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**FOR IMMEDIATE RELEASE**

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**Sumitomo Trust & Banking and Matsushita Reach Basic Agreement on  
Equity Ownership and Business Operations of Matsushita Leasing & Credit**

Osaka, Japan, December 22, 2004 – The Sumitomo Trust & Banking Co., Ltd. ("STB") and Matsushita Electric Industrial Co., Ltd. ("MEI" [NYSE symbol: MC]), jointly announced today that the two companies have reached a basic agreement regarding the equity ownership and business operations of Matsushita Leasing & Credit Co., Ltd. ("MLC"), a financial support company of the Matsushita Group. The agreement is part of continuing efforts to further enhance and expand MLC's businesses, while increasing value for customers and overall corporate value for each of the three companies.

**1. Purpose of the Agreement**

Within the Matsushita Group, MLC carries out functions as a financial support company essential to MEI's overall marketing strategy. Some of these functions include sales promotion activities for MEI's products, as well as providing support to local retail stores specializing in Panasonic and National brand products.

Towards the future, the strengthening of such financial support activities will be progressively more important due to more sophisticated customer needs and increasingly complex logistics channels. Strengthened financial support activities will also play a key role in the success of the Matsushita Group's total solutions business model, which combines both products and services for residential and commercial buildings.

MEI believes that this agreement will not only increase value for customers, but also strengthen MLC's financial condition from the point of view of financial risk management, thereby resulting in optimum financial support functions for the entire Matsushita Group.

Meanwhile, STB, having completed the repayment of public funds and disposal of non-performing loans, is pursuing strategic alliances to expand its customer base, while improving overall profitability. By enhancing MLC's businesses and providing trust and other financial services to an extensive customer base, STB aims to achieve sustainable growth in consolidated earnings.

Also, as a result of this agreement, MLC aims to maintain the trust and loyalty of customers and to achieve further growth as a comprehensive financial services company. MLC will therefore continue providing support to local retail stores while also taking advantage of STB's considerable know-how in the areas of financial and trust-related services, thereby not only enhancing financial services for corporate customers, but also augmenting existing leasing and credit operations, and expanding into areas such as factoring services (acquisition of accounts receivable etc.) and consulting-style marketing of financial service products to individual customers.

STB, MEI and MLC believe that this agreement will ultimately result in both increased value for customers and enhanced overall corporate value for each of the three companies.

## **2. Details of the Agreement**

### **(1) Share ownership**

-STB will purchase approximately 60% of the total issued shares of MLC, whereby MLC will become a consolidated subsidiary of STB.

-After the purchase of shares by STB, MEI will own approximately 34% of the total issued shares of MLC, whereby MLC will become an equity method company of MEI.

### **(2) Share purchase price**

-The purchase price will be determined upon completion of due diligence, the results of an evaluation of MLC's shares by outside financial advisors and other necessary steps.

### **(3) New company name**

-Sumishin Matsushita Financial Services Co., Ltd. (tentative name)

### **(4) President**

-The president of MLC will be appointed by STB after the completion of the share purchase.

### **(5) Joint operations**

-STB and MEI will, through MLC, cooperate in developing new financing services that can contribute to the business expansion for the Matsushita Group as a whole.

### **(6) Main areas of business**

-Corporate customers (including the Matsushita Group): leasing, factoring, loan, credit

and other services.

-Individual customers (including employees of the Matsushita Group): credit, loan, trust agent, asset management consultation and other services.

**3. Outline of Matsushita Leasing & Credit Co., Ltd. (as of September 30, 2004)**

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|---|--|
| (1) Company name  | Matsushita Leasing & Credit Co., Ltd.  |
| (2) Representative  | Takuji Oishi, President and Representative Director  |
| (3) Location of head office                                   | Osaka, Japan   |
| (4) Date of incorporation                                     | February 27, 1967  |
| (5) Principal businesses                                      | Total leasing business, mediation business of purchasing on the knock and credit card business, etc.                                       |
| (6) Fiscal year end   | March  |
| (7) Number of employees                                       | 982  |
| (8) Principal business locations                              | Osaka, Tokyo, Sapporo, Sendai, Morioka, Utsunomiya, Shizuoka, Nagoya, Kanazawa, Okayama, Hiroshima, Takamatsu, Fukuoka, Kagoshima, Okinawa |
| (9) Share capital   | 2,160 million yen  |
| (10) Number of total issued shares                            | 4,320,000  |
| (11) Shareholders (% ownership)                               | Matsushita Electric Industrial Co., Ltd. : 93.1%<br>Other shareholders (45 members) : 6.9%   |
| (12) Financial results (for the two most recent fiscal years) |  |

(Millions of yen)

Fiscal year ended:	March 2003	March 2004
Total revenues	307,322	298,658
Operating profit	217,213	217,141
Recurring profit	8,846	7,325
Net income	4,697	3,519
Total assets	570,761	535,049
Shareholders' equity	56,022	59,081

#### 4. **Number of Shares to be Transferred and Ownership of Shares before and after Transfer (forecast)**

	Company to transfer shares	Company to purchase shares
	Matsushita Electric Industrial Co., Ltd.	The Sumitomo Trust & Banking Co., Ltd.
Ownership of shares before transfer	4,022,433 shares (93.1% of total issued shares)	0 shares (0% of total issued shares)
Number of shares to be transferred	2,553,633 shares (59.1% of total issued shares)	
Ownership of shares after transfer	1,468,800 shares (34.0% of total issued shares)	2,553,633 shares (59.1% of total issued shares)

#### 5. **Schedule**

End of February, 2005 (planned)	Signing of final agreement
April 1, 2005 (planned)	Date of share transfer

#### 6. **Future Prospects**

Neither STB nor MEI have revised their respective financial results forecasts for the current fiscal year, ending March 31, 2005.

#### **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 Leasing & Credit Co., Ltd. ("Matsushita Leasing") and the proposed investments in Matsushita Leasing by The Sumitomo Trust & Banking Co., Ltd. ("STB") and Matsushita Electric Industries Co., Ltd. ("Matsushita"). 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 STB and Matsushita in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors including, but not limited to; economic conditions in the countries in Japan where Matsushita and its Group companies sell products that are supported by Matsushita Leasing's financing services; volatility in demand for such products from business and individual customers; whether the business cooperation as described in this press release will proceed as originally planned; the ability of STB and Matsushita to achieve their business objectives through their business cooperation as described in this press release. Such risks, uncertainties and other factors may cause STB's or Matsushita'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. STB and Matsushita undertake no obligation to publicly update any forward-looking statements after the date of this press release.*