98%	2,638
<i>Components and Devices</i>	286.9	279.1	103%	2,432
<i>MEW and PanaHome</i>	387.3	376.6	103%	3,282
<i>JVC</i>	211.8	209.4	101%	1,795
<i>Other</i>	152.0	148.0	103%	1,288
<b>Total</b>	<b>¥ 2,398.4</b>	<b>¥ 2,296.5</b>	<b>104%</b>	<b>\$ 20,326</b>
Domestic sales	1,181.6	1,189.0	99%	10,014
Overseas sales	1,216.8	1,107.5	110%	10,312

**(Nine months ended December 31)**

	Yen (billions)		Percentage 2005/2004	U.S. Dollars (millions)
	2005	2004		2005
<i>AVC Networks</i>				
Video and audio equipment	¥ 1,261.1	¥ 1,208.4	104%	\$ 10,687
Information and communications equipment	1,535.4	1,504.5	102%	13,012
Subtotal	2,796.5	2,712.9	103%	23,699
<i>Home Appliances</i>	889.7	926.0	96%	7,540
<i>Components and Devices</i>	817.9	861.6	95%	6,931
<i>MEW and PanaHome</i>	1,139.7	1,088.2	105%	9,659
<i>JVC</i>	545.5	563.6	97%	4,623
<i>Other</i>	468.3	462.8	101%	3,969
<b>Total</b>	<b>¥ 6,657.6</b>	<b>¥ 6,615.1</b>	<b>101%</b>	<b>\$ 56,421</b>
Domestic sales	3,355.3	3,391.9	99%	28,435
Overseas sales	3,302.3	3,223.2	102%	27,986

\* See Notes to consolidated financial statements on pages 14-15.

**[Domestic/Overseas Sales Breakdown for Three Months ended December 31, 2005]**

(in yen only)

	Domestic sales		Overseas sales	
	<u>Yen (billions)</u> <u>2005</u>	<u>Percentage</u> <u>2005/2004</u>	<u>Yen (billions)</u> <u>2005</u>	<u>Percentage</u> <u>2005/2004</u>
<i>AVC Networks</i>				
Video and audio equipment	¥ 160.6	104%	¥ 356.1	111%
Information and communications equipment	<u>241.8</u>	105%	<u>290.6</u>	112%
Subtotal	<u>402.4</u>	104%	<u>646.7</u>	111%
<i>Home Appliances</i>	<u>191.1</u>	93%	<u>120.2</u>	109%
<i>Components and Devices</i>	<u>108.4</u>	94%	<u>178.5</u>	109%
<i>MEW and PanaHome</i>	<u>323.7</u>	99%	<u>63.6</u>	124%
<i>JVC</i>	<u>58.6</u>	96%	<u>153.2</u>	103%
<i>Other</i>	<u>97.4</u>	101%	<u>54.6</u>	106%
<b>Total</b>	<b>¥ <u>1,181.6</u></b>	<b>99%</b>	<b>¥ <u>1,216.8</u></b>	<b>110%</b>

**[Domestic/Overseas Sales Breakdown for Nine Months ended December 31, 2005]**

(in yen only)

	Domestic sales		Overseas sales	
	<u>Yen (billions)</u> <u>2005</u>	<u>Percentage</u> <u>2005/2004</u>	<u>Yen (billions)</u> <u>2005</u>	<u>Percentage</u> <u>2005/2004</u>
<i>AVC Networks</i>				
Video and audio equipment	¥ 387.6	102%	¥ 873.5	105%
Information and communications equipment	<u>723.1</u>	102%	<u>812.3</u>	102%
Subtotal	<u>1,110.7</u>	102%	<u>1,685.8</u>	104%
<i>Home Appliances</i>	<u>527.8</u>	92%	<u>361.9</u>	102%
<i>Components and Devices</i>	<u>306.6</u>	90%	<u>511.3</u>	98%
<i>MEW and PanaHome</i>	<u>968.3</u>	103%	<u>171.4</u>	113%
<i>JVC</i>	<u>156.2</u>	99%	<u>389.3</u>	96%
<i>Other</i>	<u>285.7</u>	97%	<u>182.6</u>	108%
<b>Total</b>	<b>¥ <u>3,355.3</u></b>	<b>99%</b>	<b>¥ <u>3,302.3</u></b>	<b>102%</b>

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Information by Segments \***  
**(Three months ended December 31)**

**By Business Segment:**

[Sales]	Yen (billions)		Percentage 2005/2004	U.S. Dollars (millions)
	2005	2004		2005
AVC Networks	¥ 1,125.5	¥ 1,041.0	108%	\$ 9,538
Home Appliances	329.5	343.8	96%	2,792
Components and Devices	356.8	356.3	100%	3,024
MEW and PanaHome	435.1	390.8	111%	3,687
JVC	214.1	213.4	100%	1,815
Other	322.7	250.5	129%	2,735
Subtotal	<u>2,783.7</u>	<u>2,595.8</u>	107%	<u>23,591</u>
Eliminations	<u>(385.3)</u>	<u>(299.3)</u>	--	<u>(3,265)</u>
Consolidated total	<u>¥ 2,398.4</u>	<u>¥ 2,296.5</u>	104%	<u>\$ 20,326</u>
<b>[Segment Profit] **</b>				
AVC Networks	¥ 58.1	¥ 25.7	226%	\$ 492
Home Appliances	24.4	21.6	113%	207
Components and Devices	26.0	9.1	287%	220
MEW and PanaHome	23.1	20.3	114%	196
JVC	1.3	7.2	19%	11
Other	13.5	8.9	152%	115
Subtotal	<u>146.4</u>	<u>92.8</u>	158%	<u>1,241</u>
Corporate and eliminations	<u>(17.0)</u>	<u>(4.5)</u>	--	<u>(144)</u>
Consolidated total	<u>¥ 129.4</u>	<u>¥ 88.3</u>	147%	<u>\$ 1,097</u>

**(Nine months ended December 31)**

**By Business Segment:**

[Sales]	Yen (billions)		Percentage 2005/2004	U.S. Dollars (millions)
	2005	2004		2005
AVC Networks	¥ 3,007.3	¥ 2,924.5	103%	\$ 25,486
Home Appliances	933.2	1,004.2	93%	7,909
Components and Devices	1,037.6	1,148.7	90%	8,793
MEW and PanaHome	1,272.4	1,125.3	113%	10,783
JVC	550.4	573.8	96%	4,664
Other	941.6	789.8	119%	7,980
Subtotal	<u>7,742.5</u>	<u>7,566.3</u>	102%	<u>65,615</u>
Eliminations	<u>(1,084.9)</u>	<u>(951.2)</u>	--	<u>(9,194)</u>
Consolidated total	<u>¥ 6,657.6</u>	<u>¥ 6,615.1</u>	101%	<u>\$ 56,421</u>
<b>[Segment Profit] **</b>				
AVC Networks	¥ 142.9	¥ 94.0	152%	\$ 1,211
Home Appliances	63.9	59.4	108%	542
Components and Devices	59.7	48.6	123%	506
MEW and PanaHome	51.6	44.9	115%	437
JVC	(2.7)	11.8	--	(23)
Other	42.2	25.0	169%	358
Subtotal	<u>357.6</u>	<u>283.7</u>	126%	<u>3,031</u>
Corporate and eliminations	<u>(57.1)</u>	<u>(39.1)</u>	--	<u>(484)</u>
Consolidated total	<u>¥ 300.5</u>	<u>¥ 244.6</u>	123%	<u>\$ 2,547</u>

\* \*\* See Notes to consolidated financial statements on pages 14-15.

**Notes to consolidated financial statements:**

1. The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
2. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit is presented as net sales less cost of sales and selling, general and administrative expenses. The company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Please refer to the accompanying consolidated statement of income and Note 5 for U.S. GAAP reconciliation.
3. On April 1, 2005, Matsushita sold approximately 2,707 thousand shares of Matsushita Leasing & Credit Co., Ltd. (MLC) to The Sumitomo Trust & Banking Co., Ltd. (STB) for cash proceeds of 27,756 million yen, and recorded a gain of 10,313 million yen, pursuant to a basic agreement regarding the equity ownership of MLC concluded between the company and STB. As a result of the sale, Matsushita now owns 34% of MLC's total issued shares. MLC (renamed Sumishin Matsushita Financial Services Co., Ltd. on May 1, 2005) was changed from a consolidated subsidiary to an equity method investee of Matsushita as of April 1, 2005.
4. Comprehensive income was reported as a gain of 169,527 million yen (\$1,437 million) for the third quarter ended December 31, 2005, a gain of 14,423 million yen for the third quarter ended December 31, 2004. Comprehensive income was a gain of 340,456 million yen (\$2,885 million) for the nine months ended December 31, 2005, and a gain of 205,842 million yen for the nine months a year ago. Comprehensive income (loss) includes net income and increases (decreases) in cumulative translation adjustments, unrealized holding gains (losses) of available-for-sale securities, unrealized gains (losses) of certain derivative instruments and minimum pension liability adjustments.
5. Under U.S. GAAP, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies are included as part of operating profit in the statement of income.
6. Employees Pension Funds in certain of the company's subsidiaries obtained approvals from Japan's Ministry of Health, Labour and Welfare (the Ministry) for exemption from the past benefit obligation with respect to the portion of the Employees Pension Funds that certain of the company's subsidiaries operated for the Government (the so-called "substitutional portion"), and transferred the substitutional portion to the Government in the first half ended September 30, 2004. A gain of 31,509 million yen from the transfer of the substitutional portion of the Japanese Welfare Pension Insurance is reported as other income in the consolidated statement of income for the nine months ended December 31, 2004.
7. Regarding consolidated segment profit, expenses for basic research and administrative expenses at the corporate headquarters level are treated as unallocatable expenses for each business segment, and are included in Corporate and eliminations.
8. The company's business segments are classified according to a business domain-based management system, which focuses on global consolidated management by each business domain, in order to ensure consistency of its internal management structure and disclosure.

Principal internal divisional companies or units and subsidiaries operating in respective segments are as follows:

**AVC Networks**

Panasonic AVC Networks Company, Panasonic Communications Co., Ltd.,  
Panasonic Mobile Communications Co., Ltd., Panasonic Automotive Systems Company,  
Panasonic System Solutions Company, Panasonic Shikoku Electronics Co., Ltd.

**Home Appliances**

Home Appliances Group, Healthcare Business Company, Lighting Company,  
Matsushita Ecology Systems Co., Ltd.

**Components and Devices**

Semiconductor Company, Matsushita Battery Industrial Co., Ltd.,  
Panasonic Electronic Devices Co., Ltd., Motor Company

**MEW and PanaHome**

Matsushita Electric Works, Ltd., PanaHome Corporation

**JVC**

Victor Company of Japan, Ltd.

**Other**

Panasonic Factory Solutions Co., Ltd., Matsushita Welding Systems Co., Ltd.

9. Number of consolidated companies: 615
10. Number of companies reflected by the equity method: 71
11. United States Dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 118 yen, the approximate rate on the Tokyo Foreign Exchange Market on December 30, 2005.
12. Each American Depositary Share (ADS) represents 1 share of common stock.

## **Details of Product Categories**

### **AVC Networks**

Plasma, LCD and CRT TVs, DVD recorders, DVD players, VCRs, camcorders, digital cameras, compact disc (CD), Mini Disc (MD) and SD players, other personal and home audio equipment, AV and computer product devices, prerecorded AV software, broadcast- and business-use AV equipment and systems, PCs, CD-ROM, DVD-ROM/RAM and other optical disc drives, SD Memory Cards, other data storage devices, copiers, printers, telephones, cellular phones and other mobile communications equipment, facsimile equipment, car AVC equipment, traffic-related systems, communications network-related equipment, other information and communications equipment and systems, etc.

### **Home Appliances**

Refrigerators, room air conditioners, washing machines, clothes dryers, vacuum cleaners, electric irons, microwave ovens, cooking appliances, dishwasher/dryers, electric fans, air purifiers, 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, etc.

### **Components and Devices**

Semiconductors, general components (capacitors, resistors, coils, speakers, power supplies, electromechanical components, high frequency components, printed circuit boards, etc.), magnetic recording heads, motors, dry batteries, rechargeable batteries, etc.

### **MEW and PanaHome**

Lighting fixtures, wiring devices, distribution panelboards, personal-care products, massage loungers, modular kitchens, exterior furnishing materials, interior furnishing materials, bathroom and fixtures, molding compounds, laminates, relays, switches, sensors, connectors, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, land lots for housing, condominiums, residential real estate, etc.

### **JVC**

LCD, rear projection, plasma and CRT TVs, camcorders, VCRs, DVD recorders, DVD players, MD/CD/DVD audio systems and other audio equipment, car AV systems, professional video surveillance equipment, professional audio equipment, professional video equipment, professional video projectors, motors, optical pickups, high-density multi-layer printed wiring boards, deflection yokes, AV software for CDs, DVDs and video tapes, recording media, furnitures, etc.

### **Other**

Electronic-parts-mounting machines, industrial robots, electronic measuring instruments, welding equipment, power distribution equipment, bicycles, imported materials and components, etc.