

February 1, 2007

FOR IMMEDIATE RELEASE

Media Contacts:

Akira Kadota (Japan)
International PR
(Tel: +81-3-3578-1237)

Panasonic News Bureau (Japan)
(Tel: +81-3-3542-6205)

Jim Reilly (U.S.)
(Tel: +1-201-392-6067)

Munetsugu Takeda (Europe)
(Tel: +49-611-235-305)

Investor Relations Contacts:

Makoto Mihara (Japan)
Investor Relations
(Tel: +81-6-6908-1121)

Akihiro Takei (U.S.)
Panasonic Finance (America), Inc.
(Tel: +1-212-698-1365)

Hiroko Carvell (Europe)
Panasonic Finance (Europe) plc
(Tel: +44-20-7562-4400)

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 = 119 yen.)

MATSUSHITA REPORTS THIRD QUARTER NET PROFIT INCREASE

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

Osaka, Japan, February 1, 2007 -- Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its consolidated financial results for the third quarter and the nine months, ended December 31, 2006, of the current fiscal year, ending March 31, 2007 (fiscal 2007).

Consolidated Third-quarter Results

Consolidated group sales for the third quarter increased 2% to 2,436.8 billion yen (U.S.\$20.48 billion), from 2,398.4 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. Of the consolidated group total, domestic sales increased 3% to 1,214.5 billion yen (\$10.21 billion), from 1,181.6 billion yen a year ago. Overseas sales amounted to 1,222.3 billion yen (\$10.27 billion), mostly unchanged from 1,216.8 billion yen in the third quarter of fiscal 2006.

During the third quarter, the U.S. economy remained steady with strong consumer spending. The Chinese economy maintained high-growth and the European economy continued a recovery trend. The Japanese economy, despite sluggish consumer spending, continued steady growth with strong export. Thus, the global economic situation was steady overall. However, the future economic conditions still remain uncertain, due primarily to possible adverse effects from weaker housing investment on individual spending in the U.S., and the concerns about a backlash to the current economic boom in China. Meanwhile, in the electronics industry, a severe business environment continued, due primarily to price declines mainly in digital AV products caused by intensified global competition. Under these circumstances, Matsushita is implementing growth strategies and strengthening management structures to ensure steady growth with profitability.

As part of such efforts, the company aggressively launched and promoted a new series of V-products to capture leading market shares and make a significant contribution to overall business results. Aiming to reinforce its management structures, the company has made all-out efforts to reduce raw materials costs and eliminate redundancies throughout the Matsushita Group.

Regarding earnings, operating profit¹ for the third quarter was up 5%, to 135.8 billion yen (\$1.14 billion), from 129.4 billion yen in the same period a year ago, despite the effects from increased raw materials costs and intensified global price competition. This improvement was due primarily to companywide cost reduction efforts and a weaker yen. Pre-tax income totaled 144.4 billion yen (\$1.21 billion), up 15% from 126.1 billion yen in the previous year, due mainly to a decrease in expenses associated with the implementation of early retirement programs. Net income also increased 60% to 78.7 billion yen (\$661 million), from 49.3 billion yen in the same quarter of the previous year. The company's net income per common share was 36.13 yen (\$0.30) on a diluted basis, versus 22.29 yen on the same period a year ago.

¹ For information about operating profit, see Note 2 of the Notes to consolidated financial statements on page 15.

Consolidated Nine-month Results

Consolidated group sales for the nine months ended December 31, 2006 increased 3% to 6,826.3 billion yen (\$57.36 billion), compared with 6,657.6 billion yen in the same nine-month period a year ago. Explaining the nine-month results, the company cited sales gains in digital AV products, such as flat-panel TVs. Domestic sales amounted to 3,394.6 billion yen (\$28.52 billion), up 1% from a year ago, while overseas sales increased 4% to 3,431.7 billion yen (\$28.84 billion) from the previous year's nine months.

For reasons similar to those given for third quarter results, the company's operating profit for the nine months increased 14% to 343.2 billion yen (\$2.88 billion), from 300.5 billion yen in the comparable period a year ago. Pre-tax income for the nine-month period increased 34% to 376.9 billion yen (\$3.17 billion), compared with 280.2 billion yen a year ago. In other income (deductions), the company recorded proceeds from tangible fixed assets and gains on the sale of investments, and incurred less expenses associated with the implementation of early retirement programs, compared with the previous year's nine months. Net income was also up 70% to 193.8 billion yen (\$1.63 billion), as compared with 113.7 billion yen in the nine months of the previous year. The company's net income per common share was 88.44 yen (\$0.74) on a diluted basis, versus 51.05 yen on the same period 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:

AVC Networks

AVC Networks sales increased 2% to 1,069.3 billion yen (\$8.99 billion), from 1,049.1 billion yen in last year's third-quarter. Sales of video and audio equipment increased 4% from the previous year's third-quarter, due mainly to favorable sales in digital AV products such as flat-panel TVs and digital cameras.

In information and communications equipment, despite sales downturns of mobile phones, sales gains were recorded mainly in automotive electronics, thereby the overall sales remained almost unchanged from a year ago.

Home Appliances

Sales of Home Appliances increased 1% to 314.8 billion yen (\$2.64 billion), compared with 311.3 billion yen in last year's third-quarter, due mainly to favorable sales of air conditioners and compressors.

Components and Devices

Sales of Components and Devices were also up 2% to 294.0 billion yen (\$2.47 billion), compared with 286.9 billion yen in the same period of the previous year, due mainly to favorable sales in general electronic components.

MEW and PanaHome

Sales of MEW and PanaHome increased 11% to 428.1 billion yen (\$3.60 billion), from 387.3 billion yen a year ago. At Matsushita Electric Works, Ltd. (MEW) and its subsidiaries, sales gains were recorded in electrical construction materials and electronic and plastic materials. At PanaHome Corporation, sales of detached housing and rental apartment housing were favorable, contributing to overall increased sales.

JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 176.3 billion yen (\$1.48 billion), down 17% from 211.8 billion yen in the third-quarter of the previous year. This result was due primarily to sluggish sales of AV equipment.

Other

Sales for Other totaled 154.3 billion yen (\$1.30 billion), up 1% from 152.0 billion yen in the same period a year ago.

Consolidated Financial Condition

Net cash provided by operating activities in the fiscal 2007 third quarter amounted to 129.6 billion yen (\$1.09 billion). This was attributable to cash inflows from net income and depreciation. Net cash used in investing activities amounted to 180.7 billion yen (\$1.52 billion). Capital expenditures for tangible fixed assets were 113.5 billion yen (\$0.95 billion), mainly consisting of manufacturing facilities for priority business areas such as plasma display panels (PDPs) and semiconductors, while time deposits increased 64.9 billion yen (\$0.55 billion) from the end of fiscal 2007 first half

(September 30, 2006). Net cash used in financing activities was 112.7 billion yen (\$0.95 billion). Major factors included the repurchase of the company's common stock and the payment of cash dividends. All these activities resulted in cash and cash equivalents of 1,265.9 billion yen (\$10.64 billion) at the end of December 2006, down 141.8 billion yen from the end of the first fiscal half.

The company's consolidated total assets as of December 31, 2006 increased by 96.3 billion yen as compared with the end of the first fiscal half, to 8,088.3 billion yen (\$67.97 billion). This was due mainly to an increase in trade receivables caused by seasonal factors such as year-end sales and an increase of market value in investments. Stockholders' equity increased 57.1 billion yen, as compared with the end of the first fiscal half, to 3,913.4 billion yen (\$32.89 billion) as of December 31, 2006. This was due primarily to increases in retained earnings and accumulated other comprehensive income as a result of increased market value of available-for-sale securities and a weaker yen, despite an increase in treasury stock on continued repurchases of the company's own shares.

Outlook for the Full Fiscal Year 2007, ending March 31, 2007

Regarding the outlook for the full fiscal year 2007, considering the current financial results, Matsushita today announced an upward revision of the forecast announced on April 28, 2006. Regarding net sales on a consolidated basis, Matsushita revised its previous forecast of 8,950 billion yen upward to 9,000 billion yen. The reasons given for the upward revision include favorable sales of V-products and a weaker yen, sufficient to offset sales downturns in mobile phones. Operating profit is now expected to remain unchanged, from the previous forecast of 450 billion yen. Despite negative factors such as increasing raw materials costs and ever-intensifying price competition, the rationalization efforts in materials costs and other cost reduction activities could offset those negative effects. Regarding consolidated income before income taxes², Matsushita has revised its forecast upward from the previously announced 400 billion yen to 430 billion yen, as a result of a decrease in restructuring expenses, as well as gains from the sale of tangible fixed assets and investments. Net income is now expected to increase from the previous forecast of 190 billion yen to 205 billion yen

² Other income (deductions) affecting the forecast for income before income taxes is expected to amount to a loss of 20 billion yen, including business restructuring charges of 25 billion yen.

as a result of increased pre-tax income.

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 and New York 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/>

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 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, including property, plant and equipment and goodwill, 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)