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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 = 117 yen.)

MATSUSHITA REPORTS ANNUAL NET PROFIT INCREASE

- Sales and earnings up for fourth consecutive year -

Osaka, Japan, April 28, 2006 -- Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its annual financial results for the year ended March 31, 2006 (fiscal 2006).

Consolidated Results

Consolidated group sales for fiscal 2006 increased 2%, to 8,894.3 billion yen (U.S.$76.02 billion), from 8,713.6 billion yen in the previous fiscal year. Explaining fiscal 2006 results, the company cited sales gains in digital audiovisual (AV) products, especially V-products. Of the consolidated group total, domestic sales increased 1% to 4,611.4 billion yen ($39.41 billion), compared with 4,580.5 billion yen a year ago. Overseas sales were up by 4%, to 4,282.9 billion yen ($36.61 billion), from 4,133.1 billion yen in fiscal 2005, ending March 31, 2005.

During the fiscal year under review, the global economy was favorable overall, with strong growth in the United States and China, as well as a moderate economic recovery in Japan. The electronics industry as a whole continued steady growth, with strong demand for IT-related products and rapid market expansion in flat-panel TVs, in addition to an upturn in the components and devices industry. However, a severe business environment continued due mainly to rising raw materials costs and price declines mainly in digital AV products, caused by intensified global competition. Under these circumstances, Matsushita viewed fiscal 2006, the second year of the mid-term management plan Leap Ahead 21 ending March 31, 2007, as a crucial year in establishing growth at each business domain company. To achieve the goals of this management plan, the company implemented growth strategies and strengthened management structures, resulting in a certain degree of success.

Matsushita aggressively launched and promoted a new series of V-products to capture top shares in high-volume markets and make a significant contribution to overall business results. The company also continued its focus on simultaneous global product introductions in digital AV and other product categories to continually expand priority businesses. As part of collaboration activities with Matsushita Electric Works, Ltd. (MEW), in April 2005, Matsushita reorganized overlapping businesses and sales channels in such areas as electrical supplies, building equipment and home appliances. The company also launched Collaboration V-products such as bathroom systems and air purifiers, while utilizing MEW marketing channels to increase sales of air conditioners. Aiming to reinforce its management structures, the company has made all-out efforts to reduce materials costs and other expenses. These activities, including company-wide cost reduction activities, have contributed to enhanced profitability, despite a severe management environment.

Regarding earnings, negative factors such as increased raw materials costs and intensified global price competition were more than offset by sales gains, comprehensive cost reduction efforts and other positive factors. As a result, consolidated operating profit[1] for this fiscal year increased 34%, to 414.3 billion yen ($3.54 billion), compared with 308.5 billion yen in the previous year. In other income (deductions), the company incurred 37.0 billion yen in expenses associated with the

[1] For information about operating profit, see Note 2 of Notes to consolidated financial statements on page 13.

implementation of early retirement programs, 85.3 billion yen as impairment losses associated with such businesses as CRT TV and 24.9 billion yen as expenses associated with a recall of certain kerosene fan heaters, which the company manufactured and sold in Japan between 1985 and 1992. Meanwhile, the company recorded a 78.9 billion yen gain on sale of marketable securities and 22.5 billion yen related to the liquidation of a consolidated subsidiary, MEI Holding Inc. (MHI)[2]. These factors, as well as increased operating profit, led to a consolidated pre-tax income of 371.3 billion yen ($3.17 billion), up 50% from 246.9 billion yen a year ago. Net income for the fiscal year, despite the adverse effects of equity in losses of CRT TV-related associated companies, totaled 154.4 billion yen ($1.32 billion), an increase of 164% from 58.5 billion yen in the previous year. Net income per common share for the fiscal year was 69.48 yen ($0.59) on a diluted basis, versus a net income per common share of 25.49 yen a year ago.

Consolidated Sales Breakdown by Product Category[3]

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

AVC Networks

AVC Networks sales increased 4% to 3,688.3 billion yen ($31.52 billion), compared with 3,558.8 billion yen in the same period of the previous year. Sales of video and audio equipment increased 6% from the previous year, due mainly to strong sales of digital AV products, such as plasma TVs and digital cameras.

Sales of information and communications equipment increased 2%, mainly a result of sales gains in PCs and automotive electronics, which were more than sufficient to offset decreased sales in cellular phones.

Home Appliances

Sales of Home Appliances increased 2% to 1,183.1 billion yen ($10.11 billion), compared with 1,156.5 billion yen in the previous year. Within Home Appliances, sales

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[2] For more information, see press release issued on February 2, "Matsushita to Divest Stake in Universal."

[3] For restatement of prior year segment disclosure, see Note 8 of Notes to consolidated financial statements on pages 13-14.

gains were recorded in air conditioners and microwave ovens, which were sufficient to offset decreased sales in vacuum cleaners and other household equipment, resulting in overall increased sales.

Components and Devices

Sales of Components and Devices decreased 2% to 1,086.6 billion yen ($9.29 billion), compared with 1,112.5 billion yen in the previous year. Sluggish sales in semiconductors for the fiscal year, despite increased sales in electronic components and devices, led to overall lower sales in this category.

MEW and PanaHome

Sales of MEW and PanaHome increased 1% to 1,570.8 billion yen ($13.43 billion) from 1,559.0 billion yen a year ago. Sales at MEW and its subsidiaries were mostly unchanged from the previous year, with favorable sales in electrical construction materials and automation controls. At PanaHome Corporation, sales gains were recorded in detached housing, contributing to increased sales.

JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 699.0 billion yen ($5.97 billion), down 3% from 717.8 billion yen a year ago. Despite favorable sales in software and media, sales downturns in AV equipment and devices led to overall decreased sales compared with a year ago.

Other

Sales for Other increased 9% to 666.5 billion yen ($5.70 billion), from 609.0 billion yen a year ago. Strong sales were recorded in factory automation (FA) equipment, resulting in overall increased sales in this category.

Non-Consolidated (Parent Company Alone) Results

Parent-alone sales increased 8% to 4,472.6 billion yen, from 4,145.7 billion yen in the previous year. Strong sales of AVC Networks, particularly in digital AV products, contributed to overall sales gains.

Regarding parent-alone earnings, the increase in sales and company-wide cost reduction efforts resulted in a parent-alone operating profit of 123.2 billion yen, up 39%

from 88.4 billion yen in fiscal 2005. Recurring profit also increased 86% to 216.4 billion yen, compared with 116.3 billion yen in the previous year, mainly a result of an increase in dividend income. The parent company recorded a non-recurring income of 67.1 billion yen related to the sale of securities, while incurring non-recurring losses, including 113.2 billion yen as restructuring expenses including losses related to the closing of overseas CRT TV-related factories, 184.5 billion yen as a loss on valuation of securities associated with the liquidation of MHI and 24.9 billion yen as expenses resulting from the aforementioned recall of kerosene fan heaters. These and other factors resulted in a parent-alone net income of 20.4 billion yen, down 72% from 73.5 billion yen a year ago.

Consolidated Financial Condition

Net cash provided by operating activities in fiscal 2006 amounted to 575.4 billion yen ($4.92 billion), primarily attributable to net income and depreciation. Net cash provided by investing activities amounted to 407.1 billion yen ($3.48 billion). Capital expenditures for tangible fixed assets of 356.8 billion yen ($3.05 billion), mainly related to manufacturing facilities for priority business areas such as plasma display panels (PDPs) and semiconductors, were offset by cash inflows associated with the sale of shares of Matsushita Leasing & Credit Co., Ltd. (MLC)[4] as well as Universal-related shares. Net cash used in financing activities was 524.6 billion yen ($4.48 billion), including a repurchase of the company's common stock and the repayments of long-term debt. All these activities resulted in a balance of cash and cash equivalents of 1,667.4 billion yen ($14.25 billion) at the end of fiscal 2006, whereby the company's cash balance increased 497.6 billion yen.

The company's consolidated total assets as of March 31, 2006 decreased 92.3 billion yen to 7,964.6 billion yen ($68.07 billion), as compared to 8,056.9 billion yen at the end of the last fiscal year (March 31, 2005). Stockholders' equity increased 243.4 billion yen to 3,787.6 billion yen ($32.37 billion). This result was due mainly to an increase in retained earnings and accumulated other comprehensive income, despite an increase in treasury stock on repurchases of the company's own shares.

[4] For information about the sale of shares of MLC, see Note 3 of Notes to consolidated financial statements on page 13.

Proposed Year-end Dividend

Total dividends for fiscal 2006, ended March 31, 2006, including an interim dividend of 10.00 yen per common share paid in November 2005, are expected to be 20.00 yen per common share, as compared with total dividends of 15.00 yen for fiscal 2005.

Outlook for Fiscal 2007

Regarding the business environment for the fiscal 2007, ending March 31, 2007, the company currently expects to encounter severe conditions, such as ever-intensifying price declines and rising crude oil and raw materials prices, as well as concerns about economic conditions in the United States and China. Under these circumstances, in fiscal 2007, the final year of the mid-term management plan Leap Ahead 21, Matsushita is making efforts to achieve the goals of the plan by enhancing product competitiveness and strengthening management structures. The company currently expects fiscal 2007 sales on a consolidated basis to total approximately 8,950 billion yen, an increase of 1% from the previous fiscal year. Consolidated operating profit is forecasted to increase by about 9% to approximately 450 billion yen. Consolidated income before income taxes[5] is anticipated to increase to approximately 400 billion yen, up 8%, with net income expected to improve to about 190 billion yen, an increase of 23% from the previous fiscal year.

Meanwhile, on a parent company alone basis, Matsushita expects sales in fiscal 2007 to total 4,380 billion yen, down 2% from a year ago. Recurring profit is projected to decrease by 35%, to approximately 140 billion yen, and net income is forecasted to sharply increase to approximately 85 billion yen.

[5] Factors affecting the forecast for other income (deductions) of 50 billion yen (the difference between operating profit and income before income taxes) include business restructuring charges of 35 billion yen and other expenses of 15 billion yen.

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.net/

Matsushita IR web site URL: http://ir-site.panasonic.com/

<u>Disclaimer Regarding Forward-Looking Statements</u>

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 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 *
(Year ended March 31)

	Yen (millions) 2006	Yen (millions) 2005	Percentage 2006/2005	U.S. Dollars (millions) 2006
Net sales	¥ 8,894,329	¥ 8,713,636	102%	$ 76,020
Cost of sales	(6,155,297)	(6,176,046)		(52,609)
Selling, general and administrative expenses	(2,324,759)	(2,229,096)		(19,870)
Operating profit	414,273	308,494	134%	3,541
Other income (deductions):				
Interest income	28,216	19,490		241
Dividend income	6,567	5,383		56
Gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance	--	31,509		--
Interest expense	(21,686)	(22,827)		(185)
Expenses associated with the implementation of early retirement programs **	(37,019)	(101,136)		(316)
Other income (loss), net	(19,039)	6,000		(163)
Income before income taxes	371,312	246,913	150%	3,174
Provision for income taxes	(167,089)	(153,334)		(1,428)
Minority interests	987	(27,719)		8
Equity in earnings (losses) of associated companies	(50,800)	(7,379)		(434)
Net income	¥ 154,410	¥ 58,481	264%	$ 1,320
Net income, basic				
per common share	69.48 yen	25.49 yen		$0.59
per ADS	69.48 yen	25.49 yen		$0.59
Net income, diluted				
per common share	69.48 yen	25.49 yen		$0.59
per ADS	69.48 yen	25.49 yen		$0.59

(Parentheses indicate expenses, deductions or losses.)
* ** See Notes to consolidated financial statements on pages 13-14.

Change in Retained Earnings *
(Year ended March 31)

	Yen (millions) 2006	Yen (millions) 2005	U.S. Dollars (millions) 2006
Balance at beginning of year	¥ 2,461,071	¥ 2,442,504	$ 21,035
Net income	154,410	58,481	1,320
Cash dividends	(39,105)	(35,251)	(334)
Transfer to legal reserve	(438)	(4,663)	(5)
Transfer to capital surplus due to merger of subsidiaries	(48)	--	(0)
Balance at end of year	¥ 2,575,890	¥ 2,461,071	$ 22,016

* See Notes to consolidated financial statements on pages 13-14.

Supplementary Information
(Year ended March 31)

	Yen (millions) 2006	Yen (millions) 2005	U.S. Dollars (millions) 2006
Depreciation (tangible assets):	¥ 275,213	¥ 287,400	$ 2,352
Capital investment *:	¥ 345,819	¥ 374,253	$ 2,956
R&D expenditures:	¥ 564,781	¥ 615,524	$ 4,827
Number of employees (Mar. 31)	334,402	334,752	

* These figures are calculated on an accrual basis.

Matsushita Electric Industrial Co., Ltd.
Consolidated Balance Sheet *
(March 31, 2006)

	Yen (millions)		U.S. Dollars (millions)
Assets	March 31, 2006	March 31, 2005	March 31, 2006
Current assets:			
Cash and cash equivalents	¥ 1,667,396	¥ 1,169,756	$ 14,251
Time deposits	11,001	144,781	94
Short-term investments	56,753	11,978	485
Trade receivables (notes and accounts)	1,146,815	1,251,738	9,802
Inventories	915,262	893,425	7,823
Other current assets	609,326	558,854	5,208
Total current assets	4,406,553	4,030,532	37,663
Noncurrent receivables	--	246,201	--
Investments and advances	1,100,035	1,146,505	9,402
Property, plant and equipment, net of accumulated depreciation	1,632,339	1,658,080	13,952
Other assets	825,713	975,563	7,057
Total assets	¥ 7,964,640	¥ 8,056,881	$ 68,074

Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term borrowings	¥ 339,845	¥ 385,474	$ 2,905
Trade payables (notes and accounts)	981,279	866,019	8,387
Other current liabilities	1,563,944	1,577,398	13,367
Total current liabilities	2,885,068	2,828,891	24,659
Long-term debt	264,070	477,143	2,257
Other long-term liabilities	526,290	710,654	4,498
Minority interests	501,591	495,941	4,287
Common stock	258,740	258,740	2,211
Capital surplus	1,234,289	1,230,701	10,550
Legal reserve	87,526	87,838	748
Retained earnings	2,575,890	2,461,071	22,016
Accumulated other comprehensive income (loss) **	(26,119)	(238,377)	(223)
Treasury stock	(342,705)	(255,721)	(2,929)
Total liabilities and stockholders' equity	¥ 7,964,640	¥ 8,056,881	$ 68,074

** Accumulated other comprehensive income (loss) breakdown:

	Yen (millions)		U.S. Dollars (millions)
	March 31, 2006	March 31, 2005	March 31, 2006
Cumulative translation adjustments	¥ (162,331)	¥ (245,642)	$ (1,387)
Unrealized holding gains of available-for-sale securities	145,306	72,608	1,242
Unrealized gains of derivative instruments	1,326	6,403	11
Minimum pension liability adjustments	(10,420)	(71,746)	(89)

* See Notes to consolidated financial statements on pages 13-14.

Matsushita Electric Industrial Co., Ltd.
Consolidated Sales Breakdown *
(Year ended March 31)

	Yen (billions) 2006	Yen (billions) 2005	Percentage 2006/2005	U.S. Dollars (millions) 2006
AVC Networks				
Video and audio equipment	¥ 1,576.5	¥ 1,482.6	106%	$ 13,474
Information and communications equipment	2,111.8	2,076.2	102%	18,050
Subtotal	3,688.3	3,558.8	104%	31,524
Home Appliances	1,183.1	1,156.5	102%	10,112
Components and Devices	1,086.6	1,112.5	98%	9,287
MEW and PanaHome	1,570.8	1,559.0	101%	13,426
JVC	699.0	717.8	97%	5,974
Other	666.5	609.0	109%	5,697
Total	¥ 8,894.3	¥ 8,713.6	102%	$ 76,020
Domestic sales	4,611.4	4,580.5	101%	39,414
Overseas sales	4,282.9	4,133.1	104%	36,606

[Domestic/Overseas Sales Breakdown]
(in yen only)

	Domestic sales Yen (billions) 2006	Domestic sales Percentage 2006/2005	Overseas sales Yen (billions) 2006	Overseas sales Percentage 2006/2005
AVC Networks				
Video and audio equipment	¥ 476.2	102%	¥ 1,100.3	108%
Information and communications equipment	1,050.9	100%	1,060.9	103%
Subtotal	1,527.1	101%	2,161.2	106%
Home Appliances	682.2	100%	500.9	106%
Components and Devices	408.0	91%	678.6	102%
MEW and PanaHome	1,351.4	101%	219.4	101%
JVC	204.2	98%	494.8	97%
Other	438.5	113%	228.0	104%
Total	¥ 4,611.4	101%	¥ 4,282.9	104%

* See Notes to consolidated financial statements on pages 13-14.

Matsushita Electric Industrial Co., Ltd.
Consolidated Information by Segments *
(Year ended March 31)

By Business Segment:

[Sales]	Yen (billions) 2006	Yen (billions) 2005	Percentage 2006/2005	U.S. Dollars (millions) 2006
AVC Networks	¥ 3,986.1	¥ 3,858.8	103%	$ 34,069
Home Appliances	1,241.2	1,229.8	101%	10,609
Components and Devices	1,368.3	1,469.0	93%	11,695
MEW and PanaHome	1,747.2	1,686.2	104%	14,933
JVC	703.1	730.2	96%	6,009
Other	1,315.3	1,027.1	128%	11,242
Subtotal	10,361.2	10,001.1	104%	88,557
Eliminations	(1,466.9)	(1,287.5)	--	(12,537)
Consolidated total	¥ 8,894.3	¥ 8,713.6	102%	$ 76,020

[Segment Profit] **	Yen (billions) 2006	Yen (billions) 2005	Percentage 2006/2005	U.S. Dollars (millions) 2006
AVC Networks	¥ 190.9	¥ 127.4	150%	$ 1,632
Home Appliances	77.2	74.8	103%	660
Components and Devices	81.1	57.8	140%	693
MEW and PanaHome	72.7	66.7	109%	621
JVC	(5.8)	9.9	--	(50)
Other	62.2	38.3	162%	532
Subtotal	478.3	374.9	128%	4,088
Corporate and eliminations	(64.0)	(66.4)	--	(547)
Consolidated total	¥ 414.3	¥ 308.5	134%	$ 3,541

By Domestic and Overseas Company Location:

[Sales]	Yen (billions) 2006	Yen (billions) 2005	Percentage 2006/2005	U.S. Dollars (millions) 2006
Japan	¥ 6,890.3	¥ 6,620.0	104%	$ 58,891
Americas	1,366.5	1,271.6	107%	11,680
Europe	1,087.7	1,072.6	101%	9,297
Asia, China and others	2,716.4	2,445.0	111%	23,217
Subtotal	12,060.9	11,409.2	106%	103,085
Eliminations	(3,166.6)	(2,695.6)	--	(27,065)
Consolidated total	¥ 8,894.3	¥ 8,713.6	102%	$ 76,020

[Segment Profit]	Yen (billions) 2006	Yen (billions) 2005	Percentage 2006/2005	U.S. Dollars (millions) 2006
Japan	¥ 374.1	¥ 262.1	143%	$ 3,197
Americas	16.8	20.8	81%	144
Europe	4.5	7.4	61%	38
Asia, China and others	81.4	75.3	108%	696
Subtotal	476.8	365.6	130%	4,075
Corporate and eliminations	(62.5)	(57.1)	--	(534)
Consolidated total	¥ 414.3	¥ 308.5	134%	$ 3,541

* ** See Notes to consolidated financial statements on pages 13-14.

Matsushita Electric Industrial Co., Ltd.
Consolidated Statement of Cash Flows *
(Year ended March 31)

	Yen (millions) 2006	Yen (millions) 2005	U.S. Dollars (millions) 2006
Cash flows from operating activities:			
Net income	¥ 154,410	¥ 58,481	$ 1,320
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	309,399	325,465	2,644
Net gain on sale of investments	(47,449)	(31,399)	(406)
Provision for doubtful receivables	8,409	4,963	72
Deferred income taxes	70,748	56,805	605
Write-down of investment securities	35,292	16,186	302
Impairment loss on long-lived assets	66,378	29,519	567
Minority interests	(987)	27,719	(8)
(Increase) decrease in trade receivables	(31,042)	61,207	(265)
(Increase) decrease in inventories	36,498	84,405	312
(Increase) decrease in other current assets	(57,990)	14,649	(496)
Increase (decrease) in trade payables	112,340	(74,276)	960
Increase (decrease) in accrued income taxes	3,872	(3,422)	33
Increase (decrease) in accrued expenses and other current liabilities	37,108	(10,736)	317
Increase (decrease) in retirement and severance benefits	(73,180)	(99,499)	(625)
Increase (decrease) in deposits and advances from customers	(13,304)	(13,873)	(114)
Other	(35,084)	18,368	(300)
Net cash provided by operating activities	¥ 575,418	¥ 464,562	$ 4,918
Cash flows from investing activities:			
Proceeds from sale of short-term investments	41,867	6,117	358
Purchase of short-term investments	(54,967)	(9,001)	(470)
Proceeds from disposition of investments and advances	849,409	101,374	7,260
Increase in investments and advances	(385,865)	(133,636)	(3,298)
Capital expenditures	(356,751)	(352,203)	(3,049)
Proceeds from sale of fixed assets	168,631	78,131	1,441
(Increase) decrease in finance receivables	--	26,823	--
(Increase) decrease in time deposits	141,289	27,748	1,208
Inflows due to acquisition of additional shares of newly consolidated subsidiaries, net of cash paid	--	82,208	--
Proceeds from sale of shares of subsidiaries	63,083	--	539
Other	(59,605)	(5,857)	(510)
Net cash provided by (used in) investing activities	¥ 407,091	¥ (178,296)	$ 3,479
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	15,037	(8,009)	128
Increase (decrease) in deposits and advances from employees	(104,835)	(125,261)	(896)
Proceeds from long-term debt	30,653	119,422	262
Repayments of long-term debt	(328,243)	(251,554)	(2,805)
Dividends paid	(39,105)	(35,251)	(334)
Dividends paid to minority interests	(16,281)	(14,765)	(139)
Repurchase of common stock	(87,150)	(92,879)	(745)
Sale of treasury stock	228	1,324	2
Other	5,128	1,395	44
Net cash used in financing activities	¥ (524,568)	¥ (405,578)	$ (4,483)
Effect of exchange rate changes on cash and cash equivalents	39,699	14,054	339
Net increase (decrease) in cash and cash equivalents	497,640	(105,258)	4,253
Cash and cash equivalents at beginning of period	1,169,756	1,275,014	9,998
Cash and cash equivalents at end of period	¥ 1,667,396	¥ 1,169,756	$ 14,251

* See Notes to consolidated financial statements on pages 13-14.

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 366,668 million yen ($3,134 million) for fiscal 2006, and a gain of 219,606 million yen for fiscal 2005. Comprehensive income includes net income and increases (decreases) in cumulative translation adjustments, unrealized holding gains of available-for-sale securities, unrealized gains 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 fiscal 2005. 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 fiscal 2005.

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. 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, fiscal 2005 sales breakdown and segment information for the Home Appliances and MEW and PanaHome segments have been reclassified.

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: 638

10. Number of companies reflected by the equity method: 67

11. United States Dollar amounts are translated from yen for convenience at the rate of U.S. $1.00 = 117 yen, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2006.

12. Each American Depositary Share (ADS) represents 1 share of common stock.

Subsequent event:

On April 28, 2006, the Board of Directors approved plans to proactively provide returns to shareholders and continue the policy toward large-scale purchases of Matsushita Electric Industrial Co., Ltd. shares, with the aim of implementing its policy of shareholder-oriented management.

Specifically, Matsushita plans to increase total cash dividends per share for fiscal 2007, ending March 31, 2007, to 30 yen, compared with fiscal 2006 cash dividends of 20 yen per share. Regarding share repurchases, the company plans to repurchase up to 50 million shares of its own stock for a maximum of 100 billion yen.

Under the basic philosophy that shareholders should make final decisions regarding large-scale purchases of Matsushita shares, sufficient information should be provided through the Board of Directors to shareholders if a large-scale purchase is to be conducted. Under the above-mentioned basic philosophy, the Board of Directors decided to continue its policy toward large-scale purchasers who intend to acquire 20% or more of all voting rights of the company. This policy requires that (i) a large-scale purchaser provides sufficient information to the Board of Directors before a large-scale purchase is to be conducted and (ii) after all required information is provided, the Board of Directors should be allowed a sufficient period of time during which it will assess, examine, negotiate, form an opinion and seek alternatives. In the event of non-compliance with such rules by a prospective large-scale purchaser, the Board of Directors may take countermeasures to protect the interest of all shareholders.

For further details, please see the press release, regarding the Enhancement of Shareholder Value (ESV) Plan, issued on April 28, 2006 entitled "Matsushita Announces Continuation of Policy toward Large-scale Purchases of Company's Shares."

Significant Accounting Policies:

1. Basis of Presentation of Consolidated Financial Statements
   The company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles. See Note 2 of Notes to consolidated financial statements on page 13.

2. Inventories
   Finished goods and work in process are stated at the lower of cost (average) or market. Raw materials are stated at cost, principally on a first-in, first-out basis, not in excess of current replacement cost.

3. Marketable Securities
   The company accounts for debt and equity securities in accordance with Statement of Financial Accounting Standards (SFAS) No.115, "Accounting for Certain Investments in Debt and Equity Securities."

4. Property, Plant and Equipment, and Depreciation
   Property, plant and equipment is stated at cost. Depreciation is computed primarily using the declining balance method.

5. Leases
   The company accounts for leases in accordance with SFAS No. 13, "Accounting for Leases."

6. Income Taxes
   Income taxes are accounted for under the asset and liability method. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the fiscal year that includes the enactment date.

7. Retirement and Severance Benefits
   The company and most of its domestic subsidiaries maintain defined benefit pension plans such as point-based benefits system and cash balance pension plans. Several of its domestic subsidiaries have lump-sum payment plans, while several overseas subsidiaries also maintain defined benefit pension plans.
   The company accounts for retirement and severance benefits in accordance with SFAS No. 87, "Employer's Accounting for Pensions." The transfer of the substitutional portion of Japanese Welfare Pension Insurance is accounted for in accordance with the Emerging Issues Task Force (EITF) Issue 03-2, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities."

8. Derivative Financial Instruments
   The company accounts for derivative financial instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities."

Matsushita Electric Industrial Co., Ltd.

Consolidated Information of Marketable Securities *

(March 31, 2006)

Yen (millions)

	March 31, 2006			March 31, 2005		
	Cost	Fair value	Gross unrealized holding gains (losses)	Cost	Fair value	Gross unrealized holding gains (losses)
Current						
Equity securities	--	--	--	--	--	--
Bonds	31,528	31,512	(16)	5,035	5,035	--
Other debt securities	25,241	25,241	--	6,943	6,943	--
Sub-total	¥ 56,769	¥ 56,753	¥ (16)	¥ 11,978	¥ 11,978	¥ --
Noncurrent						
Equity securities	230,400	527,705	297,305	228,202	392,903	164,701
Bonds	123,080	122,380	(700)	71,844	72,104	260
Other debt securities	18,580	18,654	74	18,258	18,282	24
Sub-total	¥ 372,060	¥ 668,739	¥ 296,679	¥ 318,304	¥ 483,289	¥ 164,985
Total	¥ 428,829	¥ 725,492	¥ 296,663	¥ 330,282	¥ 495,267	¥ 164,985

* The statement of marketable securities represents (presented in yen only) marketable equity securities other than investments in associated companies and all debt securities in accordance with SFAS No.115 "Accounting for Certain Investments in Debt and Equity Securities."

Matsushita Group

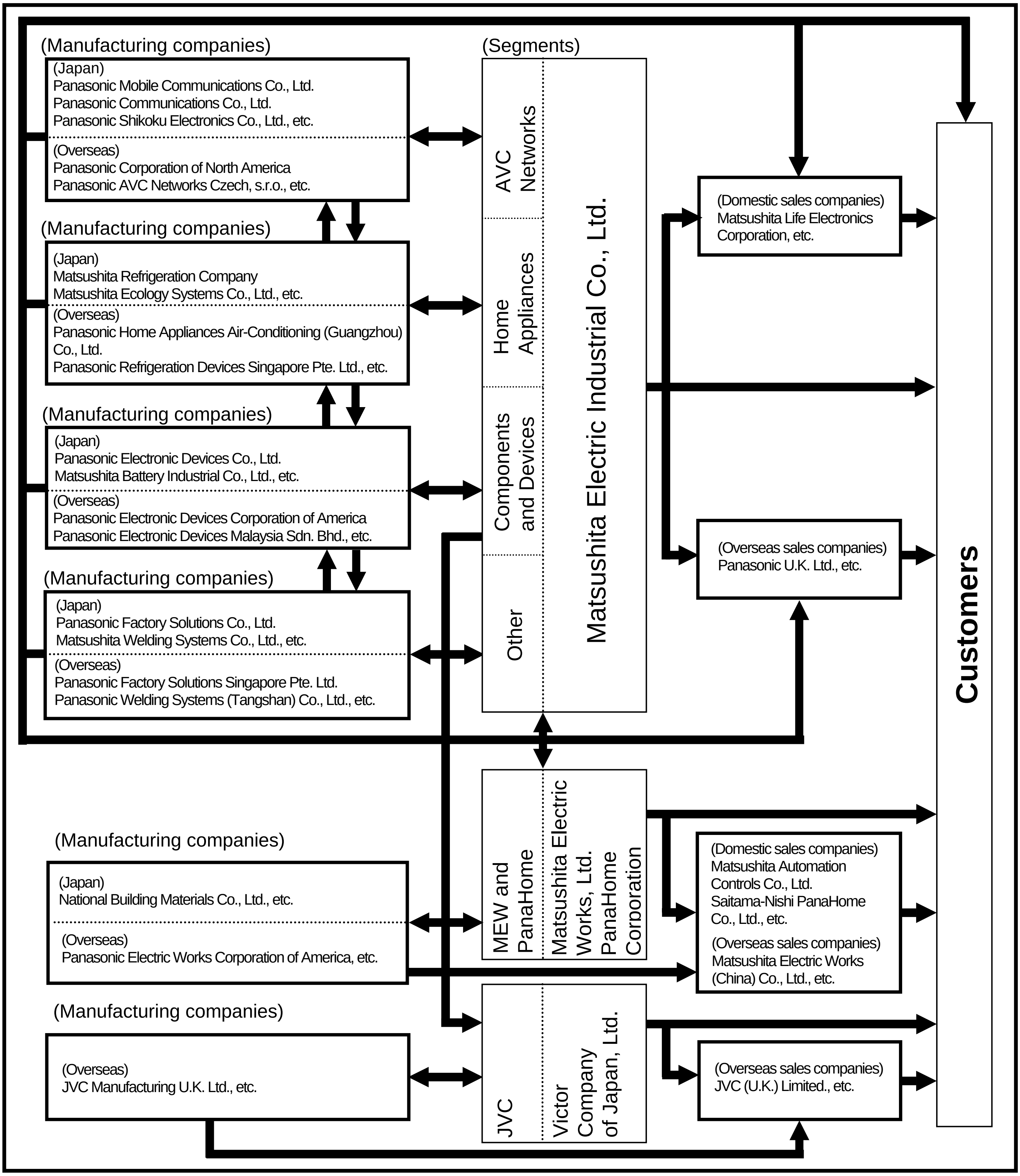
1. Outline of the Matsushita Group

Described below are the Matsushita Group's primary business areas, roles of major Group companies in respective businesses and relations between major Group companies and business segments.

The Matsushita Group, mainly comprising Matsushita Electric Industrial Co., Ltd. and 637 consolidated subsidiaries, is engaged in manufacturing, sales and service activities in a broad range of electric/electronic and related business areas, maintaining close ties among Group companies both in Japan and abroad. Matsushita supplies a full spectrum of electric/electronic equipment and related products, which has been categorized into the following six segments: AVC Networks, Home Appliances, Components and Devices, MEW and PanaHome, JVC, and Other.

* For major product lines in each segment, please refer to "Details of Product Categories" on page 19.

2. Business Domain Chart



Details of Product Categories

AVC Networks

Plasma, LCD and CRT TVs, DVD recorders/players, VCRs, camcorders, digital cameras, compact disc (CD), Mini Disc (MD) and SD players, other personal and home audio equipment, SD Memory Cards and other recordable media, optical pickup and other electro-optic devices, PCs, optical disc drives, copiers, printers, telephones, cellular 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, housing-related services (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.

Please Note: The following are financial statements on a parent company alone basis (provided in yen only), which are in conformity with Japanese generally accepted accounting principles, and should not be confused with the aforementioned consolidated results.

Matsushita Electric Industrial Co., Ltd.
(Parent Alone)
Statement of Income
(Year ended March 31)

	Yen (millions)		Percentage
	2006	2005	2006/2005
Net sales	¥ 4,472,579	¥ 4,145,654	108%
Cost of sales	(3,603,401)	(3,368,926)	
Selling, general and administrative expenses	(745,960)	(688,335)	
Operating profit	123,218	88,393	139%
Interest income	1,226	2,529	
Dividend income	127,066	63,593	
Other income	27,935	38,914	
Interest expense	(6,029)	(8,499)	
Other expenses	(56,991)	(68,650)	
Recurring profit	216,425	116,280	186%
Non-recurring profit	106,944	28,970	
Non-recurring loss	(326,036)	(38,052)	
Income (loss) before income taxes	(2,667)	107,198	--
Provision for income taxes			
Current	9,283	7,857	
Deferred	(32,395)	25,888	
Net income	¥ 20,445	¥ 73,453	28%
Unappropriated retained earnings at beginning of period	43,786	41,012	
Interim dividend	(22,168)	(17,284)	
Unappropriated retained earnings at end of period	42,063	97,181	

Notes to parent-alone financial statements:

1. Amounts less than 1 million yen have been rounded to the nearest whole million yen amount in the accompanying parent-alone financial statement.
2. Similarly, in the descriptions on pages 4, 5 and 22 regarding parent-alone results and parent-alone sales breakdown, amounts less than one-tenth of a billion yen are rounded to the nearest whole billion yen amount.
3. Non-recurring profit for fiscal 2006 includes 67,114 million yen related to the sale of securities, 21,047 million yen related to the sale of securities of certain subsidiaries, and 14,604 million yen as a result of the sale of certain fixed assets. Non-recurring loss for fiscal 2006 includes 184,532 million yen as a loss on valuation of securities associated with the liquidation of a subsidiary, MHI, 113,194 million yen as restructuring expenses such as losses associated with the closing of CRT TV-related overseas operations, and 24,905 million yen related to a recall of certain kerosene fan heaters, which the company manufactured and sold in Japan between 1985 and 1992.
4. Net income per common share:

	2006	2005
Basic	9.08 yen	31.90 yen
Diluted	9.08 yen	--

Net income per common share (diluted) for fiscal 2005 is omitted because the company does not hold any dilutive securities.

Matsushita Electric Industrial Co., Ltd.
(Parent Alone)
Balance Sheet *
(March 31, 2006)

	Yen (millions)	
Assets	March 31, 2006	March 31, 2005
Current assets:		
Cash and deposits	¥ 865,431	¥ 449,124
Trade receivables (notes and accounts)	558,103	512,017
Inventories	164,375	164,053
Other current assets	548,496	516,436
Total current assets	2,136,405	1,641,630
Fixed assets:		
Tangible fixed assets	356,616	391,514
Intangibles	30,609	27,577
Investments and advances	2,467,631	2,859,819
Total fixed assets	2,854,856	3,278,910
Total assets	¥ 4,991,261	¥ 4,920,540
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables (notes and accounts)	¥ 478,577	¥ 435,491
Accrued income taxes	1,528	3,427
Other current liabilities	1,411,341	1,246,183
Total current liabilities	1,891,446	1,685,101
Long-term debt and employee retirement and severance benefits	361,402	455,690
Total liabilities	2,252,848	2,140,791
Shareholders' equity:		
Capital	258,740	258,740
Capital surplus	569,927	571,848
Retained earnings	2,102,869	2,121,787
Unrealized holding gains of available-for-sale securities	150,475	83,817
Treasury stock	(343,598)	(256,443)
Total shareholders' equity	2,738,413	2,779,749
Total liabilities and shareholders' equity	¥ 4,991,261	¥ 4,920,540

* See Notes to parent-alone financial statements on page 20.

Matsushita Electric Industrial Co., Ltd.
(Parent Alone)
Proposed Allocation of Income *
(Year ended March 31)

	Yen (millions) 2006	2005
Unappropriated retained earnings at end of year	¥ 42,063	¥ 97,181
To be allocated as follows:		
Year-end dividends	22,095	16,938
(per common share)	(10.00 yen)	(7.50 yen)
Directors' bonuses	240	240
Corporate auditors' bonuses	18	18
Reserve for advanced depreciation	4,927	199
Contingency reserve	-	36,000
Unappropriated retained earnings carried forward to next period	¥ 14,783	¥ 43,786

* See Notes to parent-alone financial statements on page 20.

Matsushita Electric Industrial Co., Ltd.
(Parent Alone)
Sales Breakdown *
(Year ended March 31)

	Yen (billions) 2006	2005	Percentage 2006/2005
AVC Networks			
Video and audio equipment	¥ 848.2	¥ 802.4	106%
Information and communications equipment	1,038.6	977.0	106%
Subtotal	1,886.8	1,779.4	106%
Home Appliances	747.3	768.9	97%
Components and Devices	779.1	849.2	92%
MEW Products	177.4	41.2	431%
Other	882.0	707.0	125%
Total	¥ 4,472.6	¥ 4,145.7	108%
Domestic sales	2,561.4	2,447.5	105%
Exports	1,911.2	1,698.2	113%

* See Notes to parent-alone financial statements on page 20.

Management Policy

(1) Basic Policy for Corporate Management

Since its establishment, Matsushita has operated its businesses under its basic management philosophy, which sets forth that the mission of a business enterprise is contributing to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. Matsushita, as a public entity, is committed to its relationships with all stakeholders.

(2) Basic Policy for Providing Return to Shareholders

Since the company's founding, Matsushita has managed its businesses in a manner reflecting the company's belief in the importance of profit return to shareholders. In fiscal 2005, ended March 2005, along with the implementation of a new mid-term growth strategy, Matsushita implements a policy regarding returns to shareholders which takes into consideration its consolidated business performance.

Specifically, Matsushita will provide return to shareholders through dividend payments and own share repurchases, upon careful consideration of consolidated cash flows.

1) Dividends:

From the perspective of return on the capital investment made by shareholders, Matsushita will, in principle, distribute profits to shareholders based on its consolidated business performance. Matsushita also aims for promoting stable and continuous growth of return to shareholders, while at the same time taking into consideration various factors including mid-term business performance, capital expenditure requirements and the company's financial condition.

2) Own share repurchases:

Matsushita will provide return to shareholders by enhancing shareholder value per share through a reduction, in effect, of the number of outstanding shares. This will be accomplished by repurchasing the company's own shares with surplus cash flows.

In line with the policy described above, for fiscal 2006 Matsushita distributed an interim cash dividend of 10 yen per common share, and also plans to pay 10 yen per common share as the year-end cash dividend, subject to approval at the company's ordinary general meeting of shareholders to be held in June 2006. If implemented, total cash dividends for fiscal 2006 will be 20 yen per common share.

For details about annual dividends and own share repurchases for fiscal 2007, ending March 2007, see separate press releases issued today, “Matsushita Announces Plans to Increase Dividends for Fiscal 2007” and “Matsushita to Execute Own Share Repurchase.”

(3) Company’s Policy on Reduction of the Share Trading Unit Size

Matsushita has given careful consideration as to whether or not it should avail itself to reduce the number of shares per unit for trading (“share trading unit”) on stock markets in Japan, but as of today, the company believes it is too early to do so. Recognizing the importance of increased participation in capital markets by individual investors, Matsushita, over the years, has implemented various measures with individual shareholders in mind. Some of these include renewal of the company’s investor relations website, more detailed business reports to shareholders and improved general shareholder meeting arrangements. Since Matsushita is aware that a reduction in the share trading unit size is an effective method for broadening its individual shareholder base, the company will continue to discuss and evaluate possible benefits resulting from a reduction in the share trading unit size.

(4) Corporate Management Strategies and Challenges

The Matsushita Group aims to achieve, through cutting-edge technologies, global excellence in 2010 by pursuing the two visions of contributing to the realization of a ubiquitous networking society and coexistence with the global environment. The global economic outlook for fiscal 2007, ending March 31, 2007, remains uncertain, due mainly to various factors such as rising crude oil and raw materials prices. In the electronics industry, Matsushita expects ever-intensified competition to continue. In fiscal 2007, the final year of the mid-term management plan Leap Ahead 21, Matsushita will further accelerate growth strategies and strengthen management structures.

<Major Activities Undertaken in Fiscal 2006>

Matsushita viewed fiscal 2006, the second year of the 3-year management plan ending March 31, 2007, as a crucial year in establishing growth at each business domain company. To achieve the goals of this management plan, the company implemented growth strategies and strengthened management structures, as described below.

- Matsushita aggressively launched and promoted a new series of V-products to capture top shares in high-volume markets and make a significant contribution to overall business results. Sales of these products increased not only in plasma TVs, digital cameras and other digital AV equipment, but also in home appliances, led by revolutionary refrigerators, featuring top-unit compressors to increase internal capacity, tilted-drum washing machines with efficient heat-pump dryers and air conditioners with automatic filter cleaning and dust removal functions.
- The company also continued its focus on simultaneous global product introductions in digital AV and other product categories to continually expand priority businesses. A good example of success through this strategy is the plasma TV business. Matsushita has captured high market shares in Japan, the United States and Europe through the simultaneous introduction of plasma TVs in these regions. To further establish the company's position as the industry leader, Matsushita announced the world's largest plasma display. At 103 inches, this product demonstrates Matsushita's unparalleled technologies in the plasma TV field.
- Regarding capital expenditures, the company maintained its policy of concentrating investments into strategic areas. In fiscal 2006, these included a new PDP factory in Amagasaki, which commenced operations in September 2005, Matsushita Hangzhou Industrial Park in China, and a new factory for state-of-the-art system LSIs in Uozu, Japan.
- Through collaboration with MEW, Matsushita launched Collaboration V-products such as bathroom systems, modular kitchen systems and air purifiers, while utilizing MEW marketing channels to increase sales of air conditioners.
- Aiming to reinforce its management structures, the company has made all-out efforts to reduce materials costs and other expenses. These activities, including company-wide cost reduction activities, have contributed to enhanced profitability, despite a severe management environment. Matsushita also carried out selection

and concentration of management resources, restructuring at various locations and other reforms within each business domain company.

<Principal Initiatives for Fiscal 2007>

1. V-Products

Matsushita will place particular emphasis on V-products, which feature black-box technologies, and are essential to the company's growth strategy. In fiscal 2007, the company expects sales of 1.8 trillion yen in a total of 82 product categories. To achieve this, Matsushita will carry out intensive marketing campaigns that focus on product functions and features. Furthermore, Matsushita will expand the scope of simultaneous global introductions in terms of both products and regions. Through these and other initiatives, Matsushita aims to increase market share and solidify its competitive position in global markets.

2. Investment Strategy

Regarding capital expenditures, Matsushita will continue to focus investment into strategic businesses. In PDPs, the company announced the construction of a fourth domestic factory in Amagasaki, Japan, where operations are scheduled to commence in fiscal 2008. Including the new factory, Matsushita will increase annual production capacity of PDPs to 11.5 million units by fiscal 2009, enabling the company to meet rapidly expanding global demand.

3. Overseas Strategy

Matsushita will also strengthen overseas operations, which serve as a "growth engine" for the entire Matsushita Group. The company will select products and sales channels according to specific strategies in each region or country, and concentrate management resources accordingly. In the growing market such as China and Russia, as well as Europe and the United States, the company will strive to strengthen sales initiatives, aiming at expanding sales.

4. Strengthened Management Structure

In order to further strengthen management structures, Matsushita implemented the Next Cell Production Project, which will facilitate a more flexible manufacturing structure. In fiscal 2007, the company intends to further take advantage of information technology (IT) in promoting large-scale inventory reduction activities.

Meanwhile, through the Corporate Cost Busters Project, the company will eliminate redundancies throughout all areas of business, to enhance profitability.

5. Collaboration with MEW

Matsushita strives to achieve further success through collaboration with MEW, by integrating the components and devices and black-box technologies of both companies, in addition to comprehensive utilization of sales channels and augmented overseas businesses.

(5) Matters concerning the parent company

Matsushita has no parent company.

# # #