October 27, 2006

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 FIRST HALF NET PROFIT INCREASE

- Sales and Earnings Exceed the Previous Forecast -

Osaka, Japan, October 27, 2006 -- Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its consolidated financial results for the second quarter and first half, and non-consolidated (parent company alone) results for the first half, ended September 30, 2006, of the current fiscal year, ending March 31, 2007 (fiscal 2007).

Consolidated Second-quarter Results

Consolidated group sales for the second quarter increased 2% to 2,252.6 billion yen (U.S.$19.09 billion), from 2,211.0 billion yen in the same three-month period a year ago. Explaining the second quarter results, the company cited sales gains in digital audiovisual (AV) products, Home Appliances, Components and Devices, and MEW and PanaHome. Of the consolidated group total, domestic sales increased 1% to 1,118.2 billion yen ($9.48 billion), from 1,109.0 billion yen a year ago. Overseas sales increased 3% to 1,134.4 billion yen ($9.61 billion), from 1,102.0 billion yen in the second quarter of fiscal 2006.

During the second quarter, despite signs of a slowdown in the U.S. economy with weaker housing investment, the global economic situation as a whole remained steady due mainly to high economic growth in China and the recovery trend of the European economy. The Japanese economy also continued steady growth with favorable export and capital investment. Meanwhile, in the electronics industry, although there was shown partly a backlash of the FIFA World Cup boom, market conditions were favorable overall. However, there remains a severe business environment due primarily to rising raw materials prices and continuous price declines mainly in digital AV products caused by intensified global competition. Under these circumstances, Matsushita strives to implement growth strategies and strengthen management structures to ensure its future growth trend.

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, negative factors such as intensified global price competition and increased raw materials prices were more than offset by comprehensive cost reduction efforts, successive launch of V-products and other positive factors. As a result, operating profit[1] for the second quarter was up 14%, to 142.3 billion yen ($1.21 billion), from 125.1 billion yen in the same period a year ago. Pre-tax income totaled 157.1 billion yen ($1.33 billion), up 79% from 87.9 billion yen last year. This improvement was due mainly to a decrease in expenses associated with early retirement programs to 3.8 billion yen ($32 million), compared with 20.6 billion yen in the previous year's second quarter. Net income increased 156% to 79.3 billion yen ($672 million), from 31.0 billion yen in the same quarter of the previous year.

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[1] For information about operating profit, see Note 2 of the Notes to consolidated financial statements on page 16.

<u>Consolidated First-half Results</u>

Combining the second quarter results with those of the first quarter, consolidated group sales for the first fiscal half ended September 30, 2006 increased 3% to 4,389.5 billion yen ($37.20 billion), compared with 4,259.2 billion yen in the same six-month period a year ago. Explaining the first half results, the company cited sales gains in digital AV products, such as flat-panel TVs. Domestic sales amounted to 2,180.1 billion yen ($18.48 billion), mostly unchanged from a year ago, while overseas sales increased 6% to 2,209.4 billion yen ($18.72 billion) from the previous year's first half, caused by favorable sales overall, represented by a sharp sales increase in Europe mainly as a result of strong sales of flat-panel TVs.

For reasons similar to those given for second quarter results, the company's operating profit for the first fiscal half increased 21% to 207.4 billion yen ($1.76 billion), from 171.1 billion yen in the comparable period a year ago. Pre-tax Income for the six-month period increased 51% to 232.5 billion yen ($1.97 billion), compared with 154.1 billion yen a year ago. In other income (deductions), the company recorded gains on the sale of the investments and proceeds from tangible fixed assets, and incurred less expenses associated with the implementation of early retirement programs, compared with the previous year's first half. Net income was also up 79% to 115.1 billion yen ($976 million), as compared with 64.4 billion yen in the first half of the previous year. The company's net income per common share was 52.38 yen ($0.44) on a diluted basis, versus 28.82 yen in the first half of last year.

<u>Consolidated First-half Sales Breakdown by Product Category</u>

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

<u>AVC Networks</u>

AVC Networks sales increased 1% to 1,770.3 billion yen ($15.00 billion), from 1,747.4 billion yen in last year's first half. Sales of video and audio equipment increased 8% from the previous year's first half, due mainly to favorable sales in digital AV products such as flat-panel TVs and digital cameras.

In information and communications equipment, the company recorded strong sales of PCs and automotive electronics, but sales downturns of mobile phones in Japan and overseas and other products led to a 3% decrease overall.

Home Appliances

Sales of Home Appliances increased 4% to 603.6 billion yen ($5.12 billion), compared with 578.4 billion yen in last year's first half, due mainly to favorable sales of air conditioners and compressors.

Components and Devices

Sales of Components and Devices were also up 5% to 558.4 billion yen ($4.73 billion), compared with 531.0 billion yen in the same period of the previous year. Favorable sales in general electronic components, batteries and electric motors led to overall increased sales in this category.

MEW and PanaHome

Sales of MEW and PanaHome increased 8% to 811.8 billion yen ($6.88 billion), from 752.4 billion yen last year. 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 gains were recorded in detached housing, contributing to overall increased sales.

JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 321.6 billion yen ($2.73 billion), down 4% from 333.7 billion yen in the first half of the previous year. This result was due primarily to sluggish sales of AV equipment.

Other

Sales for Other totaled 323.8 billion yen ($2.74 billion), up 2% from 316.3 billion yen in the same period a year ago. Sales increases in factory automation equipment were recorded within this category.

Non-Consolidated (Parent Company Alone) First-half Results[2]

First-half parent-alone sales increased 8% to 2,343.9 billion yen, from 2,176.1 billion yen in the same six-month period a year ago. Sales increases were recorded mainly in AVC Networks and Home Appliances, contributing to overall increased sales.

Regarding parent-alone earnings, operating profit totaled 70.6 billion yen, up 18% from the previous year's first half. This increase was realized mainly by sales gains and various comprehensive cost reduction initiatives, despite price declines. Recurring profit decreased 16% to 77.5 billion yen, from 92.5 billion yen in the previous first half. Despite an increase in operating profit, a decrease in dividend income from subsidiaries led to lower recurring profit, compared with the previous year's first fiscal half. Parent-alone net income decreased 24% to 72.8 billion yen, from 95.7 billion yen in the first half of the previous year, including gains from the sale of securities of certain affiliated companies and the sale of tangible fixed assets.

Consolidated Financial Condition

Net cash provided by operating activities in the fiscal 2007 first half amounted to 197.7 billion yen ($1.68 billion). This was attributable to cash inflows from net income and depreciation, despite increased inventories caused by seasonal factors such as year-end sales. Net cash used in investing activities amounted to 343.1 billion yen ($2.91 billion). Capital expenditures for tangible fixed assets were 206.9 billion yen, mainly consisting of manufacturing facilities for priority business areas such as plasma display panels (PDPs) and semiconductors, while time deposits increased 170.1 billion yen from the end of fiscal 2006 (March 31, 2006). Net cash used in financing activities was 127.8 billion yen ($1.08 billion). Major factors included the repayments of long-term debt, the payment of cash dividends and the repurchase of the company's common stock. All these activities resulted in cash and cash equivalents of 1,407.7 billion yen ($11.93 billion) at the end of the fiscal 2007 first half, down 259.7 billion yen compared with the end of the last fiscal year (March 31, 2006).

[2] Non-consolidated (parent company alone) results are in conformity with Japanese generally accepted accounting principles.

The company's consolidated total assets as of September 30, 2006 increased by 27.4 billion yen as compared with the end of the last fiscal year, to 7,992.0 billion yen ($67.73 billion). The increase was due mainly to the increased inventories caused by seasonal factors. Stockholders' equity increased 68.6 billion yen, as compared with the end of the last fiscal year, to 3,856.3 billion yen ($32.68 billion) as of September 30, 2006. This was primarily attributable to increases in retained earnings, despite an increase in treasury stock on continued repurchases of the company's own shares.

Interim Dividend

The Board of Directors of the company resolved today to distribute an interim (semiannual) cash dividend of 15 yen per common share to shareholders of record as of September 30, 2006, payable November 30, 2006. This is an increase from last year's interim dividend (10 yen), based on a policy for profit distribution to shareholders (see pages 25-26).

Year-end Dividend

The company plans to distribute a year-end cash dividend of 15 yen per common share (payable to shareholders of record as of March 31, 2007). If implemented, total dividends for fiscal 2007, including the aforementioned interim dividend of 15 yen per common share, will be 30 yen per common share (see pages 25-26).

Outlook for the Full Fiscal Year 2007

The company expects the future business environment to remain quite uncertain in the second half of fiscal 2007, with increasing raw materials prices and continuing price declines due to fierce global competition. Considering these conditions, the forecast for the full fiscal year 2007, ending March 31, 2007, remains unchanged from the forecast announced on April 28, 2006.

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)