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**FOR IMMEDIATE RELEASE**

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**ANNOUNCEMENT OF FINANCIAL RESULTS**

**MATSUSHITA REPORTS FIRST QUARTER NET PROFIT INCREASE**

**- Strong sales of digital products led to favorable first quarter results -**

Osaka, Japan, July 29, 2008 -- Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its consolidated financial results for the first quarter, ended June 30, 2008, of the current fiscal year ending March 31, 2009 (fiscal 2009).

**First-quarter Results**

Consolidated group sales for the first quarter decreased 4% to 2,152.0 billion yen, from 2,239.5 billion yen in the same three-month period a year ago. Explaining the first quarter results, although sales gains were recorded mainly in digital AV products, total sales declined because sales of JVC (Victor Company of Japan, Ltd. and its subsidiaries)<sup>1</sup> were included in the consolidated group sales in the previous year's comparable period. Of the consolidated group total, domestic sales decreased 3%, to 1,045.2 billion yen, from 1,078.0 billion yen a year ago. Overseas sales decreased 5%, to 1,106.8 billion yen, from 1,161.5 billion yen in the first quarter of the previous year.

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<sup>1</sup> Victor Company of Japan, Ltd. and its subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries from August 2007. For more information, see Note 6 of the Notes to consolidated financial statements on page 11.

In the electronics industry during the first quarter under review, while there was a growing demand before the Beijing Olympics, severe business conditions continued in Japan and overseas, due mainly to price declines centered on digital products, a stronger yen against the U.S. dollar and rising prices for raw materials and energy. Under these circumstances, in fiscal 2009 as the middle year of the three-year mid-term management plan GP3, Matsushita is striving to produce successful results and create a new trend for achieving goals. Aiming at getting growth back on track and strengthening profitability, Matsushita is implementing initiatives focused on four major themes: double-digit growth in overseas sales, expansion of four strategic businesses, manufacturing innovation and the “eco ideas” strategy.

Regarding earnings, operating profit<sup>2</sup> for the first quarter was up 48%, to 109.6 billion yen, from 73.9 billion yen in the same period a year ago. Despite the negative effects of intensified global price competition and a stronger yen against the U.S. dollar, as well as rising prices for crude oil and other raw materials, this improvement was due primarily to sales gains in real terms excluding the effects of JVC, and comprehensive cost reduction activities including materials costs and fixed costs. These and other factors resulted in pre-tax income of 119.3 billion yen, up 42% from 84.0 billion yen in the same period a year ago. Net income increased 86% to 73.0 billion yen, from 39.3 billion yen in the same quarter of the previous year.

### **Consolidated Sales Breakdown by Product Category**

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

#### **Digital AVC Networks<sup>3</sup>**

Digital AVC Networks sales increased 5% to 975.5 billion yen, compared with 924.7 billion yen in the same period of the previous year. Sales of video and audio equipment increased 16% from the previous year. This result is due primarily to strong sales of flat-panel TVs, as well as favorable sales in digital cameras and DVD recorders.

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<sup>2</sup> For information about operating profit, see Note 2 of Notes to consolidated financial statements on page 11.

<sup>3</sup> From fiscal 2009, the name of “AVC Networks” was changed to “Digital AVC Networks.”

Sales of information and communications equipment decreased 3%, due mainly to sluggish sales in automotive electronics equipment.

#### Home Appliances

Sales of Home Appliances increased 1% to 342.7 billion yen, compared with 339.9 billion yen in the previous year. Despite a sales decline in both compressors and other products, favorable sales in refrigerators and electric lamps led to an overall sales increase.

#### MEW and PanaHome

Sales of MEW and PanaHome increased 1% to 389.2 billion yen from 385.7 billion yen a year ago. At MEW and its subsidiaries, sales gains were recorded with favorable sales in electrical construction materials and automation controls. At PanaHome Corporation and its subsidiaries, sluggish housing market conditions led to a decrease in sales.

#### Components and Devices

Sales of Components and Devices decreased 5% to 269.3 billion yen, compared with 284.7 billion yen in the previous year. Sluggish sales of general electronic components and batteries resulted in a decrease in sales.

#### Other

Sales for Other increased 4% to 175.3 billion yen, from 169.2 billion yen in the same period a year ago. Sales gains were recorded in factory automation equipment within this category.

#### **Consolidated Financial Condition**

The company's consolidated total assets as of June 30, 2008 increased 171.6 billion yen to 7,615.2 billion yen, compared with 7,443.6 billion yen at the end of fiscal 2008. This increase was due primarily to an increase in inventories for seasonal factors. Stockholders' equity increased 25.4 billion yen, compared with the end of the last fiscal year, to 3,767.7 billion yen. This result was due mainly to an increase in retained earnings and accumulated other comprehensive income, sufficient to offset the effects of repurchases of the company's own shares from the market.

## **Outlook for Fiscal 2009**

The company expects the business environment from this fiscal year's second quarter onward to remain severe, with uncertainty of the global economy centered on the United States, and further price declines as a result of ever-intensified competition, as well as increasing prices for crude oil and other raw materials. Considering these conditions, the forecast for fiscal 2009, ending March 31, 2009, remains unchanged from the forecast announced on April 28, 2008.

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, deferred tax assets and uncertain tax positions; 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)