

The Panasonic Report

for Sustainability 2008

Full CSR Report July 2008



Panasonic
ideas for life



e-Report

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Our Reporting Approach

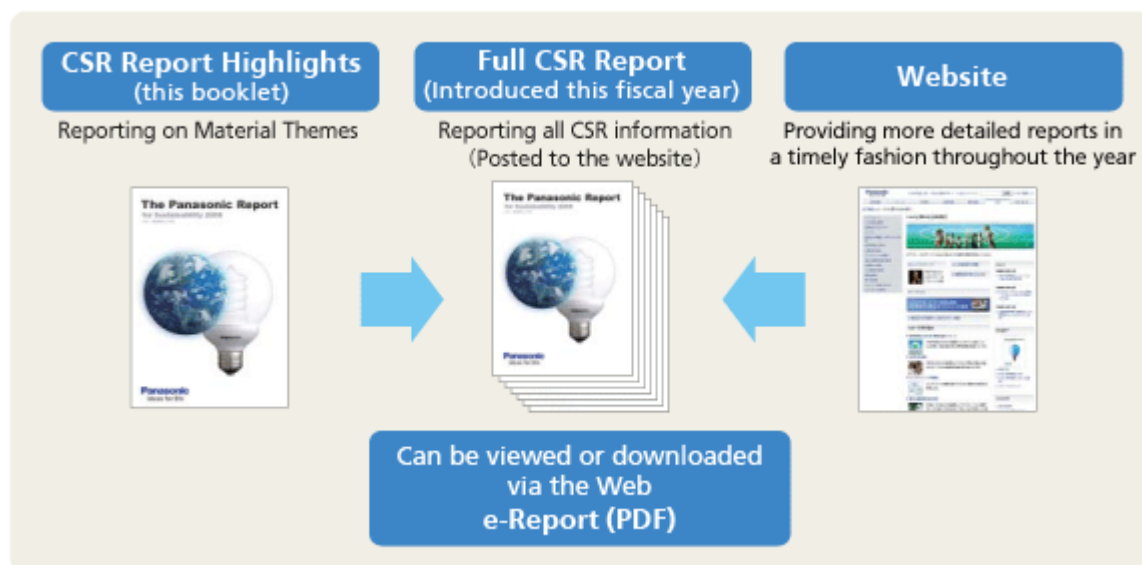
What We Would Like to Communicate

In order to strengthen our CSR accountability to our stakeholders, the fiscal 2008 reporting process was conducted with reference to global standards and guidelines, and the concerns of our stakeholders. We will continue to work to improve our standard of information disclosure.

Reporting that Combines Information from The Booklet and Website

At Panasonic we have developed a new approach to reporting that provides timely information on the results of our CSR activities, because reporting only once a year is not enough to fulfill our reporting responsibilities.

In addition to improved reporting on the Website, we will be releasing the digital version of the Panasonic Report For Sustainability 2008(Full version)on the Web, which will enable us to give more up-to-date information and better readability, and to reduce the environmental burden of printing and shipping.



CSR Report Highlights	<ul style="list-style-type: none"> Booklet uses Panasonic's Universal Design(PUD) font.
Website	<ul style="list-style-type: none"> Reports are released for all countries on the Panasonic global site(or on each regional site) The Panasonic website complies with the Panasonic Universal Design Policies in accessibility and usability standards such as for audio browsers

Panasonic's Approach to Reporting

With its diverse operations, sustainability issues cover a wide spectrum for Panasonic. We have picked out, analyzed, and reported on the most important of these, with reference to sources such as the third version of our Global Reporting Initiative's Sustainability Reporting Guidelines Version 3.0(GRI G3), which reflect the opinions of the various stakeholders worldwide, and the Environmental Reporting Guidelines issued by the Japanese Ministry of the Environment. Notably, we have made use of AA1000* as a practical method for selecting items on which to report.

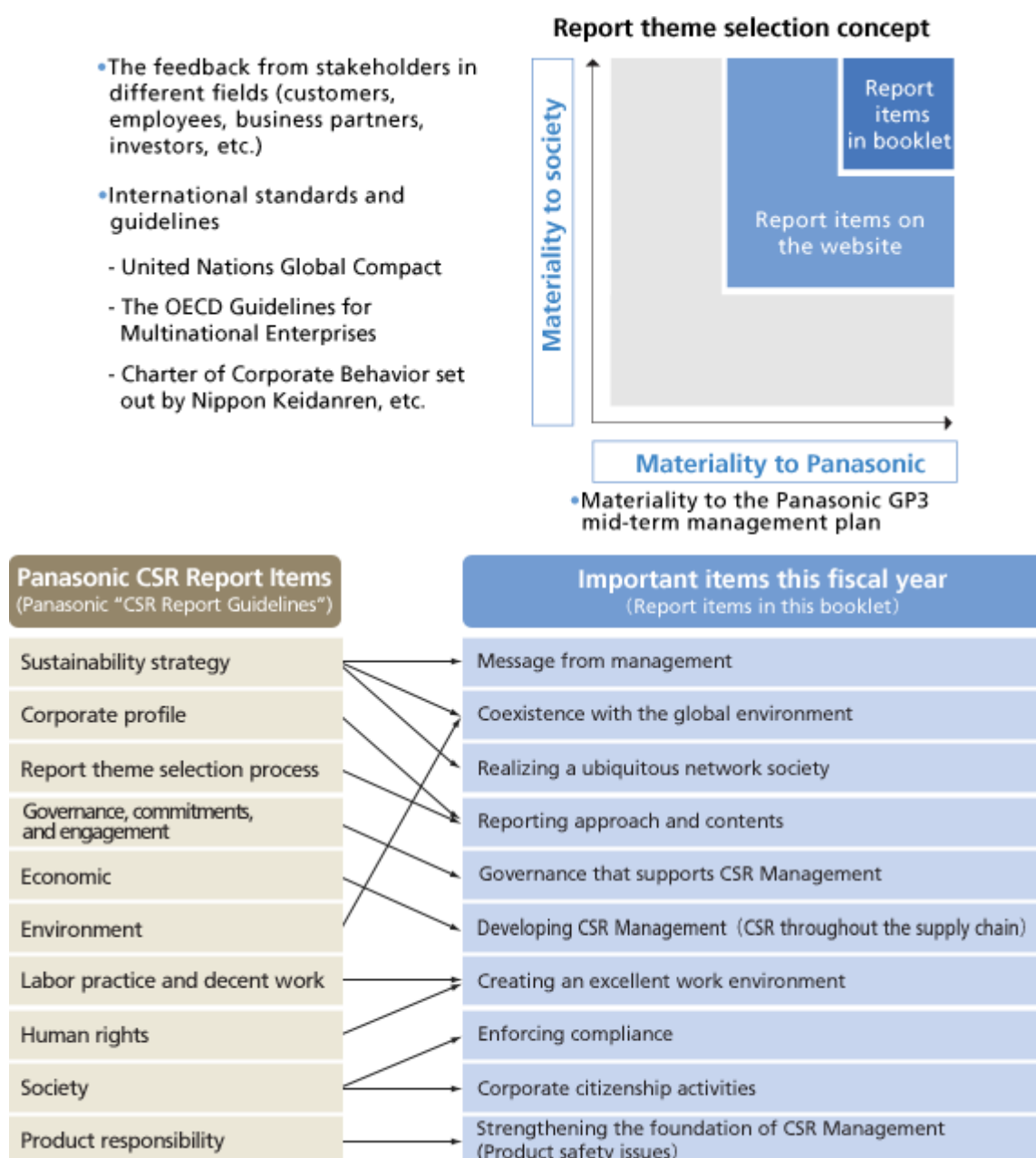
The 3 Principles of AA1000

Materiality	Whether the necessary information for stakeholders' activities and decision-making is included
Completeness	The degree to which important aspects related to the sustainability of the organization are properly identified and understood
Responsiveness	Whether the stakeholders' concerns are appropriately addressed and the attendant ramifications disclosed

* The UK firm AccountAbility has developed standards for the disclosure of information.

1. What Should Be Disclosed?(Materiality and Deciding Criteria)

Panasonic has examined the various social and environmental issues to determine which are closely related to, and strongly affected by, Panasonic's business activities using the five tests of materiality proposed by AccountAbility. Using widely available global sources, such as surveys and reports by the WBCSD and the UN, and through consultation with specialists, Panasonic has sifted through the various CSR issues to select important report items that have a high relevance to Panasonic, our stakeholders, or society. (See figure below)

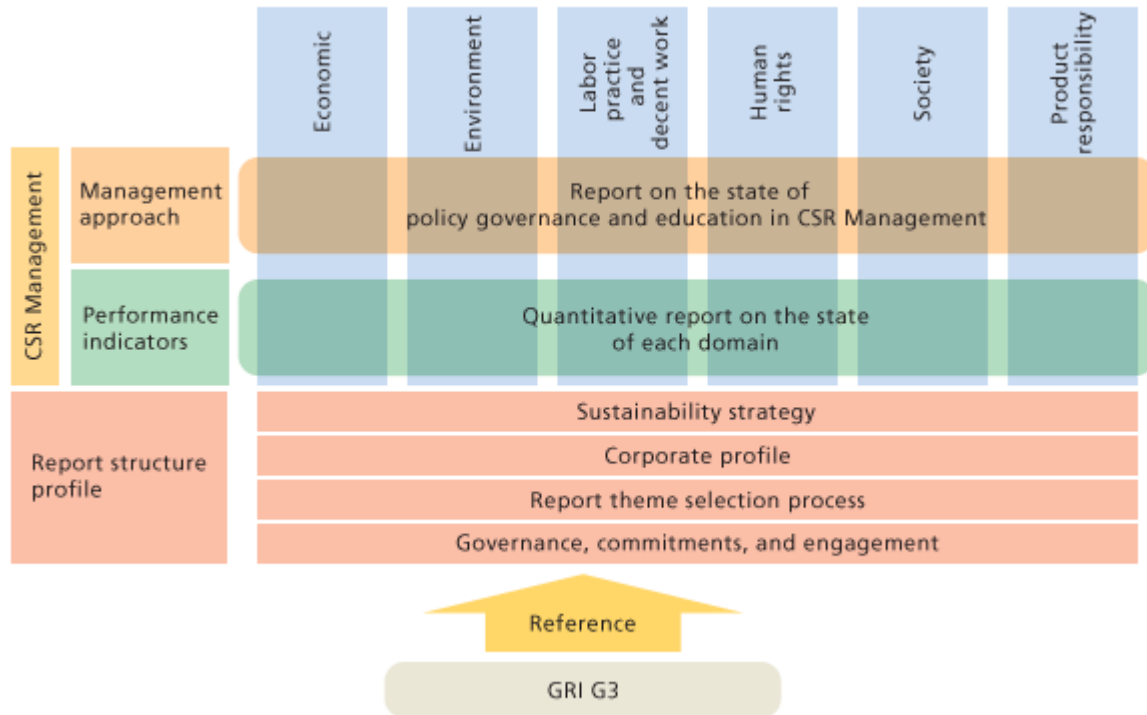


2. How Much Should Be Disclosed?(Completeness)

Range of Report Topics

In the CSR report, Panasonic does not just address matters that it finds convenient to discuss, but has taken care to deal with matters of over-arching importance. In order to ensure that report items meet this criterion, Panasonic bases its reports on its proprietary Panasonic CSR Reporting Guidelines, which was created with reference to GRI G3 and other documents.

Panasonic's CSR Reporting Guideline



*See the Panasonic website for a summary of the guidelines.

Scope of This Report

The extent to which a subject is reported is determined by weighting it according to its level of compliance with certain items, its relevance to management issues, and the extent of its effect on society and the environment.

All Panasonic-affiliated companies-both domestic and foreign- are included in the scope of the report. In some instances, however, data applies only to the principal Panasonic group companies. For more details, please refer to the section entitled "Scope of this report."

Scope of This Report

Reporting period	The performance data are primarily from fiscal 2008(April 1, 2007, to March 31, 2008). However, some activities from fiscal 2009 are included. The years shown in graphs are fiscal years.
Organization	Matsushita Electric Industrial Co., Ltd. and its affiliated companies in Japan and other countries.
Data	The data are primarily from consolidated group companies; however, the Environmental Report covers all business sites that make up the environmental management system.

3. How Should It Be Disclosed(Responsiveness)

Based on the management principles of "customer first," "co-prosperity," and "participative management through collective wisdom," Panasonic values open dialogue with customers, trading partners, employees, and other stakeholders. A wide range of methods is employed for engaging stakeholders, such as convening specialist committees with concerned parties from within and outside the company, and conducting opinion polls of customers and employees.

Having adopted a new approach to reporting, we are aware that there will be numerous outstanding issues to address. To properly respond to the stakeholders associated with all the Panasonic activities in a variety of countries and regions, we believe that we will have to create our own proprietary framework for engagement with stakeholders. We will continue to include dialogue with stakeholders in the daily activities of individual employees, and to incorporate CSR issues into our business activities.

Reports and Websites

Click on the following links for specific reports and websites.

CSR Activities



The Panasonic Report for Sustainability
Information on Panasonic's CSR initiatives



CSR Site
<http://panasonic.net/csr/>

Corporate Citizenship Activities



The Panasonic Report on Global Corporate Citizenship Activities
Information on the Matsushita Group's corporate citizenship initiatives

Environmental Activities



The Panasonic Report for Sustainability
Information on Panasonic's environmental initiatives



Environmental Activity Site
<http://panasonic.net/eco/>

Financial Information



Annual Report
Overview of the Panasonic's business activities and relevant financial information



IR information
<http://ir-site.panasonic.com/>

Top Message

What are the requirements of global excellence for a sustainable society?

Profile



**President,
Matsushita Electric Industrial Co., Ltd.
Fumio Ohtsubo**

Appointed President in June 2006. Starting his career in the Production Technology Division for Audio Products, he assumed several positions including Managing Director of a Manufacturing Subsidiary in Singapore, Director of the Audio Division, and President of Panasonic AVC Networks Company.



**Executive Director
CSR Europe
Kerstin Born**

Kerstin Born has more than 15 years of international business, NGO, and European political experience including as an accomplished communications professional and project leader. CSR Europe is an organization whose membership comprises European companies that promote corporate social responsibility.



**Moderator
Yukiko Sugimoto**

Yukiko Sugimoto served as Managing Director in charge of Japanese equity management at an American financial institution. She is now involved in a project to build a children's museum in London.

Inheriting Our Founder's Management Philosophy

Leading by example with "corporate conscience"

Sugimoto: Panasonic is continuing to expand globally, and in order to capture and continue its founding principles and management philosophy within the company (and later opened to the public), Panasonic established the House of History, which highlights the life and thinking of the founder. Prior to this dialogue, you visited the House of History in Osaka. How did you like it, Kerstin?

Born: I was very impressed with Panasonic founder Konosuke Matsushita's approach to management and corporate social responsibility (CSR) even 60 to 70 years ago, at a time when, in Europe, many people did not even talk about corporate social responsibility. Also, I found the presentation very modest, which made his achievements more impressive. I was encouraged by his philosophy. It's something you can adopt for yourself and for your own professional life and what you want to achieve. This is the advice that he gives to all of us.

Ohtsubo: Whenever I visit the House of History, I cannot help but feel deeply moved by the fact that for 90 years Panasonic has carried on our founder's philosophy of "a company is a public entity" and "we contribute to society through our business activities," and that it has run its business faithfully based on this philosophy. At the same time, I feel a great responsibility to carry our founder's philosophy into the future.



Panasonic president Fumio Ohtsubo in conversation with Kerstin Born and Yukiko Sugimoto

Sugimoto: I was in the finance industry for a long time, and I know that even fund managers recognize the importance of CSR. It seems that Europe is leading in terms of how society as a whole is committed to CSR. So, maybe you can tell us what is now being discussed and practiced in Europe.

Born: I would say that there are three points in terms of CSR in Europe. First, European companies work together; they do not try to do everything on their own. They understand that they can't solve all the issues by themselves. Second, CSR isn't just a corporate issue any more, so companies need to work together with stakeholders - they need to listen to stakeholders. Third, they aim to incorporate CSR into the corporate ethos. It is not just an addendum; it should really be part of the daily operation of the business.

Ohtsubo: Our founder wrote that a company shouldn't separate itself from society. It should be a member of society. If we think in the same way, we should harmonize with society and do what is right for society. I call this type of attitude "corporate conscience." If we act upon corporate conscience, we will be able to practice the three points that Kerstin has just mentioned.

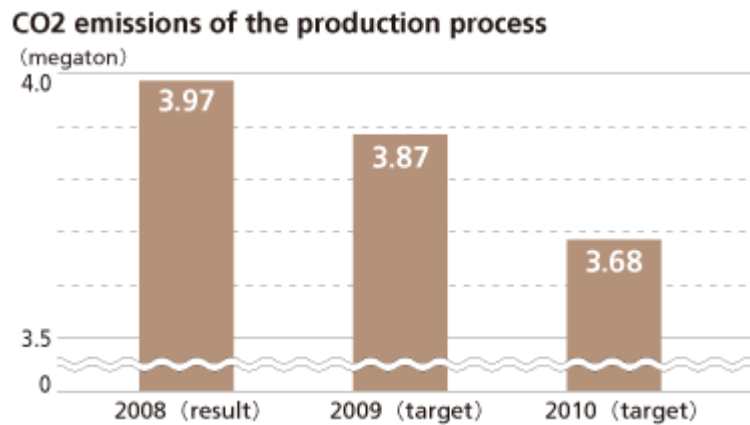
Living in Harmony with the Global Environment

Turning CSR issues into an opportunity for innovation

Sugimoto: Konosuke Matsushita also talked about environmental issues: The company does not exist solely to make money. The company should help society by contributing to protecting the environment. Surely in Europe, the environment is one of the most important issues, right?

Born: It's top of the agenda at the moment all over the world - climate change and reduction of greenhouse gases (GHG). In this regard, Panasonic has been striving to mainstream CSR, and I was very impressed that Panasonic integrated the goal of reducing CO₂ emissions into the management strategy along with increasing sales and profits.

Ohtsubo: It is not easy for us to reduce CO₂ emissions while maintaining growth. However, we place great importance on living in harmony with the global environment. Our founder always said that if Panasonic could not harmonize with and contribute to society, we should dissolve the company immediately. We aim to live in harmony with the global environment, not because society demands it but because we believe that we have to. Therefore, we announced that we would decrease our CO₂ emissions by 300,000 tons globally by fiscal 2010, and we clearly stated that we would include our progress toward this goal as part of an evaluation of each business domain company. We are proud of excellent environmental technologies developed in Japan. However, we are not just talking about it; we are setting a clear target.



Born: Some companies see GHG emissions reduction as a constraint, but Panasonic sees it as an opportunity to innovate.

Ohtsubo: Yes. We will also try to replace all the products that have been designated by a third-party organization as low-energy-efficient products by the end of fiscal 2010.

Born: That is taking CSR one step further.

Ohtsubo: Now we are seeing the coming of the "Ecopremium Era," an era in which an eco-friendly activity will become a new business opportunity.

Sugimoto: You also visited the Matsushita Eco Technology Center (METEC) in Hyogo.



At METEC, used products are recycled and reused in new products.

Born: I was impressed by the innovative recycling system. Everything is collected in one place and disassembled, and the parts are used to make new products.

Ohtsubo: Last October, when we announced the reduction of 300,000 tons of CO₂ emissions, one European journalist asked me, "I've heard that METEC in fact made a profit. So, why don't you tell people that recycling is a profitable business?" And I replied, "I don't expect the recycling business to be consistently profitable. METEC's aim is to work out how to recycle used products, not to make a profit."

Born: I see, but if the recycling business is profitable, that would be an attractive model for other companies. It means recycling won't necessarily be part of the cost of production.

Ohtsubo: METEC aims to develop new technology for recycling. If METEC makes a profit, we will reinvest it in the development of new technology. This is our approach.

For the Next Generation

Sugimoto: I'm personally involved in building a children's museum in London. London is a big city, but it doesn't have a dedicated children's museum. RiSuPia at Panasonic Center Tokyo is a great example for us.

Ohtsubo: In Japan, too, it is becoming a serious issue that fewer and fewer students major in science, math and engineering fields. However, it's not really important whether or not they have a science background, or whether or not they can produce products—the most important thing for a manufacturing company such as ours is that people are interested in our products. It is a very crucial point. I want plenty of young people with enthusiasm for manufacturing to join us to work as a team. A prerequisite for having enthusiasm for manufacturing is to have an interest in how a product works or how a product is made from an early age.

Born: RiSuPia is a very good place for children to get hands-on experience with the latest technology and learn that they can create it themselves. To offer such a place for the next generation is another contribution to society. If Panasonic did not use its technology or expertise to create RiSuPia, children would not have had such opportunities to experience the latest technology.

Ohtsubo: We have only one RiSuPia in Tokyo at this moment, but many government officials from foreign countries who visited the facility have asked us to build one in their countries. We would like to fulfill such requests if possible.



At the science museum RiSuPia, children can experience the true fascination of math and science.

Moving Toward Greater Diversity

Sugimoto: Diversity is also one of the main issues of CSR in Europe, isn't it?

Born: Yes. In Europe, 2007 was the Year of Diversity. There are three main CSR issues that draw the interest of people in Europe. The first is education and employability. The labor market is very tight, and lifelong employment is replaced by employability. So, the companies work with stakeholders on how to tackle this issue. The second is the global supply chain, and the third is diversity.

Diversity is an area that companies should work on with the utmost effort. Since many companies are going global these days, we see different cultures in which more women are leaders in operations, and participate or lead in management. Beyond gender equality, however, I think that technology could make a difference in making the lives of people with disabilities much easier so that they can participate more fully in society.

Panasonic has been using its creativity to innovate in many areas. I would like to ask Panasonic to use that creativity also in the field of diversity.

Ohtsubo: Our business has become more global than ever, and we can no longer depend merely on Japan's younger generation to run our business. Therefore, we have to understand the importance of diversity, as well as environmental issues, in order to carry on sound business management. One of the key words I keep in my mind is "irimajiru," or "to mix with each other." It means that we should embrace different values, so that people from various countries can mingle and work together.

We have a plant in Osaka where the majority of the employees are seriously physically impaired and are confined to wheelchairs, and they work with a few able-bodied employees. Also in the Okayama plant, west of Osaka, about 100 mentally impaired and physically impaired employees work side by side with other able-bodied employees, and they manufacture Panasonic audio visual products. If you visit these plants, you immediately realize that fundamentally there is no difference in people's ability. Employees with mental disabilities work equally well on quality control tasks for 8 hours a day. In these two plants, people with disabilities and people in wheelchairs are some of our best employees. We are seeking to develop new technologies and ideas for production facilities or production processes that enable them to carry out their tasks without any difficulty. Some of these ideas have already resulted in new products. For example, we developed a rehabilitation suit for the upper body, and a robot that assists people with disabilities to walk. It might become one of the core businesses for Panasonic in the near future.

We are also proposing the "Eco & Ud House" (Eco and Universal Design House) by making use of our technology, which is comfortable for everyone and is good for the environment.



Eco & UD House, a concept home designed for low environmental impact and incorporating people-friendly universal design principles

Sugimoto: The Eco & Ud House is a wonderful model home equipped with an ecological bath room, solar energy generation and fuel-cell co-generation systems, and other facilities based on eco-ideas.

Born: Coming from Europe to Japan, frankly, is like entering a new world of technologies. The Eco & Ud House was designed with attention to every little detail, and it uses universal design everywhere. Even being in the kitchen seems like a lot more fun. Ohtsubo The Eco & Ud House is completely barrierfree. I'm sure that elderly people would be able to live more comfortably in this house.

Ohtsubo: The Eco & Ud House is completely barrierfree. I'm sure that elderly people would be able to live more comfortably in this house.

Born: It's really wonderful. I understand that stakeholder engagement will remain a crucial aspect of your company when you go global. And while it is more difficult the more diverse the stakeholders are, I am also sure that if you look at it as an opportunity, you will benefit from their contribution.

Ohtsubo: Thank you very much for your valuable advice. Lastly, we are celebrating our 90th anniversary this year, and we will change the name of the company from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation in October 2008. We are responsible for advancing CSR based on our founder's philosophy that "a company is a public entity of society" and that "we are contributing to society through our business activities." While being aware of our responsibility, I would like to contribute to society.

Born: Panasonic's managerial slogan is "rise to the challenge!" So I look forward to your future achievements.

CSR Management

CSR Management Founded on the Company as a "Public Entity of Society"

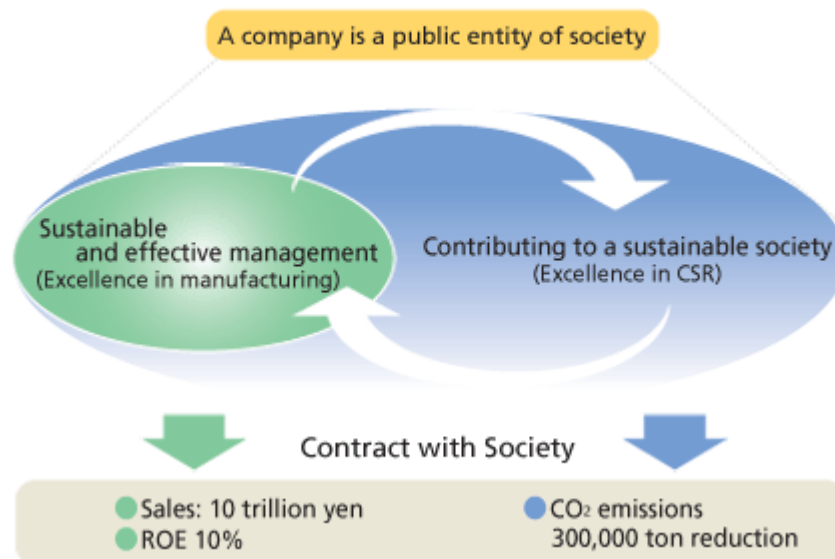
Ever since its foundation, Panasonic has worked to "contribute to society through our business activities" based on its founding management philosophy. For Panasonic, our unchangeable management philosophy is also the best corporate governance. As globalization accelerates in the 21st century, the social environment becomes more diverse. We think that coexistence with the global environment is a common issue worldwide, and we are implementing Global Panasonic's CSR management with a corporate conscience that goes beyond laws and rules.

Promoting CSR Management

Contributing to Society through Our Business Activities as an Advanced CSR Company

Our mid-term management plan, the GP3 Plan, was implemented in fiscal 2008 with the core goal of winning the right to challenge global excellence by achieving a manufacturing-oriented company. However, while environmental problems on a global scale were becoming more serious, the "eco ideas strategy" was introduced in October 2007, and we adopted two vital goals of "steady growth with profitability" and "reducing the environmental burden in every operation". One of the concrete targets of this goal was to reduce CO2 emissions by 300,000 tons below the fiscal 2007 level from its manufacturing operations, and every division is working toward this goal.

Contributing to Society through Our Business Activities as an Advanced CSR Company



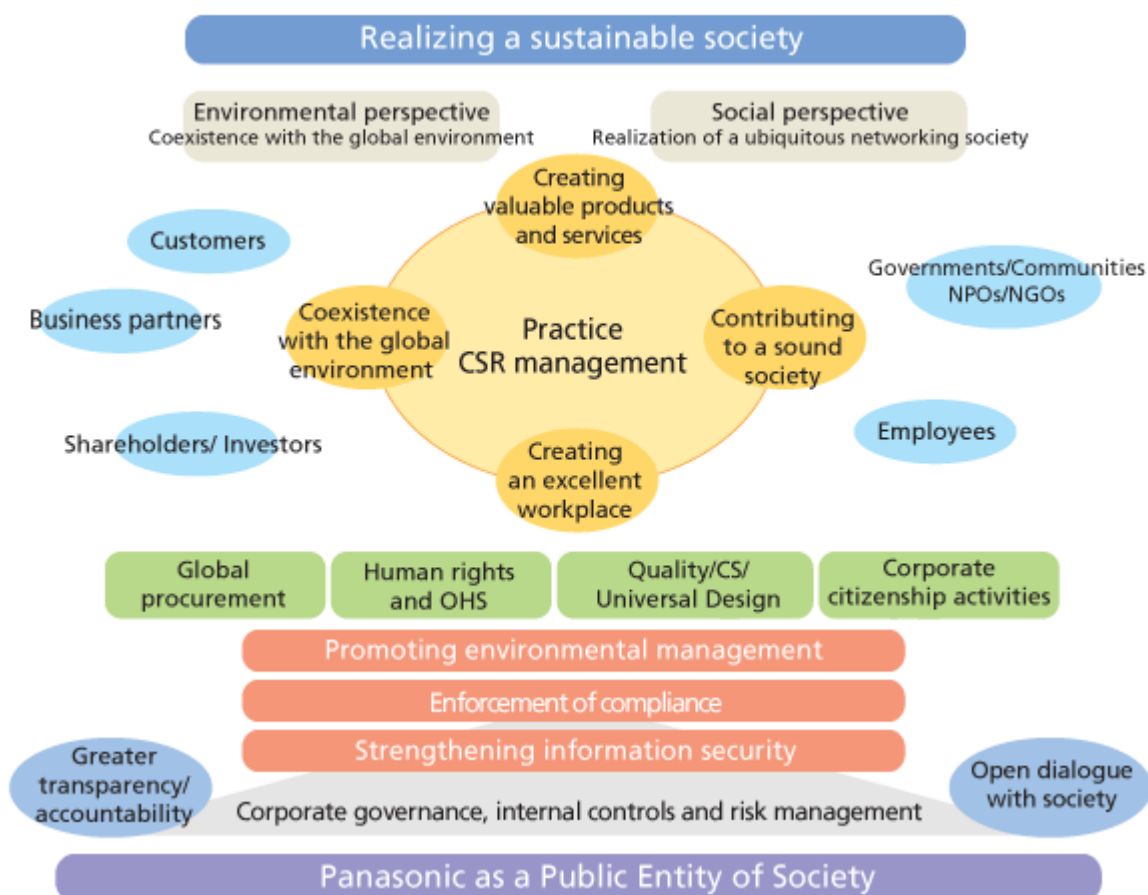
Major Initiatives and Achievements of Fiscal 2008

In implementing CSR management, Panasonic continued to use the framework introduced in fiscal 2008, which is shown on the right. The basic management philosophy of the "company as a public entity of society" is unchanging, but the method of implementing this concept must change with the changes in society and the environment.

To respond to the social and environmental issues in different locations around the world and fulfill our corporate social responsibility, it is necessary to have an open dialogue with the stakeholders in each area. In Europe, we have had discussions with many different stakeholders about the environment, labor, and other fields, and in April 2008, we joined CSR Europe, a business network that promotes CSR in Europe. We continue to promote discussion with our stakeholders.

There is a growing interest in CSR among investors as evidenced by the emergence of socially responsible investment (SRI). Panasonic is also responding to the concerns of investors by providing them with information and actively engaging them in dialogue. As a result, Panasonic continues to appear on the world's SRI indexes, including the Dow Jones Sustainability Indexes (DJSI), FTSE4Good, and ETHIBEL Investment Register. Then, in January 2008 at the World Economic Forum in Davos, Panasonic was selected as one of the "Global 100 Most Sustainable Corporations in the World".

Groupwide CSR Promotion Framework



Panasonic has been selected as a component in global SRI* indexes and register.



*SRI: Socially Responsible Investment

As a manufacturer doing business globally, Panasonic has a responsibility for its broad supply chain as well. Panasonic has taken the lead in fulfilling its social responsibility in the areas of the environment and human rights, among others, and is helping to create a healthy society with the cooperation of our business partners and suppliers. As a part of these efforts, Panasonic began to identify its important CSR issues with cooperation from our business partners.

CSR Activities in Fiscal 2009

There is only so much one company can do to contribute to the realization of a sustainable society. In fiscal 2009, we increased the dialogue with our stakeholders worldwide and are planning new initiatives that go beyond the boundaries of countries and companies. As part of Panasonic's CSR initiatives, the company will take the important CSR issues ferreted out in 2008, and address them on a broader range of business domains while enlisting the cooperation of companies on Panasonic's supply chain. It is also important to take the efforts to resolve the issues of sustainability and integrate them with marketing and business activities. We would like to take the successful environmental contributions integrated with marketing in Japan and expand them to a wider range of activities and regions.

Corporate Governance

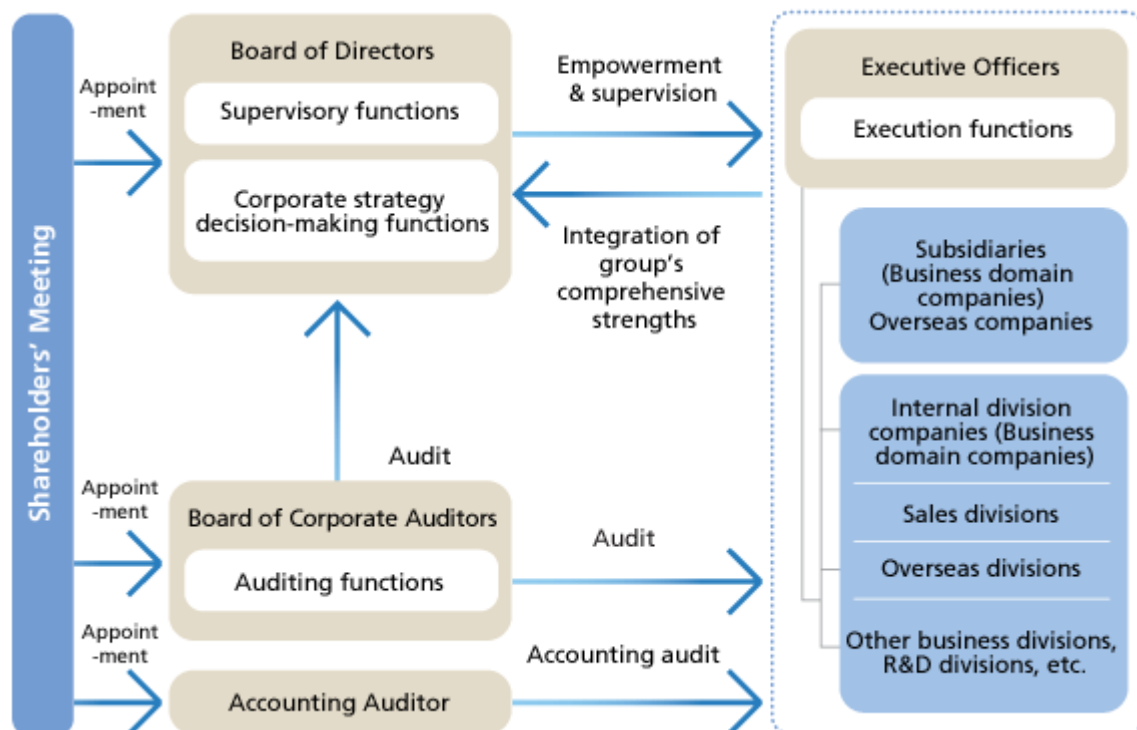
The foundation of "CSR Management" is a healthy management system. Panasonic has a clear separation of functions between the Directors and Executive Officers, effective monitoring by auditors, and implementation of Labor-Management Councils, and through these and other actions, Panasonic is building a balanced corporate governance system. The management is also establishing a number of committees to discuss sustainability issues such as the environment.

The Board of Directors and Executive Officer System

Matsushita's corporate governance system is based on the Board of Directors, which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and the Board of Corporate Auditors, which is independent from the Board of Directors. The Corporate Auditors and the Board of Corporate Auditors are responsible for auditing the performance of duties by Directors.

Matsushita has an optimum management and governance structure tailored to the Group's business domainbased organizational structure. Under this structure, Matsushita has empowered each of its business domain companies through delegation of authority. At the same time, the Company employs an Executive Officer System to provide for the execution of business at various domestic and overseas Matsushita Group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths.

In addition, Matsushita realigned the role and structure of the Board of Directors to ensure swift and strategic decision-making, as well as the optimum monitoring of Groupwide matters. Specifically, the Board of Directors concentrates on corporate strategies and the supervision of business domain companies, while Executive Officers handle responsibilities relating to day-to-day operations. Taking into consideration the diversified scope of its business operations, Matsushita has opted to maintain a system where Executive Officers, who are most familiar with the specifics of their respective operations, take an active part in the Board of Directors. Furthermore, to clarify the responsibilities of Directors and create a more dynamic organization, the Company has limited the term of each Director to one year.



A CSR seminar at the Corporate Industrial Marketing & Sales Division

Corporate Auditors and the Board of Corporate Auditors

Pursuant to the Company Law, Matsushita has appointed Corporate Auditors and established a Board of Corporate Auditors, made up of Corporate Auditors. The Corporate Auditors and Board of Corporate Auditors monitor the status of corporate governance and keep abreast of the day-to-day activities of management, including the Board of Directors. As of June 26, 2008, the Company had five Corporate Auditors, including three Outside Corporate Auditors.

Corporate Auditors participate in shareholders' meetings and Board of Directors' meetings, and have legal authority to receive reports from Directors, employees and accounting auditors. Full-time Senior Auditors also attend important meetings and conduct checks in order to ensure effective monitoring. To augment internal auditing functions in the Group, Matsushita has assigned eight non-statutory full-time senior auditors at internal divisional companies to assist in audits by Corporate Auditors. Matsushita also inaugurated regular Group Auditor Meetings (comprising 18 full-time senior auditors and non-statutory full-time senior auditors from main Company subsidiaries) chaired by the Chairman of the Board of Corporate Auditors of the Company to enhance collaboration between the Company's Corporate Auditors, non-statutory full-time senior auditors of internal divisional companies and Corporate Auditors of the Company's subsidiaries. In addition, as part of their audit duties, Corporate Auditors maintain close contact with the Internal Audit Group to ensure effective audits. Moreover, in order to enhance the effectiveness of audits conducted by Corporate Auditors and ensure the smooth implementation of audits, Matsushita has established a Corporate Auditor's Office with a full-time staff of five under the direct control of the Board of Corporate Auditors.

Internal Controls

Guided by its management philosophy and the basic policy adopted relating to the construction of internal control systems, Panasonic continues to develop a system of internal controls to provide a safe, reliable management platform to support global business strategy and activities. Specifically, three entities with complementary functions (the Compliance Committee, the G&G (Global & Group) Risk Management Committee, and the Disclosure Committee) coordinate ongoing efforts to develop internal controls. They are working not only to organize management-level systems for internal control, but also to raise employee awareness, establish behavior aligned with the internal control system and cultivate the necessary corporate culture.

The Matsushita Group Code of Conduct

This code establishes common group-wide standards to guide employees in the practical implementation of Panasonic's management philosophy. Translated into 21 languages and formally adopted by board resolutions at each company within the Group, the code applies to 300,000 Directors, Executive Officers and employees of Panasonic worldwide. We have also developed an educational and training framework and related initiatives to support increased internal compliance with the code.

G&G Risk Management Activities

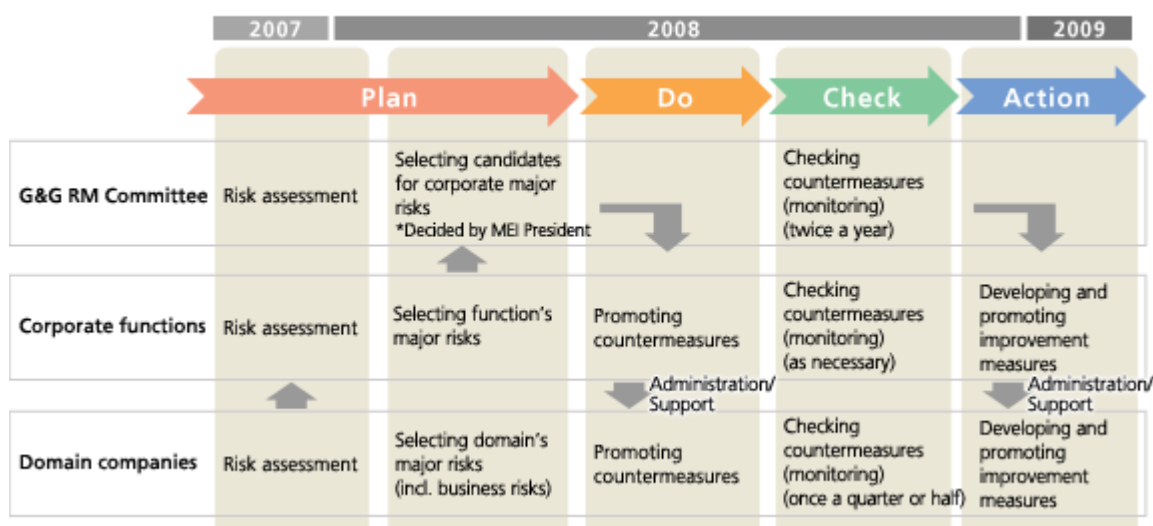
Using its global assessment standard, Panasonic collects and centrally assesses a comprehensive collection of risk information, and integrates business management with risk management activities. The organization established to do this consists of the G&G Risk Management Committee, which is made up of the Directors and Executive Officers that oversee the functions and divisions at the head office, and there is also a similar committee established at each of the business domain companies and related companies. This system enables Panasonic to effectively act globally and group wide.

Specifically, as shown in the diagram below, the G&G Risk Management structure performs a risk assessment on all business domain companies, subsidiaries, related functions, and G&G Risk Management Committee once a year integrated with the formulation of annual business plans, and the major risks for each are determined. High-priority risks are determined, and a plan for swift, precise action is established, and its progress monitored in close coordination among each other.

There is also a Business Continuity Plan (BCP) to counter the risk of large natural disasters. By fiscal 2010, all business domain companies should have a BCP in place for at least one location.

Panasonic will also formulate BCP for other risks that may threaten business operations, such as a pandemic flu outbreak.

Basic Framework for G&G Risk Management Activities



Participation of Employees in Important Management Decisions

At Panasonic, important management issues are discussed in advance with the labor union, and Management-Labor Committees are established as forums for people to express their opinions on these issues. Important decisions are explained to labor union leaders, and Labor-Management Councils are held to provide an opportunity for people to express their approval or dissent.

Both the Management-Labor Committees and Labor-Management Councils are held regularly at the corporate level, business domain level, and business unit level. The topmanagement level Management-Labor Committee is held once a month and is attended by the President, Executive Officer in charge of personnel, and the head of the labor union's Central Executive Committee. The top-management level Labor-Management Council is held twice a year and is attended by all Executive Officers at the level of Managing Director or above and the members of the labor union's Central Executive Committee.

In-house Hotlines

As part of ensuring an open and transparent corporate culture, Panasonic operates six head office-based hotlines in Japan covering the areas of business ethics, fair trade, equal opportunities, fair business, global business ethics, and auditing or accounting issues. Business domain companies, subsidiaries and regional headquarters have also established and operate separate hotlines to aid swift resolution of issues.

Corporate Governance

Basic Concept of Corporate Governance

Matsushita's corporate governance system is based on the Board of Directors, which is responsible for deciding important operational matters for the whole Group and monitoring the execution of business by Directors, and the Board of Corporate Auditors, which is independent from the Board of Directors. The Corporate Auditors and the Board of Corporate Auditors are responsible for auditing the performance of duties by Directors. Matsushita has established the following management system based on the implementation of autonomous management in each business domain and the Company's corporate governance system.

1. Corporate Governance Structure

The Board of Directors and Executive Officer System

Matsushita's Board of Directors is composed of 19 directors, two of whom are Outside Directors, as of June 27, 2007. In accordance with the Company Law and relevant laws and ordinances (collectively, the "Company Law"), the Board of Directors has ultimate responsibility for administration of the Company's affairs and monitoring of the execution of business by Directors. Under its basic philosophy of contributing to society as a public entity, Matsushita has long been committed to enhancing corporate governance, and was one of the first Japanese companies to invite Outside Directors to serve on its Board of Directors.

In fiscal 2004, Matsushita implemented reforms to establish an optimum management and governance structure tailored to the Group's business domain-based organizational structure. Under this structure, Matsushita has empowered each of its business domain companies through delegation of authority. At the same time, the Company employs an Executive Officer System to provide for the execution of business at various domestic and overseas Matsushita Group companies. This system facilitates the development of optimum corporate strategies that integrate the Group's comprehensive strengths.

In addition, Matsushita realigned the role and structure of the Board of Directors to ensure swift and strategic decisionmaking, as well as the optimum monitoring of Groupwide matters. Specifically, the Board of Directors concentrates on corporate strategies and the supervision of business domain companies, while Executive Officers handle responsibilities relating to day-to-day operations. Taking into consideration the diversified scope of its business operations, Matsushita has opted to maintain a system where Executive Officers, who are most familiar with the specifics of their respective operations, take an active part in the Board of Directors. Furthermore, to clarify the responsibilities of Directors and create a more dynamic organization, the Company has limited the term of each Director to one year.

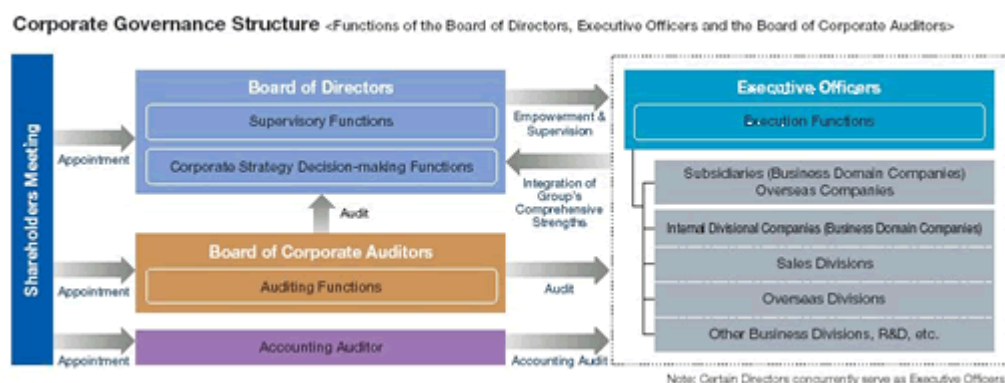
Corporate Auditors and the Board of Corporate Auditors

Pursuant to the Company Law, Matsushita has appointed Corporate Auditors and established a Board of Corporate Auditors, made up of Corporate Auditors. The Corporate Auditors and Board of Corporate Auditors monitor the status of corporate governance and keep abreast of the day-to-day activities of management, including the Board of Directors. As of June 27, 2007, the Board of Corporate Auditors comprised five members, including three Outside Corporate Auditors.

Corporate Auditors participate in shareholder meetings and Board of Directors meetings, and have legal authority to receive reports from Directors, employees and accounting auditors. Full-time Senior Auditors also attend important meetings and conduct checks in order to ensure effective monitoring. To augment internal auditing functions in business domain companies, Matsushita has assigned seven nonstatutory full-time senior auditors at each internal divisional company to assist in audits by Corporate Auditors. Matsushita also inaugurated regular Group Auditor Meetings (comprising 18 full-time senior auditors and non-statutory full-time senior auditors from 15 Matsushita Group companies including internal divisional companies) chaired by the Chairman of the Board of Corporate Auditors of the Company to enhance collaboration between the Company's Corporate Auditors, non-statutory full-time senior auditors of internal divisional companies and Corporate Auditors of the Company's subsidiaries. In addition, as part of their audit duties, Corporate Auditors maintain a close working relationship with the Internal Audit Group to ensure effective audits. Moreover, in order to enhance the effectiveness of audits conducted by Corporate Auditors and ensure the smooth implementation of audits, Matsushita has established a Corporate Auditor's Office with a full-time staff of five under the direct control of the Board of Corporate Auditors.

Corporate Governance Structure

<Functions of Board of Directors, Executive Officers and Board of Corporate Auditors>



Remuneration Policy

The maximum total amounts of remuneration for Directors and Corporate Auditors of Matsushita are determined by a resolution at a general meeting of shareholders. The remuneration amount for each Director is determined by Matsushita's Representative Directors who are delegated to make such determination by the Board of Directors, and the amount of remuneration for each Corporate Auditor is determined upon discussions amongst the Corporate Auditors.

Since the fiscal year ended March 31, 2004, the amounts of the remuneration and bonuses of Directors have reflected each individual's performance based on CCM* and cash flows. From the fiscal year ending March 31, 2008, in order to promote steady growth with profitability, Matsushita has adopted CCM and sales as indicators which represent profitability and growth, respectively. By implementing this new performance evaluation criteria based on shareholder interests, Matsushita will promote continuous growth and enhance profitability on a long-term basis for the Matsushita Group as a whole.

In order to realize a remuneration system with a high level of transparency and acceptability, Matsushita terminated its retirement benefits for Directors and Corporate Auditors in June 2006.

* Capital Cost Management: an indicator created by Matsushita to evaluate return on capital.

2. Internal Control Systems

Compliance

The Company has formulated the Matsushita Group Code of Conduct to clearly explain in easy-to-understand terms how its management philosophy should be implemented. As a unified global standard, the code applies to all the Matsushita Group's Directors, Executive Officers, and employees. Matsushita has also formulated a Code of Ethics for Directors and Executive Officers stating the fundamental ethics required of the Company's top managers.

In addition, the Company has created a Corporate Compliance Committee, which is chaired by the President and made up of relevant Directors, Executive Officers and Corporate Auditors. Meeting twice yearly, this committee has a Companywide remit and is responsible for discussing and sharing information concerning compliance issues and communicating compliance action policy.

Matsushita also works to ensure compliance in its global business activities. Specifically, the Company has appointed legal affairs managers at business domain companies, overseas regional headquarters and other entities, and has also appointed Directors and Executive Officers in charge of ensuring compliance with the code, as well as personnel responsible for fair trade and export controls. Based on cooperation with all relevant parties, Matsushita works to enforce Companywide compliance policy, as well as provide training and promote awareness, in all the countries and regions where it operates.

In Japan, from 2006, Matsushita launched "Enhancing Compliance Month" (implemented every October). During this period, the Company runs an intensive program to raise awareness about compliance, including the distribution of a Compliance Guidebook to employees as a tool to put the Matsushita Group Code of Conduct into practice, and the implementation of a related test to assess understanding. From fiscal 2008, the Company plans to extend these activities to business sites worldwide to create a corporate culture that is more attuned to compliance issues.

In addition, in July 2005, Matsushita set up a Global Corporate Business Ethics Hotline, enabling all employees in Japan and overseas to receive advice about possible violations of laws related to their duties or corporate ethics. The Company also established a system whereby the Board of Corporate Auditors can directly receive concerns from employees and other individuals with regard to accounting or auditing irregularities, thereby helping to improve financial soundness.

Risk Management

In addition to centralized collection and analysis of information, Matsushita maintains a management cycle that links risk management activities with other business management initiatives. In April 2005, Matsushita established the Global and Group (G&G) Risk Management Committee, consisting of Directors and Executive Officers from various departments of the Corporate Headquarters. Matsushita also established similar functional committees at business domain companies and subsidiaries to formulate appropriate countermeasures on a global and Group basis. Specifically, all business domain companies and subsidiaries of the Matsushita Group assess risks once a year, coinciding with the creation of annual business plans. Using the results of these surveys, the G&G Risk Management Committee then evaluates risks according to priority, and directs each business domain company on appropriate countermeasures. Progress in implementing these countermeasures is also monitored.

Matsushita will make comprehensive efforts in risk management to recognize business risks through the abovementioned process and take countermeasures that protect the interests of all stakeholders, while helping the Company achieve its business goals.

Information Security

With the advent of the information society, the value of information in business has grown enormously. This prompted Matsushita to take a pioneering step with the establishment of a Corporate Information Security Division in January 2004. This division was created to achieve the three aims listed below. Specifically, the Company will implement initiatives to attain a world-class level of information security by setting and working toward common global targets and training information security personnel.

1. Ensure a high degree of trust in the Company by achieving the same level of information security for each business site and employee worldwide, and by managing customer and business partner information in an appropriate manner.
2. Boost management efficiency and enhance corporate value by ensuring trade secrets, personal information, technical data and other information held by the Company are used and shared safely.
3. Formulate common global rules, build a global implementation framework and conduct regular training programs for all Matsushita employees to raise awareness of information security among all employees and create a culture of information management.

Internal Controls over Financial Reporting

Matsushita has documented its internal control system, designed to ensure reliability in financial reporting of the Matsushita Group including its subsidiaries, ranging from the control infrastructure to actual internal control activities. The Company has reinforced its internal controls by implementing self-checks and self-assessment programs, in addition to regular internal auditing at each business domain company. Matsushita has also appointed an Internal Auditing Manager at each business domain company who audits the compliance status and effectiveness of internal controls.

The Corporate Internal Auditing Group supervises these activities in order to ensure the reliability of each company's financial reporting. With the aim of further enhancing the Group's internal control system, Matsushita has appointed approximately 300 personnel to conduct internal audits, including 26 people in the Corporate Internal Auditing Group.

Information Disclosure Structure and Execution of Accountability

To enhance transparency and ensure accountability, the Company established the Disclosure Committee, consisting of general or executive managers from departments that handle relevant information. The Committee checks the propriety of statements and descriptions in the Company's annual securities reports submitted to the Japanese regulatory authorities and its filings with the U.S. Securities and Exchange Commission, including its annual reports on Form 20-F, while confirming the appropriateness and effectiveness of its disclosure controls and procedures.

3. Policy on Control of Matsushita Electric Industrial Co., Ltd.

Basic Policy

Since its establishment, Matsushita has operated its businesses under its basic management philosophy, which sets forth that the mission of a business enterprise is to contribute to the progress and development of society and the wellbeing of people through its business activities, thereby enhancing the quality of life throughout the world. Aiming for further growth to become a global excellent company, Matsushita will work to deliver sustained growth in corporate value to satisfy its shareholders, investors, customers, business partners, employees and all other stakeholders.

Matsushita has a basic policy that shareholders should make final decisions in the event of a Large-scale Purchase of the Company's shares, regarding whether or not the Large-scale Purchase should be accepted. However, there is the possibility that such Large-scale Purchaser may not provide shareholders with sufficient information for making appropriate decisions. There is also concern that any Large-scale Purchase may damage corporate value and shareholder interest. In this event, the Company may take countermeasures in order to protect the interests of all shareholders.

Measures to Realize Basic Policy

1. Specific measures to realize basic policy

Matsushita has announced a mid-term management plan called GP3, which will run from fiscal 2008 to fiscal 2010. Based on the plan's fundamental concept of delivering steady growth with profitability, the Company will implement a range of measures to achieve the targets of ¥10 trillion in sales, representing growth, and ROE of 10%, measuring capital efficiency. In terms of concrete measures, Matsushita will concentrate management resources on its strategic businesses, while actively pursuing manufacturing of more competitive products based on its unique technologies. Moreover, in order to reinforce management structures, the Company will reduce costs and curb total assets by reducing inventories. Matsushita also strives to maximize its corporate value by utilizing cash flows generated by business activities for actively distributing profits to shareholders through its own share repurchases and the payment of cash dividends, as well as for acquiring intellectual property rights or conducting M&As.

2. Measures based on the basic policy to prevent control by inappropriate parties

On April 28, 2005, the Board of Directors resolved to adopt a policy related to a Large-scale Purchase of the Company's shares called the Enhancement of Shareholder Value (ESV) Plan. With respect to a Large-scale Purchaser who intends to acquire 20% or more of all voting rights of the Company, this policy requires that (i) a Large-scale Purchaser provides sufficient information, such as its outline, purposes or conditions, the basis for determination of the purchase price and funds for purchase, and management policies and business plans which the Large-scale Purchaser intends to adopt after the completion of the Large-scale Purchase, 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 (a sixty-day period or a ninety-day period) for consideration. The Board of Directors intends to assess and examine any proposed Large-scale Purchase after the information on such purchase is provided, and subsequently to disclose the opinion of the Board of Directors in order to assist shareholders in making their decisions. The Board of Directors may negotiate with the Large-scale Purchaser or suggest alternative plans to shareholders, if it is deemed necessary.

If a Large-scale Purchaser does not comply with the rules laid out in the ESV Plan, Matsushita's Board of Directors may take countermeasures against the Large-scale Purchaser to protect the interests of all shareholders. Countermeasures include the implementation of stock splits, issuance of stock acquisition rights or any other measures that the Board of Directors is permitted to take under the Company Law in Japan, other laws and the Company's Articles of Incorporation. If a Large-scale Purchaser complies with the Large-scale Purchase rules, the Board of Directors does not intend to prevent the Large-scale Purchase at its own discretion, unless it is clear that such Large-scale Purchase will cause irreparable damage or loss to Matsushita. The Board of Directors will make decisions relating to countermeasures by referring to advice from outside professionals, such as lawyers and financial advisers, and fully respecting the opinions of outside directors and statutory corporate auditors.

The Board of Directors will adopt specific countermeasures which it deems appropriate at that time. If the Board of Directors elects to make a stock split for shareholders as of a certain record date, the maximum ratio of the stock split shall be five-for-one. If the Board of Directors elects to issue stock acquisition rights in a rights offering, the Company will issue one stock acquisition right for every share held by shareholders on

a specified record date. One share shall be issued on the exercise of each stock acquisition right. If the Board of Directors elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and exercise conditions of the stock acquisition rights in consideration of the effectiveness thereof as a countermeasure, such as the condition that shareholders do not belong to a specific group of shareholders including a Large-scale Purchaser.

The Company recognizes that the aforementioned countermeasures may cause damage or loss, economic or otherwise, to a prospective Large-scale Purchaser who does not comply with the Large-scale Purchase Rules. Matsushita does not anticipate that taking such countermeasures will cause shareholders, other than the Large-scale Purchaser, economic damage or loss of any rights. However, in the event that the Board of Directors determines to take a specific countermeasure, the Board of Directors will disclose such countermeasure in a timely and appropriate manner, pursuant to relevant laws and stock exchange regulations.

The term of office of directors is one year, and they are elected at the annual general meeting of shareholders in June. Matsushita's Board of Directors intends to review the Large-scale Purchase Rules, as necessary, for reasons including amendments to applicable legislation. Any such review would be conducted strictly in the interests of all shareholders.

On April 28, 2006, the Board of Directors resolved to continue the ESV Plan. The Board of Directors also resolved to continue this ESV Plan on April 27, 2007.

Evaluation of measures by the Board of Directors and rationale for evaluation

Matsushita's current mid-term management plan was formulated as a specific measure to increase the Company's corporate value in a sustained manner. The ESV Plan was formulated from the perspective of protecting shareholder value, and is aimed at ensuring shareholders receive sufficient information to make decisions on share purchase proposals by allowing those responsible for the management of the Company, the Board of Directors, to provide their evaluation of any proposal, and providing the opportunity for alternative proposals to be submitted.

Consequently, these measures, in accordance with Basic Policy, are intended to protect the interests of all the Company's shareholders.

4. Significant Differences in Corporate Governance Practices between Matsushita and U.S. Companies Listed on the NYSE

Companies listed on the NYSE must comply with certain standards regarding corporate governance under Section 303A of the NYSE Listed Company Manual. However, listed companies that are foreign private issuers, such as Matsushita, are permitted to follow home country practice in lieu of certain provisions of Section 303A.

The following table shows the significant differences between the corporate governance practices followed by U.S. listed companies under Section 303A of the NYSE Listed Company Manual and those followed by Matsushita.

Corporate Governance Practices Followed by NYSE-listed U.S. Companies	Corporate Governance Practices Followed by Matsushita
A NYSE-listed U.S. company must have a majority of directors meeting the independence requirements under Section 303A of the NYSE Listed Company Manual.	The Company Law does not require Japanese joint stock corporations with corporate auditors such as Matsushita to have any independent directors on its board of directors. The Company Law has provisions for an "outside director," whose definition is similar to, but not the same as, an independent director under the NYSE Listed Company Manual. An "outside director" is defined as a director of the company who does not engage or has not engaged in the execution of business of the company or its subsidiaries as a director of any of these corporations, and who does not serve or has not served as an executive officer, manager or in any other capacity as an employee of the company or its subsidiaries. A Japanese joint stock corporation with corporate auditors, such as Matsushita, is not obliged under the Company Law to have any outside directors on its board of directors. However, Matsushita had two (2) outside directors as of June 27, 2007. The tasks of supervising the administration of the company's affairs are assigned not only to the board of directors but also to corporate auditors, as more fully described below.

**Corporate Governance
Practices Followed by NYSE-
listed U.S. Companies**

A NYSE-listed U.S. company must have an audit committee with responsibilities described under Section 303A of the NYSE Listed Company Manual, including those imposed by Rule 10A-3 under the U.S. Securities Exchange Act of 1934. The audit committee must be composed entirely of independent directors, and the audit committee must have at least three members and satisfy the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934.

Corporate Governance Practices Followed by Matsushita

A Japanese joint stock corporation is not required to have any audit, nominating and compensation committees, except for a "joint stock corporation with specified committees," which is a corporate governance system that started in April 2003 and which may be adopted by Japanese joint stock corporations meeting certain criteria.

Most Japanese joint stock corporations, including Matsushita, employ a corporate governance system based on corporate auditors. With this system, the tasks of supervising the administration of the company's affairs conducted by directors are assigned not only to the board of directors but also to corporate auditors who are appointed at a general meeting of shareholders, and who are separate and independent from the board of directors. Under the Company Law, Matsushita is required to appoint at least three (3) corporate auditors, and at least half of Matsushita's corporate auditors are required to be "outside corporate auditors" who must meet additional independence requirements. An "outside corporate auditor" is defined as a corporate auditor who does not serve or has not served as a director, accounting counselor, executive officer, manager or in any other capacity as an employee of the company or any of its subsidiaries prior to the appointment. Under the Company Law, Matsushita is required to establish a board of corporate auditors, comprising all the company's corporate auditors.

As of June 27, 2007, Matsushita had five (5) corporate auditors, of which three (3) were outside corporate auditors. Each Corporate Auditor of Matsushita has a four-year term. In contrast, the term of each Director of Matsushita is one year. Corporate auditors are obliged to attend the meetings of the board of directors and express their opinion at the meetings if necessary. The board of corporate auditors and corporate auditors have a statutory duty to supervise the administration of the company's affairs by directors. Each corporate auditor is required to prepare respectively their audit report of Matsushita each fiscal year and submit the reports to the directors. Copies of the audit reports are included in the appendix to the convocation notice of the ordinary general meeting of shareholders.

A corporate auditor also has a statutory duty to examine the financial statements of Matsushita, and receives auditors' reports from an accounting auditor (a certified public accountant or an accounting firm). The board of corporate auditors has the power to request that Matsushita's directors submit a proposal for dismissal of an accounting auditor to a general meeting of shareholders. The board of corporate auditors also has the power to directly dismiss an accounting auditor under certain conditions. Matsushita's directors must obtain the consent of its board of corporate auditors in order to submit a proposal for election, dismissal and/or non-reelection of an accounting auditor to a general meeting of shareholders.

With respect to the requirements of Rule 10A-3 under the U.S. Securities Exchange Act of 1934 relating to listed company audit committees, Matsushita relies on an exemption under that rule which is available to foreign private issuers with a board of corporate auditors meeting certain requirements.

Corporate Governance Practices Followed by NYSE-listed U.S. Companies**Corporate Governance Practices Followed by Matsushita**

A NYSE-listed U.S. company must have a nominating/corporate governance committee with responsibilities described under Section 303A of the NYSE Listed Company Manual. The nominating/corporate governance committee must be composed entirely of independent directors.

Under the Company Law, Matsushita's directors must be elected and/or dismissed at a general meeting of shareholders. The board of directors nominates director candidates and submits a proposal for election of directors to a general meeting of shareholders. The board of directors does not have the power to fill vacancies thereon.

Matsushita's corporate auditors must also be elected and/or dismissed at a general meeting of shareholders. Matsushita's directors must obtain the consent of the board of corporate auditors in order to submit a proposal for election and/or dismissal of a corporate auditor to a general meeting of shareholders. Each of the corporate auditors has the right to state his/her opinion concerning the election, dismissal and/or resignation of any corporate auditor, including himself/herself, at a general meeting of shareholders. The board of corporate auditors is also empowered to request directors to submit a proposal for election of a specific person as a corporate auditor to a general meeting of shareholders.

A NYSE-listed U.S. company must have a compensation committee with responsibilities described under Section 303A of the NYSE Listed Company Manual. The compensation committee must be composed entirely of independent directors.

Under the Company Law, the maximum amounts of remunerations, including equity compensation such as stock options, bonuses, and other financial benefits given in consideration of performance of duties (collectively, the "remunerations") of directors and corporate auditors of Japanese joint stock corporations, except for a "joint stock corporation with specified committees," must be approved at a general meeting of shareholders. Companies must also obtain the approval at a general meeting of shareholders to change such maximum amounts. Therefore, the remunerations of the directors and corporate auditors are subject to the approval of shareholders.

The maximum total amounts of remunerations for Directors and Corporate Auditors of Matsushita is therefore determined by a resolution at a general meeting of shareholders, and thus remunerations of the Directors and Corporate Auditors of Matsushita are under the oversight of shareholders. The remuneration amount for each Director is determined by Matsushita's Representative Directors who are delegated to make such determination by the Board of Directors, and the amount of remuneration for each Corporate Auditor is determined upon discussions amongst the Corporate Auditors.

A NYSE-listed U.S. company must generally obtain shareholder approval with respect to any equity compensation plan.

Pursuant to the Company Law, if a Japanese joint stock corporation, such as Matsushita, desires to adopt an equity compensation plan under which stock acquisition rights are granted on specially favorable conditions (except where such rights are granted to all shareholders on a pro rata basis), such plan must be approved by a "special resolution" of a general meeting of shareholders that satisfies the prescribed quorum. (In the case of Matsushita, such quorum is one-third of the total number of voting rights and the approval of at least two-thirds of the voting rights represented at the meeting is required as provided by Matsushita's Articles of Incorporation pursuant to the Company Law.)

Code of Conduct

Panasonic (Matsushita Electric Industrial Co., Ltd.) has a strong commitment to ethical conduct based upon the philosophy of our founder, Konosuke Matsushita. Since its issuance in 1992, the Code of Conduct has been revised to respond to the growing social interest in Corporate Social Responsibility, changes in the business environment, and globalization.

Background and Perspective of the Revision (in 2005)

Increasing social demand for enterprises to fulfill their corporate social responsibility (CSR)

Major components: environmental protection; respect for human rights, particularly workers' human rights; and promotion of fair business activities

Further advancement of globalization

Consistency with local laws, regulations and cultures in individual countries

Application on a Global & Group basis

The title has been changed from the *Code of Conduct* to the *Matsushita Group Code of Conduct*.

Group-wide systems will be established and operated to ensure observation of laws, regulations and ethics, as well as of the *Matsushita Group Code of Conduct*.

Making Our Way toward "Global Excellence"

Let's Carry Out Our Management Philosophy, Having a "Super-honest" Attitude in Our Daily Activities

Ever since Matsushita's founding, the Company has consistently pursued its commitment to social contribution through business activities, based on the firm belief that a company is a public entity of society. As a company with a high standard of corporate ethics, we must always be "super-honest" in conducting our business activities in a transparent manner and fulfilling our accountability. This I believe will lead to further growth of the Matsushita Group, and will ultimately help enhance our corporate value.

In this 21st century, we are witnessing radical social changes, resulting primarily from rapid progress of globalization and IT innovations. Along with these changes, our customers' demands are also changing significantly. However, our management philosophy will always remain unchanged. We will continue to adhere to the customer-comes-first principle and strive to supply easy-to-operate products that will provide "Sense of Security, Safety, and Attachment" as well as "Dreams and Excitement" for a more pleasant and comfortable life.

Meanwhile, the Matsushita Group is committed to achieving a ubiquitous networking society, where people will be able to access information anywhere and anytime, while living in harmony with the global environment. In order to achieve these goals, we would like to develop Matsushita into a "manufacturing-oriented company" that creates and offers original value on a global No.1 level by integrating all our business processes, ranging from development and production to sales and marketing.

In conclusion, it is my sincere hope that all Matsushita employees will combine their efforts and wisdom to leap toward global excellence, or in other words, to make Matsushita a leading company in all aspects of management, by constantly reviewing whether or not our global business activities are gaining society's support and our customers' trust. To this end, I strongly urge each of you to conduct your daily activities in compliance with this Code of Conduct, which embodies our management philosophy in an easy-to-understand manner.

June 28, 2006

Fumio Ohtsubo, President
Matsushita Electric Industrial Co., Ltd.

Scope of Application and Observance

<Scope of Application>

This *Code of Conduct* applies to all Directors, executive officers and employees of Matsushita Electric Industrial Co., Ltd. (MEI) and all of its operating divisions and controlled subsidiaries (the "Matsushita Group").

<Issuance, Adoption and Modification>

The Board of Directors of MEI issues this *Code of Conduct* and the Board of Directors of each MEI controlled subsidiary shall adopt this *Code*.

With prior approval of the MEI head office, Matsushita Group companies may modify the contents of this *Code* in accordance with the laws, regulations and customs of the relevant country or region, provided that such modification shall not include any provisions that conflict with this *Code*.

<Revision>

This *Code of Conduct* shall be revised in the manner described above when required by social, business or other relevant conditions.

<Director/Officer Responsible for Observance of this Code and Employee Education/Training>

Each Group company shall appoint either a Director or an executive officer responsible for ensuring observance of this *Code of Conduct*. Also, each Group company will take steps to promote employee awareness of, and compliance with, company policies through appropriate explanation of these policies, including training programs.

<Violation of the Code of Conduct>

Violations of this *Code* will be taken very seriously.

Any member of the Board of Directors or executive officers violating the *Code* will be dealt with either by appropriate laws and regulations, such as the Commercial Law, or by Company regulations.

An employee violating the *Code* will be dealt with according to employee regulations.

Chapter 1: Our Core Values

Our Basic Business Philosophy as the Foundation of Our Business

Our Basic Business Philosophy helps us determine our objectives, our approach to business activities, and the general direction of our company. This philosophy comprises the *Basic Management Objective, Company Creed and Seven Principles*. Together these guidelines serve as a compass, helping us set and maintain the right direction for our business. Our Basic Business Philosophy is timeless and remains valid regardless of where our business takes us.

Creation of Value and Contribution to Society

Our business primarily comprises the following integrated philosophies and processes. First, we are entrusted by society with valuable resources, including human resources, materials, funds and information. Next, we use these resources to create value-added products and services. Finally, we make these products and services available throughout the world. The most essential of these processes is the creation of added value aimed at contributing to economic, social and environmental progress with a view to achieving sustainable development. In other words, creating value and contributing to society is our primary mission.

Close Ties with Society

Developing close and mutually advantageous relations with society is another key process. As we contribute to the continual progress of society, so our Company is also being positively influenced by society. Our business needs both tangible and intangible support and cooperation from numerous stakeholders, including our customers, shareholders, business partners, employees and local communities. At the same time, our business activities influence those stakeholders in a variety of social, economic and environmental aspects.

An Enterprise as a Public Institution

Since our business is dependent on our customers and other stakeholders, we must remember that "an enterprise is a public institution," that must strive to fulfill its social responsibilities. In addition to listening to stakeholders' opinions, we must conduct our business activities transparently in order to be accountable. In short, we must continue to be fair, truthful, honest and swift in taking action to comply with our social responsibilities.

Only One Earth

The earth is our home. It provides us with a variety of blessings including natural resources and energy. With this in mind, we will take the initiative in environmental activities to preserve our invaluable natural environment for future generations.

Global Perspectives - Global Conduct

As a global company, we must respect human rights and do our best to understand, acknowledge and respect the diverse cultures, religions, mindsets, laws and regulations of people in the different countries and regions where we conduct business.

Carrying out our Basic Business Philosophy

Today more than ever great importance is being given to corporate social responsibility and business ethics. This Code of Conduct is designed to help us implement our Basic Business Philosophy, by providing the criteria that should be observed in individual business activities in any country. This Code of Conduct, however, cannot cover all possible situations. For situations not covered in the Code of Conduct, it is important that we always refer to the Basic Business Philosophy and determine what action to take in the spirit of that Philosophy.

Basic Management Objective

Recognizing our responsibilities as industrialists, we will devote ourselves to the progress and development of society and the well-being of people through our business activities, thereby enhancing the quality of life throughout the world.

Company Creed

Progress and development can be realized only through the combined efforts and cooperation of each employee of our company. United in spirit, we pledge to perform our corporate duties with dedication, diligence and integrity.

Seven Principles

Contribution to Society

We will conduct ourselves at all times in accordance with the Basic Management Objective, faithfully fulfilling our responsibilities as industrialists to the communities in which we operate.

Fairness and Honesty

We will be fair and honest in all our business dealings and personal conduct. No matter how talented and knowledgeable we may be, without personal integrity, we can neither earn the respect of others, nor enhance our own self-respect.

Cooperation and Team Spirit

We will pool our abilities to accomplish our shared goals. No matter how talented we are as individuals, without cooperation and team spirit we will be a company in name only.

Untiring Effort for Improvement

We will strive constantly to improve our ability to contribute to society through our business activities. Only through this untiring effort can we fulfill our Basic Management Objective and help to realize lasting peace and prosperity.

Courtesy and Humility

We will always be cordial and modest, respecting the rights and needs of others in order to strengthen healthy social relationships and improve the quality of life in our communities.

Adaptability

We will continually adapt our thinking and behavior to meet the ever-changing conditions around us, taking care to act in harmony with nature to ensure progress and success in our endeavors.

Gratitude

We will act out of a sense of gratitude for all the benefits we have received, confident that this attitude will be a source of unbounded joy and vitality, enabling us to overcome any obstacles we encounter.

Chapter 2: Implementing the Code in Business Operations

I-1. Research and Development

(1) Research and Development for a Better Future

Through research and development we aim to achieve a better future. At the same time, we will try to prevent our technologies from being used in any way that might jeopardize the global environment, world peace, social justice or humanitarian activities.

(2) Developing Products People Want

We are committed to developing products that will enrich the lives of our customers by continually taking into account customers' opinions and changing societal needs and by observing how people live and interact with our products.

We will strive to develop products that provide ever increasing satisfaction to our customers based on their quality, performance, design, affordability, environmental consciousness and ease of use, and that are accessible to a wide range of people, regardless of age or ability.

(3) Respect for Intellectual Property Rights

We will secure and protect intellectual property rights for our R&D achievements, while at the same time promoting the responsible use of our technologies around the world.

We will respect the intellectual property rights of others. At the same time, we will strive to prevent or eliminate any infringements of our own rights.

(4) Open Standards

In unifying existing standards and establishing universal standards, we will seek to ensure maximum benefit for our customers worldwide, while fairly disclosing all relevant information and constructively promoting our business activities.

I-2. Procurement

(1) Fair Transactions on an Equal Basis

In the procurement of both goods and services, we will seek fair relationships with our suppliers based on mutual trust and respect.

(2) Selection of Suppliers

We will offer equal opportunities to potential suppliers around the world. Selection will be based on fair and objective evaluations as to each potential supplier's ability to meet our criteria concerning the safety of goods and services, environmental impact, quality, competitive pricing, and meeting agreed delivery dates and times, as well as compliance with applicable laws and social norms. Also, suppliers' support of our Basic Business Philosophy and this *Code of Conduct* will be evaluated positively.

(3) Fair Procurement Activities

In implementing procurement, we will act ethically and abide by all applicable laws and regulations. We will not receive any personal benefit from suppliers.

I-3. Manufacturing

(1) Contributing to Society

We will constantly remember that our mission is to contribute to society through manufacturing and to create added value for society. At the same time, we will continually improve the environmental performance of our manufacturing operations.

(2) Safety and Quality of Products

In addition to complying with applicable laws and regulations, we will give utmost priority to product safety and continue working to maintain and further improve product quality.

(3) Customer Satisfaction

Through our continual efforts to globally improve productivity and reduce costs, we will pursue the manufacture of products with the highest-level quality at reasonable price. We will develop flexible manufacturing and delivery systems in response to our customers' need for reliable and timely supply.

I-4. Marketing & Sales

(1) Creating New Markets

We will make every effort to understand what customers want and need so that we can actively propose the development of and promote leading-edge products and services that will usher customers into a new age.

(2) Exceeding Customers' Expectations

Whenever we meet customers, we will remember that each of us represents the Company. We will respond to customers modestly, sincerely and graciously, expressing our gratitude to them, while endeavoring to be accurate and speedy in our responses.

In particular, we will do our best to meet and exceed our customers' expectations by supplying the products and services they want and need in a timely manner and by appropriately addressing their complaints. To this end, we will properly protect all customer information.

(3) Marketing Compliance

No matter how severe the competition may be, we will pursue fair and ethical marketing activities in compliance with all applicable laws and regulations. In other words, we will never violate any laws, regulations or social norms in pursuit of greater sales or profit.

We will not engage in bribery, collusion on bids, or price fixing.

We will take appropriate measures for export control to ensure that our products and technologies will not be misappropriated as tools that could threaten peace and security.

I-5. Public Relations and Advertising

(1) Communications

Through our corporate communications, comprising our public relations and advertising activities, we will provide fair and accurate information on our basic business policies, as well as on our products, services and technologies, with the aim of better informing our customers and other stakeholders, thereby enhancing the value of our brands. At the same time, we will continually listen to and observe the public, to learn from them and reflect their opinions in our business, marketing and merchandising activities.

(2) Fair Content and Expressions

We will not make representations that are deceptive, misleading, fraudulent or unfair. Our advertisements shall not be defamatory or of a political or religious nature.

(3) Creativity and Innovation

We will aim to develop and demonstrate both our creativity and innovation in our corporate communication activities and impress on consumers that they can trust our brands.

II-1. Coexistence with the Global Environment

(1) Realizing a Sustainable Society

We are committed to protecting the environment and conducting business in ways that contribute to sustainable economic development compatible with environmental preservation.

By effective use of limited resources and energy, we will endeavor to develop and promote products and services that minimize environmental impact, while enhancing customers' quality of life.

(2) Reducing Environmental Impact by Setting Appropriate Goals

By setting appropriate goals based on prior assessments of environmental risks and impacts, we will pursue ever-higher environmental achievements.

To achieve our goals, we will reduce the environmental impact of our products throughout their lifecycles, from procurement to manufacturing, marketing, use, disposal and recycling, as well as transportation. To this end, we will work to prevent global warming by enhancing our products' energy efficiency, manage chemical substances properly, reduce waste, and promote the effective use of limited resources.

We will disclose information of our environmental initiatives.

(3) Increasing Environmental Awareness

Regardless of our function, section or position, we will try to increase our environmental awareness through educational activities, and consider the impact of our work on the environment. The Company will also support employees' efforts to preserve the environment in their private lives.

II-2. Product Safety

(1) Priority on Safety

We will give the utmost priority to product safety in all design, development, manufacturing and marketing and sales activities. We will also strive to ensure safety in all our related activities, ranging from product installation to after-sales maintenance and repair.

(2) Provision of Information

To ensure that our products are used properly, thus preventing possible accidents, we will appropriately provide our customers with easy-to-understand instructions and explanations about proper operation and safe use.

We will disclose information of our environmental initiatives.

(3) Post-accident Measures

If we receive information regarding the safety of our products, we will investigate promptly to identify the cause(s). If we conclude that there may be a safety problem, we will cooperate fully and transparently with public authorities, taking prompt action where necessary to remove serious threats to public health and safety and to prevent any recurrence.

II-3. Compliance with Laws, Regulations and Business Ethics

(1) Compliance with Laws, Regulations and Business Ethics

We will conduct business with integrity, a law-abiding spirit, and the highest ethical standards.

We will fulfill our tasks by always observing not only applicable laws and regulations, but also the highest standards of business ethics. Compliance with laws, regulations and business ethics in all our business activities is essential to the survival of our business.

(2) Fair and Sincere Action

We will respect free and fair competition, and abide by all applicable antitrust (competition law) and other laws and regulations. All of our transactions shall be properly and fairly recorded.

We will not engage in bribery of any kind. We will be sensitive to, and shall abide by laws and regulations and social ethics that govern the offer of benefits of any kind, including gifts, meals and entertainment. In the same manner, we will not receive personal benefits from any of our stakeholders.

Moreover, we remain steadfast in our attitude to oppose any illegal group or organization.

(3) Thorough Observation of Relevant Laws and Regulations

To ensure that all employees observe applicable laws and regulations and respect their spirit, we will establish appropriate in-house codes and promote employee understanding through seminars and training.

(4) Prompt Redress and Strict Treatment for Violations of Laws and Regulations

If we suspect that our activities violate applicable laws, regulations or business ethics, we will report such information to a superior, or to the legal affairs section or other relevant section, or via an in-house notification hotline. Whistleblowers shall be protected from dismissal, demotion, or any other retaliatory treatment because of their well-intentioned reporting of possible violations of any law or regulation. We will ensure thorough and confidential treatment of information reported.

Once we have established that a law or regulation has been violated, we will immediately seek to remedy the violation, take appropriate action and prevent it from recurring.

II-4. Use and Control of Information

(1) Effective Use of Information

We will use our IT resources effectively and efficiently to collect, store, control, use, protect and dispose of management, technological, personal and other useful information so that it can be properly and effectively used without jeopardizing confidentiality.

(2) Information Security

We will endeavor to prevent any piracy or falsification, and prevent leakage of our information.

(3) Information Received from a Third Party

When we receive confidential information from a third party we will respect its confidentiality and afford it appropriate protection.

(4) Handling of Personal Information

Recognizing the importance of protecting personal information, we will gather, store, control, use, process and dispose of personal information appropriately in compliance with relevant laws and regulations. We will also seek to prevent the loss, falsification, or leakage of such information.

II-5. Information Disclosure

(1) Basic Approach to Information Disclosure

We will provide our various stakeholders, including customers and shareholders, with fair and accurate information on corporate financial affairs, our Basic Business Philosophy, business policies and activities, as well as corporate social responsibility activities, in a timely, understandable and appropriate manner. At the same time, we will listen to our customers' requests and comments and reflect them in our business policies and activities. We will seek to be an enterprise with high transparency.

(2) Compliance with Applicable Laws and Regulations

Our securities have been listed on securities markets in several countries and regions. Accordingly, we will abide by all applicable securities and information disclosure-related laws and regulations of appropriate countries and regions. We will never engage in insider trading or other transactions using inside information.

(3) Disclosure Methods

In addition to information whose disclosure is required by securities-related laws and regulations of relevant countries and regions, we will disclose other information following proper internal control procedures, so as to ensure that the information we disclose is fair, accurate, sufficient and timely.

II-6. Social Contribution Activities

(1) Corporate Citizenship Activities

Recognizing that our Company is a member of society, in order to create a better society we will carry out corporate citizenship activities, such as personal development and education, art and cultural promotion, social welfare, coexistence with the environment and support for and partnerships with non-profit organizations and non-governmental organizations. Through these activities we aim to help create a healthier, more prosperous society.

(2) Coexistence with Local Communities

Recognizing that our Company is a member of the local community, we will endeavor to work and prosper in tandem with the local community.

We will actively cooperate with the local community and participate in its activities. In particular, we will carry out corporate citizenship activities benefiting the community to promote such areas as art, culture and sports, as well as the environment. Also, we will work to meet the needs of the local community by making company facilities available and holding events open to the public when possible.

When a large-scale disaster such as a natural calamity takes place, we will cooperate with the parties concerned and swiftly take necessary supportive action.

(3) Donations, Sponsorships and Support for Public Service Organizations

To help alleviate social problems and contribute to society, the Company will make appropriate donations and sponsor activities deemed to be meaningful social contributions. The Company will also provide support for public service organizations, including the foundations and funds that it has established.

II-7. Enhancing Our Brand Value

(1) Our Approach to Our Brand

Our brand is a symbol of our responsibility to our customers and other stakeholders and of trust for our company and our products. It is also a source and indicator of employee pride. Therefore we will constantly seek to enhance our brand value by realizing the global brand concept "ideas for life," which is derived from our Management Philosophy.

(2) Offering Valuable Ideas to Customers

The brand concept "ideas for life" means that all employees should think of themselves as "idea people" who focus on ideas to help society progress and enrich people's lives. Based on our established brand values, which include reliability, security, quality, trust and customer focus, we will work to enhance the Panasonic brand by increasing emphasis on cutting-edge products and services and establishing emotional bonds with customers. To this end, we will constantly seek new ideas from the customer's perspective, in order to reflect customers' needs in our products and services.

(3) Optimal Products and Services that Enhance Our Brand Value

We will use our brands only for products and services that truly benefit our customers. At the same time, we will continue to manufacture products and provide services of high quality and performance, to strengthen our brand value. Moreover, we will strive to enhance our brand value through untiring efforts to improve our management quality.

Chapter 3: Employee Relations

The Company will strive to provide an environment that encourages employees to realize their full potential. The Company will respect each employee's personality and motivation and, in appropriate circumstances, try to offer matching opportunities in other regions. By building such mutually benefiting relations between the Company and its employees, we will carry out the Basic Business Philosophy.

(1) Human Resource Development

1) Remaining faithful to the principle, "The basis of management is people," we are committed to developing human resources with outstanding specialties, creativity and a challenging spirit, as well as to developing our own abilities through personnel systems, employee education and training.

2) We will respect each individual's personality and individuality, while at the same time working to maintain and improve a system that develops the diverse qualities of employees.

3) We will strive to act as a respectable member of society, as well as a good member of the Company, utilizing common sense and respect for others.

4) Managers will fulfill their tasks based on the recognition that personnel development is their most important responsibility.

(2) Respect for Human Rights

1) The Company will respect basic human rights and will work to ensure equal employment opportunities. No discrimination toward employees or others will be tolerated in speech or conduct, based on sex, age, nationality, race, ethnicity, creed, religion, social status, physical or mental disability or any other legally protected status.

2) The Company will not employ people against their will, and will not use child labor.
The Company will comply with the employment laws and regulations of the countries and regions in which it conducts business.

3) Based on the full recognition that individuals are different and have different values, we will respect the privacy of each employee. We will strive to create a safe and pleasant workplace by avoiding speech or conduct that violates human rights, such as defamation, insults, sexual harassment or violent acts.

4) The Company will give due consideration to the health of its employees and will maintain a comfortable workplace that meets all applicable safety standards.

5) The Company will strive to foster good relations with its employees by providing them with relevant information and listening to their opinions with sincerity.

(3) Corporate Asset Protection

Tangible and intangible corporate assets, including our online network and other information systems, are provided for business purposes. We will not abuse them. When employees leave the Company, they will return to the Company all corporate property in their possession, including all business-related confidential information, and related materials. Employees will not disclose to third parties any confidential information learned while performing their services, including trade secrets, without permission of the Company.

(4) Conflicts of Interest

We will not engage in any action in which our personal interest conflicts or may conflict with that of the Company. Should such a conflict arise, we will report the matter to a superior or other appropriate person.

Implementing CSR throughout the Supply Chain

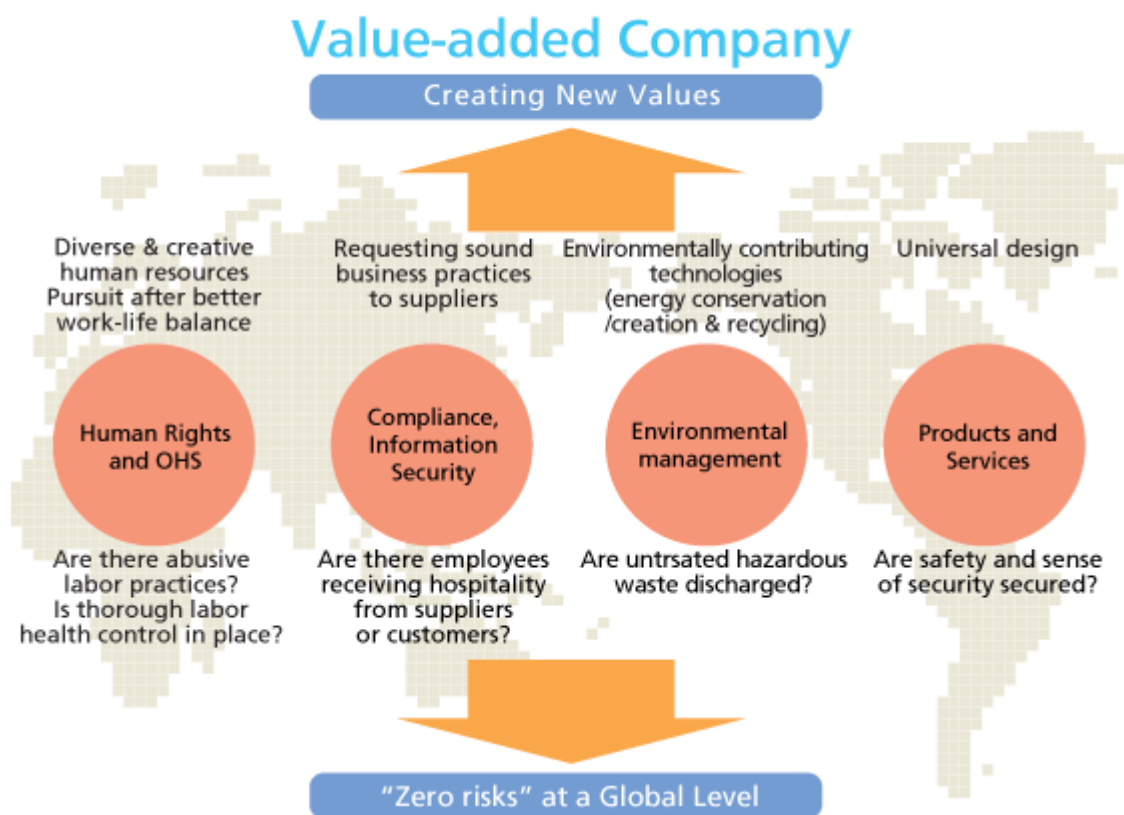
Today, Panasonic's CSR efforts must go beyond our group companies to include all the companies we do business with throughout our supply chain. Panasonic has always tried to compete fairly within the rules of society, and in addition, Panasonic has had "mutual prosperity" as a basis for doing business so as to contribute to the sound development of society through mutual growth with our business partners. This is the essence of supply chain CSR, in which all companies involved in the business process-from development to production to sales and service- cooperate to respond to the demands of society. We will continue to aim to be a company that all our stakeholders worldwide can trust as we embark on new efforts in CSR management in fiscal 2008.

The Story behind Our Initiatives

In recent years, the need to address environmental problems on a global scale has reached a crescendo while awareness of human rights and labor issues has risen around the world. Along with that awareness has come the demand on companies to take action. In response, the Electronic Industry Code of Conduct (EICC) was created primarily for the US electronics industry, and a self-assessment tool for CSR was developed by the Global e-Sustainability Initiative (GeSI), primarily for the info-communications industry of Europe and the United States, with the goal of contributing to sustainable development.

Panasonic has reinforced its management system in the areas of management philosophy, codes of conduct, labor and occupational health and safety, compliance, environmental management, and customer relations management. In order to respond quickly to these types of societal trends, we need to strengthen and further develop our existing management system group-wide and globally.

Raising the value of the company, and being a company that customers can trust



Implementing CSR management globally is a matter of ensuring that the 300,000 group employees of Panasonic worldwide undertake sound measures in the course of daily business activities. We have developed global structures to promote group-wide adoption of CSR-related measures around the world. Besides systems to facilitate rapid global transmission of CSR-related messages from senior management, we have also established systems to ensure that the demands and expectations of stakeholders in various sectors and regions are reflected in business activities in a timely manner. The Matsushita CSR Board, which is chaired by the President, and other bodies coordinate the adoption and implementation of PDCA cycle-based CSR initiatives within each region and at each business domain company.

OECD Guidelines for Multinational Enterprises

ILO Fundamental Conventions

United Nations Global Compact

Nippon Keidanren Charter of Corporate Behavior

EICC

GeSI

President

Board of Directors

CSR Policy Committee

CSR office

Matsushita CSR Board

Plan

Do

Check

Action

Business Domain CSR Promotion Committee

Regional CSR Promotion Committee

Liaison

Business Domains

North America

Legal departments

Quality departments

Environmental departments

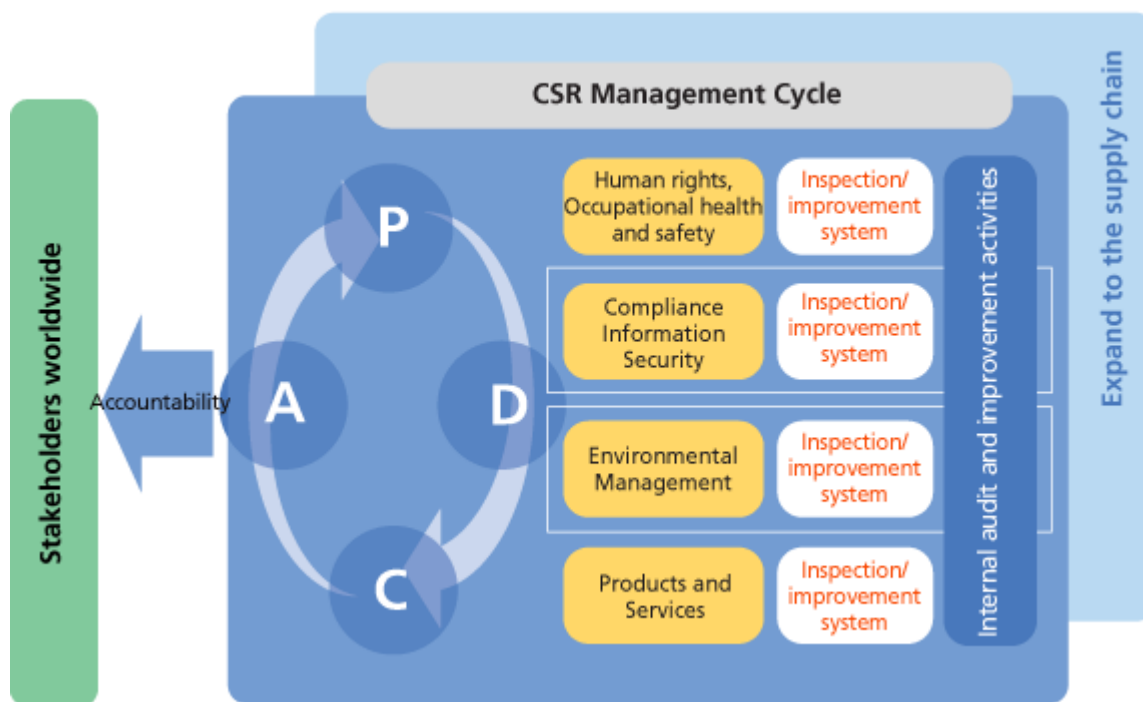
Liaison between job functions

In order to understand the changing demands of society and respond appropriately, we first exchanged information with a variety of stakeholders and conducted benchmark surveys globally.

For example, we exchanged information with the EICC and GeSI board members, and conducted benchmark surveys with multi-national companies that were early adopters of CSR activities in their supply chain, and through these actions we deepened our understanding of society's concern for human rights, occupational health and safety, the environment, compliance, and other global issues, or special situations related to these areas in other countries or regions.

The new viewpoint we developed through these activities was used to integrate our code of conduct, corporate regulations, and management system, and they were also reflected in the mechanisms we built and strengthened to respond to the new requirements of society.

Efforts to strengthen global CSR management



Based on information from stakeholders and benchmark surveys, we set the global standard as our target.

Identifying issues through internal audits and self-assessments, we are working to improve by reflecting these issues in work flow, checking systems, and other operations.

Promotional Activities and Support System

In fiscal 2008, the Panasonic CSR Board, the highest decisionmaking body for CSR management in Panasonic and chaired by President Fumio Ohtsubo, decided to conduct a general inspection of all CSR structures company-wide. As a result, Panasonic performed a company-wide inspection and then took action to strengthen the system in order to be able to respond to customer requests in a timely and accurate manner and be completely accountable. This effort was led by the device business domain, which has been engaging in CSR procurement with our business partners in the infocommunications industry in Europe and the United States.

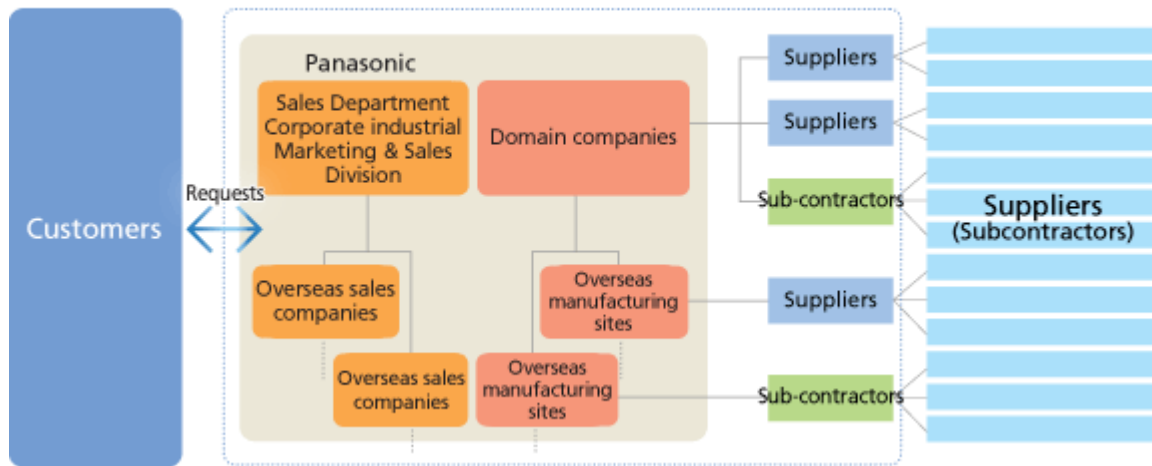
For example, first we established a fulltime management structure in the Corporate Industrial Marketing & Sales Division that oversees the device business domain, and then exchanged information with the related marketing departments in each country and region.

Following this, the Corporate Legal Affairs Division, Corporate Personnel Group, Corporate Environmental Affairs Division, and Corporate Procurement Division, played a central role in indentifying the global CSR issues from several angles and began initiatives to implement self-assessments and internal audits at each business site. These actions were based on the Global CSR Checklist. Especially in China and the Asian region, where Panasonic has a great many production sites, there is a rapidly growing concern over human rights, labor and occupational health and safety, the environment, and compliance, and Panasonic is responding to these issues at a level that lives up to our management philosophy. The checklist is being provided to managers of each business location world-wide to enable them to perform self-evaluations on the progress of their initiatives within their division. In addition to defining standards and check points, the checklist provides examples of situations that may lead to violations; and we are using these and other methods to try to achieve a deeper, practical and concrete understanding of CSR.

In addition, as our business becomes more global, it is necessary to respond even more rapidly to the laws and regulations of each country around the world. In order to accelerate our efforts based on the cultures and laws of other regions and countries, we must work together on these efforts, even in the Global Legal Conference, which is attended by those in charge of legal affairs from each region.

These initiatives are not only an opportunity to strengthen internal CSR management but also an opportunity to objectively examine the CSR implementation demanded by our customers and to raise our level of accountability.

Reference: Scope of CSR-oriented procurement requested by EICC



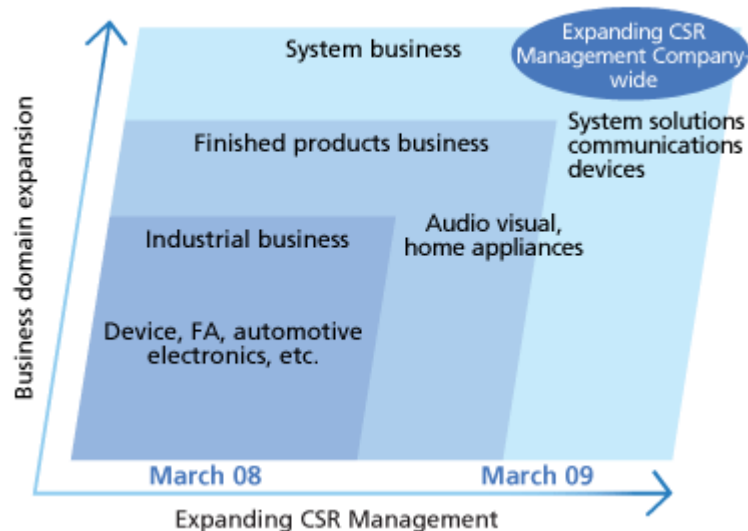
Working CSR into Daily Production Activities

For the Corporate Industrial Marketing & Sales Division and business domains related to the device business, we held the Industrial Business Group Global CSR Conference, attended by senior managers of each business domain company. Senior Managing Director Koshi Kitadai (currently serving as Executive Vice President), head of the device business, gave an opening speech in which he asked for the commitment of all participants by way of this strong declaration: "The promotion of CSR will be the basis of partnerships in global business, and it is largely premised on the trust and reliability of the company. Above and beyond that, we should strengthen our CSR management and aim to be a value-added company by all of our business partners". CSR seminars are also being conducted for all employees to reinforce practical points of application in daily operations.



The Industrial Business Group Global CSR Conference

CSR Management Development Plan

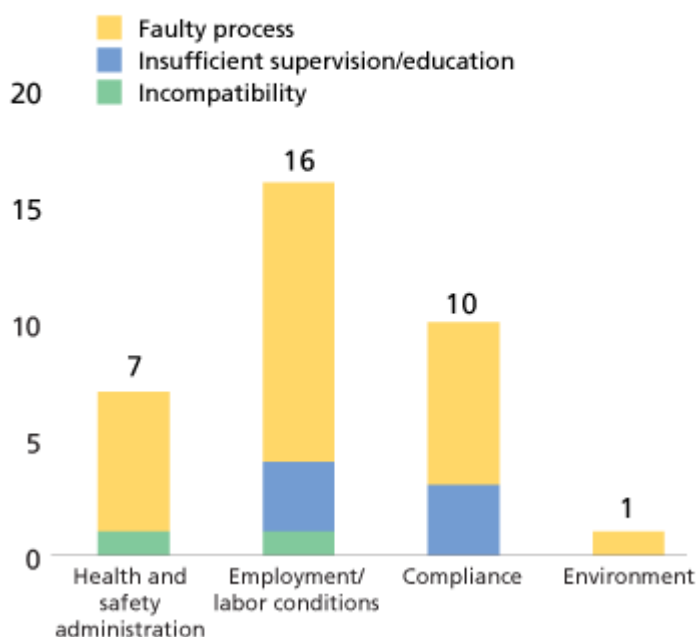


Through steady efforts such as these, we aim to create an organization that is responsive to the needs of customers and society, and we are improving our ability to establish operating rules or mechanisms when we find areas that need improvement through daily CSR self-assessments, internal audits, or inspections by customers. In February 2008, Panasonic Electronic Devices (Beijing) Co., Ltd. (PEDBJ) underwent a CSR inspection by a customer that revealed several issues related to occupational health and safety. In addition to immediately addressing these issues, we shared the issues found with all group companies through our headquarters. In the future, these types of initiatives will be broadened to encompass other business domains, and with similar initiatives targeting suppliers and subcontractors, we will promote CSR throughout our supply chain.



An audit at Panasonic Electronic Devices (Beijing) Co., Ltd. (PEDBJ)

Number of problems discovered through self-assessments (Sampling performed at production sites of 16 companies in Asia, China, Europe, and North America)



Preparing for Terrorism or Natural Disasters by Building Full Backup of Information Systems

Starting in fiscal 2007, Panasonic has been implementing a backup system as part of the risk management plan for the information systems that support our sales, procurement, and other transactions. The system in Japan was completed in February 2008, and system recovery times for systems supporting transactions with about 10,000 companies were reduced to 10% of what they were. Initiatives to improve efficiency while building in system redundancy have improved energy efficiency by 30% compared with fiscal 2007. Our target is to complete this program for all transactions worldwide by the year 2010.

This is just one example of how Panasonic is building a better infrastructure to be a company that our trading partners, suppliers, and customers can trust more and more.

* Number of EDI registered companies with Corporate Information Systems Company as of March 31, 2008

Comment from a Business Partner

HP and Panasonic concluded SER* agreement in 2007. We believe that SER agreement between HP and Panasonic will lead to the success across the electronics industry's global supply chain.

HP's commitment to Corporate Social Responsibility extends to our global supply base and we expect Panasonic to conduct their worldwide operations in socially and environmentally responsible manner. Our goal is to work collaboratively with Panasonic to encourage compliance with the following principles;

Legal and Regulatory Compliance

Panasonic to ensure the operations and the products supplied to HP comply with all national and other applicable laws and regulations.

Continual Improvement

Panasonic to integrate environmental, occupational health and safety, and human rights and labor policies into your business and decision-making processes.

And also HP expects Panasonic to maintain effective management systems that are based on sound business and scientific principles, which include establishing appropriate objectives and targets, regularly assessing performance and practicing continual improvement.

We continue to work together and we believe that our efforts will reflect our global citizenship principles and meet mutual stakeholder expectations.

* SER: Social and Environmental Responsibility

Hewlett-Packard Development Company, L.P.

Contributing by Products and Services



When it comes to a sustainable society, the most important role of a manufacturing-oriented company is to contribute to society through its products and services. To address the economic gaps and environmental problems that accompany rapid expansion in developing nations, as well as the declining birth rate and aging society of developed nations, Panasonic is developing people-friendly technology and universal design to enable anyone to reap the benefits of digital networks.

People-Friendly Digital Networks (Global)

Bringing families closer together through people-friendly digital networks

With today's advanced communications technology and accessible high-quality video technology, some people worry that the relationship created through direct human contact may grow weak.

Currently, Panasonic is developing a wide range of technologies and products to achieve a more simple and convenient lifestyle by connecting AV equipment, security equipment, mobile devices, and the Internet to a flat-panel Hi-definition television that can be controlled with one remote controller.

This will create what we call the Digital Hearth, a TV network around which family and friends gather, and we hope that this will help strengthen the bond within the family.



Artist's rendering of the concept of the Digital Hearth

The entire family can enjoy watching sports and movies, or watching the family's home videos.

The door phone can also be connected to the network, allowing people who are watching TV to check who is at the door, thus increasing security and safety in the home.

In the future, a variety of technology will bring friends and families closer together through entertainment, telecommunications, health, security, and more vivid communications, seamlessly connecting all aspects of life.

For example, Panasonic proposed the concept of the Life Wall, which uses motion sensing technology to enable users to control the system by using hand motion instead of a remote control unit. It also uses face recognition technology to identify who is in front of the TV and then display the menu appropriate to that person. This will enable anyone to easily enjoy the benefits of technology.

Through the Digital Hearth, Panasonic will continue to contribute to the creation of a people-friendly digital network.



One of the revolutionary features of the Life Wall is a face recognition function that can identify the family members in front of the TV and display the menu appropriate to that person.

Development of a UD Font (Global)

We have developed the Panasonic UD font as a font that makes indication of functions and controls on our products easier to read by anyone.

Panasonic is devoting a great deal of effort to universal design research. For example, in collaboration with typographers at Iwata Corporation, which is a font manufacturer, we conducted extensive research into operation panel lettering that can be read by a wider range of people, such as people with visual impairments or the elderly. This led to the development of the original PUD font for both English and Japanese, and since fiscal 2008 we have been gradually adopting it for most of the text used on our products.

Examples of UD Font Development

G → G

The shape is clarified by giving ample space

96 → 96

The shapes of the letters themselves are differentiated to help people who are unable to distinguish between letters of the same shape that face the opposite direction.

Bringing the Passion and Excitement of the Olympic Games (China)

Bringing the passion and excitement of the Olympic Games and Paralympic Games to homes throughout the world

Panasonic supports the ideals of the Olympic Movement, which aims to build a peaceful and better world by promoting mutual understanding and peace through sports. Panasonic became an Official Worldwide Olympic Partner in the Video and Audio Equipment category since The Olympic Partner(TOP)Program commenced for the Calgary Olympic Winter Games in 1988. Panasonic will also support the Beijing 2008 Olympic Games with a full lineup of HD* equipment to bring the passion and excitement of the top athletes to the world through high definition images and sounds from the Olympic stadium to your living room.

Panasonic has applied its revolutionary new technologies to improve energy efficiency in the equipment supplied to the Olympic Venues, and the ASTROVISION large screen display system supplied to this year's Games has 1/3 the energy consumption of that supplied to the 1996 Atlanta Olympic Games. Panasonic will also supply the surveillance camera systems used at the competition venues and other places around the city to ensure safety and security for the Games.

To promote world peace and facilitate greater worldwide acceptance of people with disabilities, Panasonic has also become an Official Partner of the Paralympic Games in Beijing in 2008, and Panasonic's audio and visual technology will also bring the excitement of the Paralympic Games to the world.

*Abbreviation for "high definition"



The ASTROVISION large screen display system used at the Main Stadium where Opening and Closing Ceremonies will be held.



Panasonic's professional broadcast equipment DVCPRO HD series was selected as the official video recording format for the Olympic Games to broadcast the performance of the top athletes in high definition images.



The International Broadcasting Centre(IBC)will also use Panasonic's broadcast equipment and flat panel displays.

Employee View

Panasonic has supported the Olympic Games for more than 20 years, since the Calgary Olympic Winter Games in 1988. We will continue to share the passion of the athletes and the excitement of the Olympic Games with the world.



Yoko Nakamizu
F1 Olympic Promotion Office

Contributing to the Asia Broadband Program (Singapore)

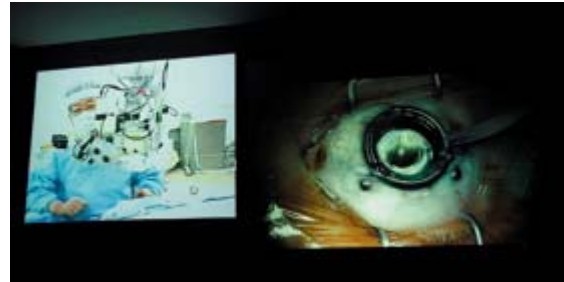
Contributing high definition imaging technology to the Asia Broadband Program

Having access to the latest medical technology gives people a sense of security in their lives.

The Asia Broadband Program is a program managed by the Ministry of Internal Affairs and Communications to improve medical technology in Asia, and since fiscal 2006 Panasonic has been contributing technology for transmitting and storing 3D high-definition images. The use of 3D images that can accurately display depth is indispensable for sharing precision ophthalmologic medical technology.



March 2008, videos of an eye operation at Asahikawa Medical College being viewed at an international meeting at the Singapore National Eye Centre. The audience is wearing 3D glasses to see the 3D images.



Video of an eye operation displayed on the screen



Audience watching a 3D video at the Singapore National Eye Centre's exhibition

In fiscal 2006, videos of eye surgery being performed at Asahikawa Medical College were transmitted to the Singapore National Eye Centre. Panasonic's 3D high-definition image transmission was lauded as a valuable contribution in remote diagnosis and in transferring medical technology. In fiscal 2007, the same test was successfully conducted between three sites, with the addition of the Chulalongkorn University. Then, in fiscal 2008, Panasonic created a database of existing video footage of operations, and created a system that would allow anyone anywhere in the world to search this database for relevant video footage.

Stakeholder View

Training and education is an important pillar in the practice of medicine. The 3DHD Telemedicine system in ophthalmology developed by Panasonic revolutionizes the way training is conducted. The ability to perceive depth and view precise surgical maneuvers greatly enhances surgical training allowing for more surgeons to learn at one sitting that was otherwise not possible in traditional surgical training. Connectivity via the Asia Broadband facilitates the permeation of quality ophthalmic training potentially benefiting more patients in the future.



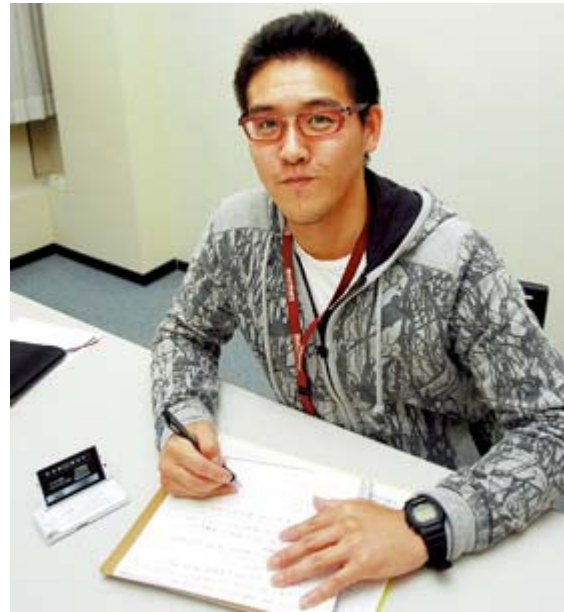
Professor Ang Chong Lye
Director
Singapore National Eye Centre
(Current CEO, Singapore General Hospital)

Pursuing Universal Design (Japan)

Pursuing universal design for mobile phones

Since joining the Panasonic Design Company, Junichi Oshiro who has hearing impairment himself, has been involved with applying universal design concepts to the graphical user interface(GUI) of mobile phones with the objective of making them more user friendly for people with hearing impairments.

People with hearing impairment have not been able to enjoy the use of the telephone, but the development of mobile phone mail services, cameras, and other features is gradually reducing this barrier in daily life. The focus of universal design has thus far has been on improving the physical aspects of using the phone, such as by making the buttons larger. However, people with hearing impairments cannot hear voices or audible indicators, and thus Oshiro thought of using accompanying light and vibrations because "it is important to consider the physical features and ease of use along with the GUI design, and try to make it easy to see, easy to understand, and easy to use."



The P906i mobile phone(shown on the left in the picture) made for NTT DoCoMo, which Oshiro was in charge of, uses graphics and light in conjunction with sounds to make audio information visible.

Junichi Oshiro of Panasonic Design Company

Developing Products to Refract Lifestyles (UK,USA)

Improving the design of everyday products to reflect customer lifestyles

Since the home appliances that we sell worldwide are an integral part of everyday life, our customers will only be satisfied if these products have a design and functionality that fits with their lifestyle and values. To this end, we have established design development and lifestyle research facilities in locations such as China and other Asian countries, which have enabled us to develop products based on the lifestyles in these regions.

Subsequently, as of April 2008, we have established design centers in London and New York. In cooperation with local designers from Europe and North America, we have in the past been able to develop designs that meet the needs of local customers. However, product development must now be more firmly rooted in specific localities in order to meet the requirements of local cultural and lifestyle patterns.

We are aiming to use these new design centers in Europe and the USA to understand the lifestyles and values of our customers and thus devise cutting-edge designs that will set the Panasonic brand apart. Specifically, the London design center will focus on the development of designs of home appliances for comprehensive roll-out in Europe.



Panasonic Design Centre Europe offices

Employee View

We teamed up with Panasonic Design Centre Europe to design products that use cutting-edge technology and design but are still easy to operate, for the satisfaction of our European customers.



Nathalie Lor
European Home Appliance
Project member Panasonic
France, Home Appliances

Product Safety Problems and Factory Fire Report

Panasonic would like to deeply apologize for the inconvenience and trouble caused to a great many people, not only by the FF-type kerosene heater problem but also the microwave oven, battery pack, and other product safety problems, and the factory fire. To establish sustainable CSR management, it is necessary to secure a solid foundation, and with this understanding, we continue to take action to release information quickly to the public, respond professionally and promptly to our customers, and prevent these situations from occurring again.

Voluntary Exchange of Mobile Phone Battery Packs

In August 2007, Panasonic announced a voluntary exchange of mobile phone battery packs in response to a quality problem, then in September of the same year, there was a fire in the lithium-ion battery factory of Matsushita Battery Industrial Co., Ltd. Panasonic would like to apologize again for the inconvenience and concern that we caused our customers and society at large.

As a result of these two serious incidents, Matsushita Battery Industrial is taking action to thoroughly review its production processes and to strengthen management.

The BL-5C battery packs produced between December 2005 and November 2006 by Matsushita Battery Industrial for use in Nokia phones would become hot and expand during charging, and the battery could potentially become dislodged from the phone itself. Thus, we initiated voluntary exchange of 46,000,000 units globally. This quality problem has several overlapping causes, including materials and manufacturing process.

Panasonic established the Corporate Lithium-ion Battery Customer Support & Management Division and took other actions group-wide to initiate a quick voluntary exchange of batteries globally and ensure that our customers can use safe and worry-free products.

Then, on September 30, 2007, Matsushita Battery Industrial experienced a fire in its lithium-ion battery plant, located at the headquarters complex, causing a great deal of trouble to many people, including our neighbors, customers, and trading partners.

As a result, the Corporate Lithium-ion Battery Customer Support & Management Division was restructured to respond to both the battery recall and the fire and get production restarted, while taking action to prevent these incidents from occurring again.

Production of lithium-ion batteries to be delivered to our customers was moved to Wakayama Prefecture or China. And the affected factory was brought back online in stages starting in November 2007, and by March 2008, it was restored to its pre-fire condition. In May, a new building was added to the Wakayama Factory, and similar actions will be taken to continue and strengthen our production system.

Factory safety is important, and our basic approach to fire is to protect human life first, try to extinguish the fire early, and prevent it from spreading. We are working to ensure that a fire does not occur again by implementing a multifaceted safety policy, increasing and improving our fire fighting equipment, reviewing our fire preparedness system, and improving training.

To coordinate the replacement of lithium-ion batteries in Japan, the Voluntary Replacement Promotional Council for Portable Device-use Lithium-ion Batteries was established with 22 member companies, including battery makers, device makers, and communications carriers, and Matsushita Battery Industrial is serving a leading role.



On-site safety inspection at Matsushita Battery Industrial

Progress on FF-type Kerosene Heater Recall

Panasonic would like to thank everyone for their support and cooperation in responding to the emergency regarding the accidents caused by the FF-type kerosene heaters.

This is the third winter since problems with FF-type kerosene heaters prompted an emergency order in 2005 that required the effort of the entire company to handle, and "efforts to prevent a similar incident from ever happening again continue" today centered on the Corporate FF Customer Support and Management Division.

In fiscal 2008, focus was put on the Hokkaido, Tohoku, Greater Tokyo, Hokuriku, and Kansai regions, and the staff of the Corporate FF Customer Support and Management Division organized local search activities to find products, to locate customers who had their units repaired in the past and recover those products, and to inspect products before the coldweather season, among other activities.

The local search activities consisted of several approaches to search out FF-type kerosene heaters:

1. they targeted vacation homes located in cold regions and mountainous areas,
2. they re-canvassed apartment buildings (door-to-door survey of apartment complexes where several registered customers already existed),
3. they followed up with customers who had their units repaired in the past but whose information lacked a model number or address,
4. they followed up people based on the sales information of home automation adapters (a part used in central control systems that are used to control air conditioners, including FF-type kerosene heaters), and
5. they surveyed retail stores that were contacted by fax or phone from the sales company's contact centers.

In fiscal 2008, they conducted approximately 320,000 inspections, found 179 products, and confirmed the disposal of 3,228 units. (In total, there were approximately 930,000 inspections conducted, 337 products found, and 3,832 disposals confirmed.)

We also continued to run ads and notices, particularly at the beginning and the end of the cold-weather season, which consisted of nationwide TV and radio ads, newspaper ads, newspaper inserts, ads on the back of receipts issued by gas stations, and drug stores, and ads in the Japanese Deaf News. In fiscal 2008, we increased our name list, and out of 4,709 units listed, we found 724, and confirmed that 3,985 have been discarded.

We still find more products on a monthly basis, and this unpredictable situation continues to unfold. With the help and cooperation of those involved, we will continue these inspection until we find every last unit.

The table below details our progress to date.

Status of recalls, inspections and repairs

(as of March 31, 2008)

		(units)
Units sold		152,132
Units recorded		110,728
1. Replaced or discarded		34,322
2. Recovered or inspected/repaired		76,406
(1) Recovered		74,738
(2) Inspected/repaired		1,634
(3) Awaiting inspection		34

Percentage of units assessed and recorded as of March 31, 2008: 72.8%

Company Announcement about Products Safty Problems

To ensure public safety, Panasonic issued warnings regarding several products and is repairing these products free of charge. The products included 12 microwave oven models produced between December 1988 and December 1993, 5 freezer refrigerator models produced between February 1989 and October 1992, and 8 electric clothes dryer models produced between August 1993 and December 2001.

In response to the quality problems discovered with the FF-type kerosene heaters in 2005, Panasonic established the Product Safety Administration Center and other bodies focused on product safety. Panasonic also stepped up product safety assurance efforts such as reassessing and enhancing product safety standards, creating an early warning system to detect early signs of serious problems, and establishing a project to deal with long-term product use. We are also reviewing past accidents to ensure customer safety.

Investigations conducted at the time of the accidents did not reveal a common source and so the problems with the microwaves, freezer refrigerators, and electric clothes dryers were considered unrelated. However, investigations into these incidents were reopened with new information collected since the latter half of 2006, and this time they revealed a common source of trouble. It was determined that the problem could occur again, and so for public safety, Panasonic issued a notice about the three products. Customers who have these products are kindly requested to contact the store where they purchased them or the Panasonic Aftercare Service Company for a free repair.

We apologize for the inconvenience and ask for your understanding and cooperation.

Contact details for inquiries:

Free-dial telephone

Microwave ovens	0120-871-682(Japanese only)
Freezer refrigerators	0120-871-337(Japanese only)
Electric clothes dryers	0120-871-399(Japanese only)

Safety Issues Management System

Panasonic centrally manages all information related to product safety incidents at the Corporate Quality Administration Division, and Panasonic has always filed the required reports with the related government ministries, but as a result of the Amendment of Consumer Products Safety Law enacted in Japan in 2007, we have had to improve our system of collecting and monitoring information to make it quicker and more accurate, which the entire company continues to strengthen product safety measures. With "don't hide, don't be quick to dismiss, and do not hesitate to consult the Corporate Quality Administration Division" as our watchwords, Panasonic is not only training its own staff but is also demanding safety measures from its external retail companies and stores, repair companies, and installation companies. Company regulations were also revised in light of the new law. With our philosophy of "quickly revealing information related to accidents," we are releasing the appropriate accident information to customers quickly.

At Panasonic, safety and quality are the top priority. To avoid product safety problems, our policy is to work hard to ensure consistent safety through the entire product life cycle, from development to disposal. To handle any future incidents, should they occur, we are building an even better problem response system.

Coexistence with the Global Environment

Accelerating Environmental Management with "eco ideas" Strategy

Panasonic has taken proactive initiatives to realize one of its twin business visions, "Coexistence with the Global Environment." And these days, a global community starts regarding the global warming issue as a top priority for all mankind. Amid this trend, Panasonic announced its "eco ideas" Strategy in October 2007 and added it to the basic stance of the medium-term plan. This strategy arose from the notion that the growth of business and reduction of the environmental impact are wheels that drive our vehicle, and the Company is tackling the issue more aggressively by setting clear numerical targets for all business sites and reflecting the results in performance evaluations.



Panasonic "eco ideas" Declaration

"eco ideas" for Products

1. We will produce energy-efficient products

We focus on global warming prevention as the most critical issue by increasing the number of products with the No.1 energy-efficient performance and phasing out low energy-efficient products, as well as accelerate the development of environmentally conscious products with recyclable design and careful choices of materials.

"eco ideas" for Manufacturing*

2. We will reduce CO₂ emissions across all our manufacturing sites

Focusing on reduction of CO₂ emissions from factories worldwide in an absolute term, we reduce CO₂ emissions by improving productivity across all manufacturing processes, such as R&D, procurement, manufacturing, sales, logistics, recycling, administration and others.

"eco ideas" for Everybody,Everywhere

3. We will encourage the spread of environmental activities throughout the world

We will spread eco activities to the local communities throughout the world in cooperation with various stakeholders focusing on environmental initiatives by employees and their families.

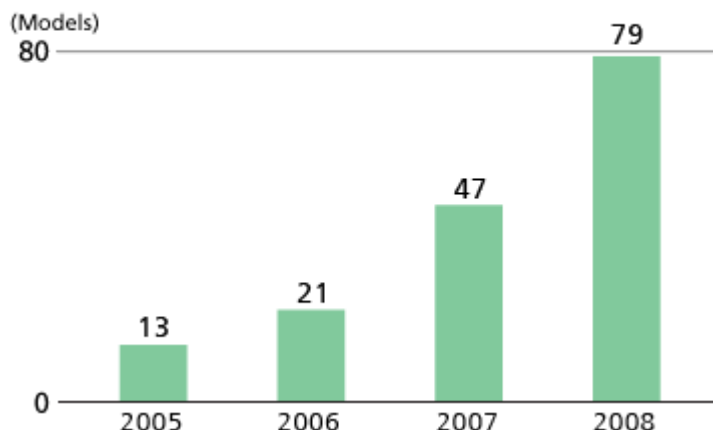
* Manufacturing stands for the entire business operation delivering value to customers, such as R&D, procurement, manufacturing, sales, logistics, recycling, administration and others.

"eco ideas" for Products

Increasing the number of products with outstanding energy efficiency

As a company that manufactures and sells home appliances, it is an important issue to contribute to the reduction of power consumption in households, which has been increasing recently. Panasonic internally certifies products and services that improve its environmental performance as "Green Products"(or GPs), and the company has been certifying GPs that have top environmental performances in their industries as "Superior GPs" since 2005. In fiscal 2008, the number of Superior GPs in terms of energy conservation rose to 79.

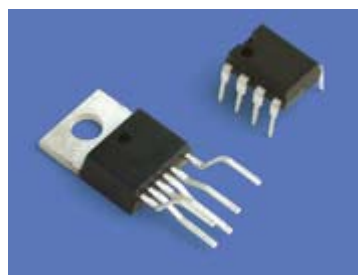
Number of Superior GPs with industry's best energy-saving performance



Devices can play a significant role in the energy efficiency of products. One of them is a device to reduce standby power consumption.

Nowadays, many products consume power on a standby mode since they are connected to networks or are operated by remote control. It is generally said, that standby power consumption accounts for approximately 7% of the annual power consumption in each household^{*1}, which would be equivalent to approximately half of the annual power consumption of a refrigerator^{*2}. Using these estimates as the basis for our calculations, the standby power consumption for all Japanese households yields an estimate of 15.7 billion kWh^{*3}.

Semiconductor switching elements for power supplies, Intelligent Power Devices (IPD), developed by Panasonic, which reduce power consumption levels by means of intermittent oscillation control, have enabled standby power consumption to be reduced from the previous level to one-sixth (from 0.4W to 0.07W). The acclaim for this led Panasonic to the Minister of the Environment's commendation for global-warming prevention activities in fiscal 2008.



Semiconductor switching element for power supplies (IPD)

Motors also play a role to reduce energy consumption because they are used in various drive sections and are said to account for approximately half of Japan's total amount of power consumption^{*4}. For example, the DC flangeless motor used in washing machines can reduce the power consumption to approximately half in comparison with the AC induction motor by the development of new technologies such as high-lamination winding structures.



DC flangeless motor

*1 Survey of Standby Power Consumption for FY 2006 by the Energy Conservation Center, Japan

*2 Overview of Supply and Demand for Power for FY 2005 by the Agency for Natural Resources and Energy

*3 Estimated by Panasonic

*4 Estimated by Panasonic

"eco ideas" for Manufacturing

Aiming for reducing CO₂ emissions by 300,000 tons over three years

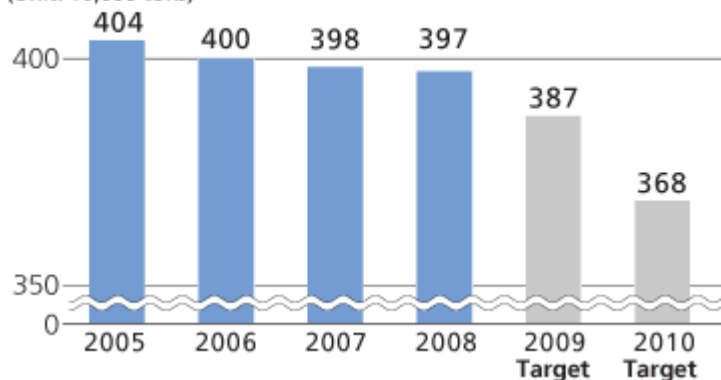
As regards targets of CO₂ emissions reduction from manufacturing sites, we have added a target of a total amount from fiscal 2008 onwards to that of the basic units we have been using up until now. We are aiming to reduce CO₂ emissions by fiscal 2010 by 300,000 tons compared to fiscal 2007, and the entire company is engaging in various activities. One of these activities has involved the introduction of 33 energy conservation items. We have collected and categorized expertise for energy conservation at every factory (in areas such as insulation coating and fuel conversion) into five major groups and 33 items. Each site has set

specific numerical targets for each item, and they are regulated on a yearby- year basis. With this approach, one factory's ideas can be developed across all 297 manufacturing sites, and this can also lead to the generation of new ideas for energy conservation.

* CO₂ emissions levels per unit of sales

CO₂ emissions and targets

(Unit: 10,000 tons)



"eco ideas" for Products

Globally promoting an initiative to properly manage chemical substances

Panasonic has been taking a proactive approach in the field of chemical substances management and globally promoting its approach aiming for their appropriate use. For example, Panasonic completely replaced the six substances prohibited in the EU's RoHS (Restriction of Hazardous Substances) directive in all targeted products worldwide nine months before the directive came into force. In order to continue this initiative, Panasonic has globally introduced controlling systems to eliminate the use of these specified chemical substances in all processes (from receipt of components right through to shipping inspection) including a system to train and certify analysts and leaders.

As regards the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation that came into force in the EU in June 2007, Panasonic has been participating—as one of the original founding companies—in the planning for the establishment of a mechanism to share information on chemical substances across different industries.

"eco ideas" for Everybody, Everywhere

Spreading our approach and eco-awareness to the world

With its global operations, Panasonic regards spreading its approach to and awareness of "eco ideas" to the world community as a vital contribution to society. Specifically, this is being carried out in various measures, such as environmental activities by employees and their families, environmental communication, marketing, and environmental contribution to society by factories.

Related information

Please see an environmental data book (booklet) or an environmental activity (Web site) about detailed environmental information.

Environmental Data Book 2007



We have disclosed our environmental activities via the Panasonic Report for Sustainability since 1997. From 2005, we have also issued yearly Environmental Data Books that provide detailed information on our environmental initiatives.

Environmental activity site



<http://panasonic.net/eco/>

Corporate Citizenship

Global Panasonic Coexisting with Local Communities



Underlying our corporate mission since the 1920's is the idea formulated by our founder, Konosuke Matsushita, that the corporation, as a public institution, is "only able to exist if it receives the support of society and therefore, in turn, must contribute to society." In adherence to this mission, Panasonic is committed to an extensive number of citizenship activities around the world focusing on four key areas: education, the environment, the community, and arts and culture, in addition to providing assistance for disaster relief.

Education

Aiming to empower the next-generation, Panasonic oversees as well as provides on-going support to a vast array of educational programs throughout the world. The following is an overview of a few of these programs.

Global Programs

Kid Witness News



Started in 1988 in the US and currently implemented on a global scale, Kid Witness News is a hands-on video education program developed by Panasonic that lends video cameras, editing decks, as well as other equipment to elementary and junior high schools for the purpose of fostering creativity, communication skills as well as teamwork through video production. In addition, the company holds annual contests and award ceremonies throughout the US and other regions in which videos submitted by students are judged on creativity, writing, videography and other criteria. At present, over 10,000 children from more than 500 schools in 20 countries around the world are participating in the program.

Panasonic Scholarship



Aimed at bringing up the future leaders of Asia and promoting mutual friendship between their home countries and Japan, the Panasonic Scholarship program provides scholarships to students from seven countries and regions throughout Asia to pursue master's courses in Japan. The program was established in 1998 to commemorate the company's 80th anniversary and, since its incorporation, has awarded more than 240 scholarships.

Panasonic Professorships and Lecture Series



To support the development of future business leaders and engineers, we established Panasonic Professorships at the Massachusetts Institute of Technology (US) in 1975 in the fields of computer science and robotics, and at the Wharton School of the University of Pennsylvania (US) in 1991 in manufacturing and logistics. In addition, the company inaugurated Konosuke Matsushita Professorships at Harvard Business School (US) in 1981 in the area of leadership, at Stanford University (US) in 1985 in international labor economics and policy analysis, and at Keio Business School (Japan) in 1990 in business management. Furthermore, we partnered with Fudan University (China) in 1996 to institute the Panasonic Lecture Series, featuring lectures from Panasonic executives and world renowned scholars.

Local Programs

Panasonic Academic Challenge (USA)



In the US, we are the title sponsor of The Panasonic Academic Challenge, a rigorous academic competition in which students from high schools nationwide work as a team to answer challenging questions on various subjects such as mathematics and science, competing for scholarships and other prizes. Since 1989, the company has provided a prestigious arena for over 2,000 of the nation's academically talented students.

Panasonic Trust (UK)



Across the Atlantic Ocean in the UK, the Panasonic Trust, established in 1984, provides grants annually to a selected number of high caliber engineers who will enroll in Master of Science courses or other high-level educational courses. This grant program is designed to help engineers out in the workforce stay on top of new developments and technologies in the field and, at present, has awarded grants to more than 750 engineers.

Building Schools (Thailand)



In the neighboring continent of Asia, Panasonic has built 75 schools in Thailand over the course of twelve years, bringing education to over 30,000 children in the remote areas of each of the country's provinces. Although construction ended in 2003, the company continues to oversee maintenance, provide financial assistance for lunch programs, libraries and scholarships, as well as donate educational and other products such as color TVs, DVD recorders, mini-systems, flashlights and batteries, to the schools each year.

Environment

In addition to producing industry-leading environmentally-friendly products, carrying out product recycling and implementing ISO 14001 Environmental Management Systems at our facilities, Panasonic and its employees across the world strive to conserve and coexist with the natural environment through various corporate citizenship activities, including the following:

Local Programs

Love the Earth Activities (Japan)



The company initiated LE activities in 1998 to encourage employees and their families to lead environment-friendly lifestyles, as responsible citizens considerate towards the environment, not only as company members, but also as family members and members of society. The eight guidelines for an environment-friendly lifestyle are as follows:

1. Save energy.
2. Use eco-friendly bags when shopping.
3. Maintain an environment-friendly diet.
4. Buy environment-friendly products
5. Use things as long as possible.
6. Recycle.
7. Use environment-friendly methods of transportation.
8. Participate and volunteer in environmental activities.

Beach Cleanup (USA)



For the past five years, US employees, their families and friends annually participate in local beach clean-up events hosted by a nonprofit organization - Clean Action Ocean, collecting and analyzing trash and debris that have washed ashore. Each year, employees and other volunteers collect almost a quarter of a million items from the beaches in the state of New Jersey, helping to conserve the environment.

Tree Planting (Brazil)



To assist in reducing pollution and other environmental damage caused by industrialization and urbanization in Brazil, the company donated 2500 trees to the city of Manaus located in the heart of the Amazon. Employees helped plant the donated trees throughout the city which has been combating rapid forest depletion.

Coral Reefs and Marine Preservation (Malaysia)



Panasonic works on marine preservation activities, including efforts to grow new coral reefs. Children are given the opportunity to learn about the environment and to give a presentation about what they have learned.

Community

Panasonic gives back to communities by drawing on its various resources, including capital, facilities, employees, and products, to assist those in need. Below are several examples.

Local Programs

Language and Culture Preservation (Brazil)



In Brazil, Panasonic has assisted Rainforest Foundation Japan in its efforts to help record and register the spoken language and culture of a local indigenous tribe, by donating AV equipment, including digital video cameras, editing machines, TVs and mini-systems. Since 1993, Panasonic products have played and will continue to take on a crucial role in the preservation of the language and culture of the Caiapo tribe, which has no form of written language, as well as in the enhancement of communications between tribe members and the outside world.

Panasonic NPO Supporting Fund (Japan)



The role of non-profit organizations (NPOs) in creating a better society has become evermore vital. Panasonic hopes that by reinforcing the organizational bedrock of NPOs they will be able to realize their full potential and contribute to the realization of a better society. To help ensure the growth and stability of children-related and environmental NPOs, the Panasonic NPO Support Fund provides financial aid for the strengthening of their organizational foundations. We also offer comprehensive support including consultation and the sharing of know-how. In fiscal 2007, applications were received from 290 organizations across Japan, and aid worth nearly ¥28 million was given to 12 NPOs working on children's issues, and nine working on the environment.

Support for Local Hospitals (CIS)



In conjunction with a local dealer, Panasonic donated and installed a PBX phone system and cordless phones at a hospital located in the city of Beslan in the Republic of North Ossetia-Alania which took in many victims of the 2004 school siege. Tripling its phone lines, the donations aided the hospital in contacting patients, family members and other staff and continues to aid the hospital in its mission to care for its patients. The company also helped bring cheer to the Morozov's Children's Hospital in Moscow by donating air-conditioners to heat the facility's operating rooms and holding a celebration in honor of Children's Day complete with fun-filled activities for hospitalized and neighborhood children.

Arts and Culture

In an effort to foster the development of next generation of artists and musicians, Panasonic utilizes its various resources, including capital, digital sound technology, company facilities and employee participation, to support a variety of arts and culture activities, including the following:

Global Programs

Pacific Music Festival



This festival was established in 1990 by the late Leonard Bernstein. Music academy students from around the world come together in the city of Sapporo, and receive lessons from celebrated musicians. Panasonic supports concerts given across Japan by the PMF Orchestra in which the students participate. Since 2003, we have provided special sponsorship for the concert given in Osaka.

Local Programs

Panasonic Contemporary Exhibition (Thailand)



In collaboration with the Fine Arts Department of Silpakorn University, the company has organized and held the Panasonic Contemporary Exhibition at the National Gallery in Thailand since 1995. Besides offering hundreds of young promising artists a chance to display their art to the general public, the exhibition also aims to promote an understanding of contemporary art. Artworks submitted to the contest are judged and the artists behind the winning masterpieces are awarded scholarships as well as Panasonic products.

Young Prague Festival (Czech Republic)



In the Czech Republic, we are a proud sponsor of The Young Prague Festival, an event held every summer that gives musicians aged 15 to 30 from around the world the invaluable opportunity to make their debut onto the international music scene. Since Panasonic began sponsoring the event in 1997, hundreds of young classical instrumentalists, singers, chamber group performers, conductors and composers have showcased their talents to thousands of attendees at world-class venues as well as networked with musicians and other professionals in the classical music industry.

Panasonic Tour of "Shakespeare for Children Series" (Japan)



In Japan, the company has supported the Panasonic Tour of the "Shakespeare for Children Series," a well-received series of famous playwright's works rearranged for children and parents to enjoy. In addition to funding the nation-wide tour every summer since 2000, Panasonic, with the help of employee volunteers, assists in the planning and production of the plays and related workshops for children. Over 12 plays have been held in 15 cities across Japan, introducing the plays to more than 15,000 children and adults.

Disaster Relief

Through financial resources, matching programs, employee donations, employee volunteers and other resources, Panasonic makes great efforts to aid recovery efforts in communities devastated by natural and other disasters. Details of our recent support are as follows:

Recent Support

Java Island Earthquake (Indonesia)



In the wake of the earthquake that struck Java Island, Indonesia on May 27, 2006, Panasonic provided a total of 45.41 million yen (US\$400,000), including 35.41 million yen (US\$314,000) in donations collected from employees throughout the world, to support relief and recovery efforts initiated by the Red Cross, UNICEF and Japan Platform, a non-governmental organization based in Japan. In addition Group companies in Indonesia donated and delivered relief supplies worth 7 million yen (US\$62,000) including 20,000 dry-cell batteries, 5,000 flashlights, 2,000 radios and 50 TVs.

Leyte Island Landslide (The Philippines)



To aid in the aftermath of the February 2006 landslide on Leyte Island in the Philippines, Panasonic donated 2.155 million pesos (US\$43,000) to the Diocese of Maasin's Social Action Center to help provide aid to children orphaned by the natural disaster. In addition, we contributed 500,000 pesos (US\$10,000) to the nation's Department of Social Welfare and Development.

Pakistan Earthquake (Pakistan)



In response to the Oct. 8, 2005 earthquake in northern Pakistan, Panasonic provided 54.35 million yen (US\$473,000) worth of support for relief and reconstruction activities. Specifically, the company and its employees all over the world donated 51.85 million yen (US\$451,000) to relief organizations including the Japanese Red Cross Society and JEN - a Japan-based NGO- to support their efforts in supplying victims with basic necessities such as tents and water, as well medical attention. We also donated 2.5 million yen (US\$21,000) worth of batteries, flashlights and other products to local relief activities.

Hurricane Katrina (US)



To aid the victims and restoration efforts of Hurricane Katrina which devastated the Southeastern US in September 2005, we matched donations from employees all over the world to contribute a total of US\$1 million to the Bush-Clinton Katrina Fund and the American Red Cross, enabling the organizations to provide shelter, food, counseling and other assistance to those affected. In addition, Panasonic headquarters donated 2 million yen (US\$18,000) to the Japan Federation of Economic Organizations (Nippon Keidanren) and 300,000 yen (US\$2,700) to the Kansai Economic Federation for their support activities.

Past Support

Panasonic has provided support in response to the following major disasters:

Disaster	Date	Support Details
Guangdong Floods (China)	June 2005	Cash donations: 14,495 yuan
Nias Island Earthquake (Indonesia)	March 2005	Product donations: 2,016 flashlights with batteries and 500 radios with batteries totaling 54 million rupiahs
Sumatra Earthquake and Indian Ocean Tsunami (Southeast Asia)	December 2004	Cash donations: 42.1 million yen (US\$405,000) Product donations: 210,000 batteries, 26,500 flashlights, as well as 10,000 emergency food packages worth 17.1 million yen (US\$164,000) Employee donations: US\$450,000 Other donations: drinking water
Niigata Chuetsu Earthquake (Japan)	November 2004	Cash donations : 33 million yen Employee donations: radios
REINA (Real, Infanta and General Nakar) Area Floods (Philippines)	November 2004	Cash donations: 1 million Philippine pesos Product donations: flashlights Employee donations: food and clothing
Iran Earthquake	December 2003	Product donations: 9,000 flashlights and 120,000 batteries totaling US\$47,000
SARS Prevention (China, Northeast Asia)	May 2003	Cash and Product donations: 69.4 million yen
Terrorist Attacks on US	September 2001	Cash donations: US\$2.37 million Product donations: helmets, flashlights, batteries, Toughbook PCs and vacuum cleaners totaling US\$100,000 Employee donations: clothes, towels and other hygiene items
West India Earthquake	January 2001	Cash donations: 400,000 yen Labor union and employee donations: 14.8 million yen
Hokkaido Usuzan Volcano Eruption (Japan)	March 2000	Product donations: disaster prevention communications systems totaling 37 million yen, flashlights and washing machines
Venezuela Floods	December 1999	Cash donations: 6 million yen Product donations: 9,000 flashlights and 18,000 batteries totaling US\$10,000
Taiwan Earthquake	September 1999	Cash, product, labor union and other donations totaling 71 million yen Employee donations: 26 million yen
Hanshin Awaji Earthquake (Japan)	January 1995	Cash donations: 347 million yen
Southern China Floods	May-June 1994	Cash donations: 10 million yen
Los Angeles Earthquake	January 1994	Cash and Product donations: US\$250,000
San Francisco Earthquake	October 1989	Cash donations: US\$1 million Production donations: flashlights and batteries

Activities in Each Country

Please see Corporate Citizenship (Web site) about detailed activity information.



Corporate Citizenship site

<http://panasonic.net/citizenship/country/>

Awards and Recognitions

Panasonic has been recognized by a number of foundations and organizations for its commitment to the community.

US

In the US, Panasonic Consumer Electronics Company has been awarded with several recognitions from the Community Foundation of New Jersey for its achievements in making a difference in people's lives through its corporate citizenship activities.

"2003 Corporate Philanthropist of the Year" in the Education category

"2001, 1999, 1998 Corporate Philanthropist of the Year" in the Arts category

"2000 Corporate Philanthropist of the Year"

Japan

Matsushita Electric Industrial (Panasonic's Headquarters) in Japan received the following awards from the Association for Corporate Support of the Arts for its commitment to the arts. The Associations for Corporate Support of the Arts, or Kigyo Mecenat Kyogikai, recognizes corporations and corporate foundations whose support for the arts has significantly contributed to Japanese culture and society.

"2004 Mecenat Award for Promoting Culture Among Children" for its support of the "Shakespeare for Children Series"

"1999 Mecenat Award for Best Achievement in Fostering Artists and Artistic Groups" for its support of the Pacific Music Festival

"1997 Mecenat Planning Award" for its support of the Hanshin Art Project

"1993 Mecenat Award" for its support of the Globe Tokyo

The **"2003 Minister of Health, Labour and Welfare Award"** was also given to Panasonic's Headquarters in Japan for its support of the Official Sign Language Certification Examination. The company has provided the examination centers with AV equipment such as video cameras and monitors as well as engineers and other employees to oversee smooth operation of the equipment since 1992.

The Asahi Shimbun Foundation, the foundation of one of Japan's leading newspapers, presented Panasonic Headquarters with the **"Award for Employing the Disabled"** in 1997 for its efforts in hiring people with disabilities and the **"Grand Prize for Corporate Citizenship"** in 1996 for the company's distinguished corporate citizenship activities.

Foundations and Scholarships

Around the globe, Panasonic has established many foundations and scholarship programs to promote education, the advancement of science and technology as well as coexistence with the natural environment.

Global Programs

Panasonic Scholarship



Aimed at bringing up the future leaders of Asia and promoting mutual friendship between their home countries and Japan, the program provides scholarships to students from seven countries and regions throughout Asia (China, Indonesia, Malaysia, Philippines, Thailand, Taiwan and Vietnam) to pursue master's courses at universities in Japan. Scholarships can be awarded for a maximum of three years. Established in 1998 to commemorate the company's 80th anniversary, the program places great importance on getting to know its recipients and holds various meetings to provide guidance as well as opportunities for scholars to network, report on their studies and experience Japanese culture.

The Matsushita International Foundation



To commemorate the company's 70th anniversary, the foundation was inaugurated in 1988 to contribute to the advancement of a global society by promoting mutual understanding between Japan and other countries as well as supporting individuals striving to promote international understanding. Specifically, the foundation provides grants to doctoral candidates around the world for original research promoting international and cultural understanding. It also provides scholarships to Japanese scholars through the Matsushita Asia Scholarship program to pursue research in Asia in the fields of humanities and social sciences, and to students from Asia studying at the International University of Japan.

Local Programs

Matsushita Education Foundation (Japan)



Established in 1973, the foundation aims to contribute to education through the promotion, research and development of audio visual and information technologies and materials. Currently, it provides grants to schools, teachers and professors for projects and related research aimed at utilizing audio visual and information technologies to enhance education; participates in and supports research activities; and holds training programs and seminars. In addition, the foundation oversees Panasonic's video-based educational program, Kid Witness News, in Japan and, in collaboration with the company, carries out make-your-own battery workshops for children throughout the country.

The Science and Technology Foundation of Japan (Japan)



Inaugurated in 1983 with the support of Panasonic's founder-Konosuke Matsushita, the foundation aims to promote the development and dissemination of science and technology by awarding the prestigious Japan Prize, holding seminars open to the general public on latest scientific and technological developments and providing research grants to young scientists. Referred to as Japan's Nobel Prize, the Japan Prize is presented annually to scientists and researchers who have made significant contributions to the advancement of science and technology as well as to the promotion of peace and the prosperity of mankind.

Konosuke Matsushita Foundation for EXPO '90 (Japan)



The foundation was established in 1988 to help support the "The International Garden and Greenery Exposition '90," an international exposition held in Osaka to promote the harmonious coexistence between nature and mankind. In commemoration of the exposition, the foundation continues to promote the concept of coexistence between nature and mankind by annually awarding the Konosuke Matsushita Expo '90 Prize to individuals and organizations based in Japan that have made significant academic achievements and contributions in this area, and holding lectures on environmental themes for the public.

Ryozen Institution (Japan)



Established in 1968 on the centennial anniversary of the Meiji Restoration by Panasonic's founder, Konosuke Matsushita, the institution aims to preserve and maintain historical monuments and sites located in Kyoto that were vital to the restoration as well as to promote Japanese history and traditional culture. To fulfill its mission, the institution established and currently manages the Ryozen Museum of History, the first museum in Japan dedicated to the Meiji Restoration and the end of the Tokugawa shogunate, and holds lectures about the time period and its key figures.

Matsushita Electric Scholarship Fund (China)



To promote the advancement of higher education in China and the development of future scientists and technology specialists, Panasonic donated US\$1 million to the China Friendship and Peace Fund to establish the scholarship program in June 1995. Scholarships are awarded annually to academically outstanding students who are enrolled at China universities and in need of financial assistance.

The Matsushita Gobel Education Foundation (Indonesia)



Established in 1979 by Thayeb M. Gobel, founder of the Panasonic Group in Indonesia, and Konosuke Matsushita, founder of Panasonic, the foundation aims to contribute to the education and welfare of the Indonesian nation. The nonprofit organization offers training programs and workshops on engineering, manufacturing and business management to the general public and small and medium enterprises.

Panasonic Scholarship for Philippine Colleges and Universities (Philippines)



Panasonic initiated a scholarship program in 1993 to promote education and the development of less-privileged Filipino youth. Through the program, promising students are given scholarships covering tuition and allowance to complete a degree in engineering, agriculture, forestry, fisheries, marine science, biology, chemistry, physics, and information technology at designated state universities.

Panasonic Trust (UK)



Marking its 10th anniversary in the UK, Panasonic established the trust in 1984 to assist engineers out in the workforce to stay on top of new developments and technologies in the field. The trust, which is administered by the Royal Academy of Engineering, provides grants annually to a selected number of high caliber engineers who will enroll in Master of Science courses or other high-level educational courses at higher learning institutions in the UK. The grant program was further enhanced in 1997 to celebrate the company's 25th year in the kingdom.

Panasonic Foundation (USA)



In 1984, the foundation was established to help US public school systems serving high percentages of children in poverty improve learning for all students. Instead of awarding grants, the foundation forms long-term partnerships with public school districts and works together with the superintendent, school board, unions, teachers, administrators, parents and other parties involved to restructure education systems. Utilizing the ESSPAR Protocol - its signature evaluation tool for assessing progress on systemic education reform, the program includes seminars, consultations and workshops led by teams of the foundation's consultants.

Timeline

Please see Corporate Citizenship (Web site) about detailed timeline.



Corporate Citizenship site

<http://panasonic.net/citizenship/timeline/>

Recent Activities

"eco ideas" for everybody, everywhere

Individual's personal efforts to save energy is an important element in preventing global warming. As one of the three key initiatives of the "eco ideas" Strategy, we are working on "eco ideas" for Everybody, Everywhere to spread eco activities throughout local communities and the world. Actively promoting the Love the Earth Citizens' Campaign as a basis, which is a vehicle for employees and their families to participate in practical ecological activities, the initiative includes the "eco ideas Contest" targeting all group employees worldwide, environmental volunteer activities, environmental protection activities linked to marketing, introduction of our environmental technologies used in factories to the public, and other activities to raise environmental awareness. And we are aiming to collaborate with external organizations, too. Panasonic provides support and cooperation to NPOs and participates in the national campaign led by the Japanese government "Team - 6%", the goal of which is to raise people's awareness for the environment and achieve the targets of the Kyoto Protocol.



Group employees making the "Declaration of Eco Activities" in China

The Love the Earth Citizens' Campaign has been conducted in Japan since 1998, and to celebrate the campaign's tenth anniversary, it was extended to China in fiscal 2008.

Approximately 67,000 group employees in China signed the "Declaration of Eco Activities" and are implementing environmentally conscious activities, such as the "Household Ecoaccount Book" initiative, the no commuting by car campaign, and the campaign to replace incandescent bulbs with fluorescent bulbs. In July, Panasonic held the Japanese-Chinese joint "CO2 Reduction Eco Challenge by 100,000-employees!" Campaign. 130,000 employees in China and Japan participated in this event, and the estimated amount of CO2 reduction was approximately 180 tons in one week. In a survey after the event, 70% of the employees said that they want to continue energy-saving activities.

"Buy a home appliance, plant a tree"

Planting trees with our customers through our business activities

Panasonic is working to plant more trees around the world through its business activities. Starting in 2003, for example, Panasonic began offering environmentally friendly products, and we began to think about the environment with our customers and embarked on a marketing campaign that would help promote the planting of trees. In fiscal 2008, we rolled out the "buy a home appliance, plant a tree" campaign. Each time a customer purchases a product included in this campaign, Panasonic will plant a tree in Tuyen Quang Province in Vietnam. We chose this region because it saw severe deforestation during the Vietnam War and excessive logging and slash-and-burn farming after the war. In accordance with local demand, we planted white magnolias and acacia mangium, which take root well and grow quickly. During the campaign, we planted about 500,000 trees. This campaign received the support of local people, and so this activity is contributing to the protection of national lands as well as stimulating economic activity. Panasonic has continued to conduct these types of campaigns, and we are currently targeting to plant 250,000 trees in China's Inner Mongolian Autonomous Region in the first half of fiscal 2009.



"Buy a home appliance, plant a tree" campaign poster



Planting trees in Vietnam with the help of local people

Contributing to the healthy development of children

Panasonic has several initiatives underway to support the healthy development of children around the world under the banner of "happy children bring a bright future." For example, Panasonic Kids School is a series of events held by Panasonic to teach sports, ecology, culture, science, art, and a variety of other subjects to children. In fiscal 2008, 148 events were held and attended by more than 28,000 children.



The program in fiscal 2009 has more activities that get the kids involved, such as sports and ecology. To teach kids about the eco ideas in their environment, Panasonic will hold Eco Kids School events, where children can study ecology, participate in practical activities, and create a picture diary. Sports events included the Kanto Boys League Panasonic Cup, a baseball competition for elementary and junior high school kids. This event was attended by 136 teams and 3,800 players, and contributed to the development of children through sports. Panasonic will use this experience with Kids School in Japan to hold Kids School events all over the world.



Nature Activities Class
(Iriomote Island)



Little League Baseball, Kanto Boys League
opening ceremony(Seibu Dome)

International exchanges through company choir

Contributing to international exchanges is one of the important corporate social responsibilities of a global company like Panasonic. Panasonic's company choir, Matsushita Chuo Chorus is one example of these activities. The choir was formed in 1974 and has approximately 100 members from Panasonic group companies. The group is highly professional and has won the gold medal 17 times at the JCA National Choral Competition. In September 2005 the group performed in New York both to commemorate the victims of the terrorist attacks in 2001 and Hurricane Katrina in 2005 and to pray for world peace. In April 2008, on the occasion of the thirtieth anniversary of signing of the Treaty of Peace and Friendship between Japan and the People's Republic of China, they were invited as cultural ambassadors by the Chinese People's Association for Friendship with Foreign Countries to perform in Beijing and Dalian. The Matsushita Chuo Chorus will continue to act as a bridge of friendship to the world.



Matsushita Chuo Chorus performing
with the Red Star Chorus in Beijing

Related information

Please see an The Panasonic Report on Global Corporate Citizenship Activities (booklet) about detailed corporate citizenship information.



The Panasonic Report on Global Corporate Citizenship Activities

This report provides information on the many different corporate citizenship activities that Matsushita Group companies are involved in throughout the world in line with our corporate philosophy of nurturing and coexistence.

For a Sound Society

Cultivating trust through ensuring compliance

Compliance

Panasonic is a public entity that engages in business while adhering to a common group management philosophy of "contributing to society through our business activities". As an integral part of this philosophy, we approach our business activities with the goal of achieving "management trusted by society", and all of our 300,000 group employees work to comply with laws and regulations and maintain a high standard of corporate ethics.

Achievements and ongoing challenges in fiscal 2008



Yukio Nakamura
Director, Corporate Legal Affairs
Division

Panasonic has declared October of each year to be "Compliance Awareness Month", during which group-wide compliance activities are performed. These activities, which were first implemented in Japan during fiscal 2007 and subsequently expanded worldwide in fiscal 2008, are announced annually through a poster campaign and in a message from the president that is broadcasted globally, as well as through "Compliance Comprehensive Tests" and "Compliance Awareness Surveys" conducted in each country and region. During fiscal 2008, over 84,000 employees within Japan and 8,500 employees outside of Japan participated in these tests and surveys. A Compliance Guidebook was also created for China and the Asian region to reinforce important compliance-related points that employees need to apply in their daily operations. Two other important areas that we focused on during fiscal 2008 were fair trade, with particular focus on compliance with anti-trust laws, and compliance with trade laws, with particular focus on security export control law and customs law compliance issues.

In fiscal 2009, we will continue to promote these compliance activities through a unified global framework.

Initiatives

Fair Trade

In today's business world, free and fair competition on a global scale is the order of the day, and anti-trust laws have become the legal standard worldwide.

Unfortunately, Panasonic activities have drawn the attention of antitrust regulators in the past. Last November, the Japan Fair Trade Commission initiated an investigation into alleged antitrust violations in the CRT industry, and similar governmental investigations have been initiated in the United States, the European Union and other jurisdictions. We are cooperating with these investigations.

To assure that Panasonic remain in compliance with all applicable anti-trust laws, a new Guideline for external activities, like industry associations and others, will be formulated and used to help marketing and technical divisions ensure that their practices comply with fair trade principles and legal requirements. In addition, Panasonic will enhance systematic education and awareness raising activities using ITonline training, and will conduct more intensive monitoring.

Compliance with Trade Laws

As a global manufacturer with business activities the world over, Panasonic has an important responsibility to maintain a high level of compliance with security export control and customs laws as a key component of its trade compliance efforts. With respect to security export control, during fiscal 2008, we enhanced our export and re-export control efforts by conducting field examinations in China, Central America, and the

Middle East. With respect to customs laws, in fiscal 2008, we established a Trade Compliance Center at our global headquarters and appointed customs law compliance officers within each business domain in order to promote compliance activities in this area. In Japan, Panasonic has been recognized as a "specified exporter"-a business with a good compliance record-which gives us preferential treatment in customs.

In fiscal 2009, we will promote even stricter compliance in these areas through audits, practical education and instruction activities, and by reviewing those operational processes that are focused on security export control and customs law compliance from the viewpoint of front-line management.

In North America

In North America, a legal coordinator has been appointed at each group company to act as a hub for legal and compliance promotion. The Legal Department of Panasonic Corporation of North America (PNA) holds a quarterly legal review with the top management and legal coordinator of each company to exchange information on legal issues affecting the company, give advice and support, and thus discuss compliance-related issues and find solutions to them. Compliance with the anti-trust laws and U.S. export control regulations is particularly important. An online legal and ethical education program, known as Panasonic Legal Awareness on the Net, or the acronym "PLAN", is being used to educate employees in these areas as well as other topics of concern. On-site group training for employees also reinforces these points.



Legal Affairs Managers
Panasonic Corporation of
North America

In Europe

Panasonic has subsidiaries in most European countries, and the Corporate Legal Affairs Division of Panasonic Europe Ltd. has been working to strengthen compliance, first by ensuring that each company appoints a Legal Affairs Manager. Each company also performs regular legal risk assessments and takes remedial action as necessary. Where common compliance issues are revealed, regional initiatives are taken, as with EU competition law, which has been an important focus for compliance activities for many years. Employees of group companies in Europe receive regular training about EU competition law, both in seminars and by online training.



Legal Affairs Managers
Panasonic Europe Ltd.

Global Compliance Efforts

As Panasonic's business continues to expand globally and our compliance activities cross regional borders, it is vital that we also continue to promote compliance with a global policy and objective by employing a common process throughout our business, and working in concert to implement that process. For many years now this approach has been widely discussed and consistently implemented across our global headquarters, business domain companies and regional headquarters. Compliance Awareness Month is a key part of our efforts in this area. Additionally, a Global Legal Conference was held in March 2008 with the goal of creating specific measures adapted to the unique situations at each



business domain company and regional headquarters from the viewpoint of front-line management. Each participant brought their own business plan-based Legal Action Plans to the conference, and members of the legal divisions of each business domain discussed the various compliance issues faced by their particular region or business domain, as well as measures being, or to be, taken to address those issues with members of the legal divisions of the regional headquarters. This discussion was followed by further discussion of how the legal divisions of the various business domain companies and regional headquarters can work together to quickly, efficiently and comprehensively address the compliance issues that they each face. We intend to continue to expand our compliance network globally and increase its functionality to adhere to even stricter compliance standards in every corner of every worksite.



Instructional poster: Five ways to look at compliance
Translated into 9 languages,
including Japanese



Chinese Compliance Guidebook

Creating an Excellent Workplace



"People are the foundation of business. Develop people before making products." This has been our basic philosophy since our inception, and we have emphasized human resource development so that our people understand our basic business philosophy, and constantly accomplish their mission accordingly. We are actively creating a corporate environment that makes effective use of our diversity, and are rolling out a variety of human resources policies globally.



Executive Officer in charge of Human Resources, Masatoshi Harada (Second from the right. Seen here with the heads of the Diversity Promotion Offices from each domain company. From the right is Ms. Soma from Panasonic AVC Networks Company, Mr. Harada, Ms. Fukuda from headquarters, Ms. Iwasaki from Matsushita Home Appliances Company, and Mr. Higuchi from e-Work Promotion Office.)

Fiscal 2008 Achievements and Ongoing Challenges

In fiscal 2008, we made effective use of information and communications technology and implemented the e-Work program, which permits a variety of flexible work arrangements not constricted by time or location. We are also working to enhance our personnel globally. For example, for key personnel working at companies outside of Japan, there is the Working in Japan program, whose purpose is to train and groom people for executive positions by having them work and study in Japan from several months to a year.

Fiscal 2009 falls in the middle of the GP3 Plan, and in order to advance toward the achievement of true global management, we are continuing to strengthen personnel training and the corporate environment, and are promoting personnel exchanges between countries, regions, businesses, and jobs.

Initiatives

Diversity

In order for Panasonic to provide products and services that satisfy customers all over the world, it is essential that the Company create a corporate culture that allows its diverse employees to fully exercise their capabilities and to play an active role in the Company, regardless of gender, nationality, or age. Panasonic endeavors to provide a wide range of opportunities for its motivated and skilled personnel, and strives to create a structure and environment that is easy to work in.

Promoting the e-Work Program

Panasonic is promoting the e-Work program, which uses information and communications technology to enable people to work from anywhere, and in April 2007, Panasonic introduced the e-Work@Home program applicable to 30,000 employees. As of the end of March 2008, there were about 3,000 people working from home either once a month or one or two times a week. A survey of the people on this program showed that 75% of them felt their productivity improved, and 72% felt that their personal lives were also enriched. Panasonic also established "spot offices"- places where employees can work when traveling on business-at nine locations, and thus far over 3,500 people a month have been using them. The spot offices

have reduced travel time and sped up customer service, so we plan to expand the number of these offices in the future. Panasonic will increase productivity and improve the work-life balance for its employees by accelerating the implementation of a number of flexible work styles.

Initiatives to Maintain a Good Work-life Balance

As part of Panasonic's efforts to create an environment that enables everyone to play an active role, we are implementing initiatives to support a good work-life balance for employees.

Example

Child Care Leave	A total of two years of leave is available until the end of March following the child's seventh birthday
Work and Life Support Program	A flexible work system for those raising children or nursing the elderly, which includes short work-hours, half-days, alternate-days, and other schedules
Family Support Holiday	A vacation system that can be used for a wide range of events, including nursing of family members or participating in the school events of children.
Child Plan Leave	Leave system for infertility treatment

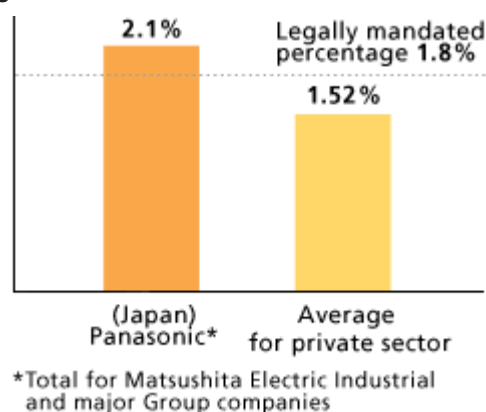
In addition, new benefits were added to the cafeteria plan this fiscal year to support the work-life balance.

Retirement Planning Seminar

For those employees who have put off retirement, Panasonic is providing practical knowledge and information about the issues caused by the mandatory retirement age. Panasonic is also offering the Retirement Planning Seminar for employees over 55 and their spouses to help them complete their post-retirement plans. This half-day seminar is held at all business locations on Saturdays, and in fiscal 2008, about 1,950 employees and their spouses took advantage of it. One employee who attended had this to say: It was a great opportunity for my wife and I to consider our post-retirement financial situation.

Promoting the Employment for People with Disabilities

In Japan, the percentage of persons with disabilities hired by Panasonic and its major Group companies is 2.0%, which is greater than both the legally required level of 1.8% and the average level among all private sector companies of 1.55%. Panasonic also runs special subsidiary companies in the third-sector that cooperate with local communities and government agencies to employ people with severe disabilities.



Initiatives to Appointment More Women to Positions of Responsibility

In 1999 Panasonic began its Equal Partnership initiative, and since this time, we have been promoting the creation of an open, fair work environment-one that does not discriminate based on gender, age, or nationality-through the establishment of the Matsushita Positive Action Program, special training programs for women, and the establishment of the Equal Opportunity Employment Officer.

Then in 2001, the initiative to appoint women to positions of responsibility-heretofore the crusade of the human resources department- was recognized as an engine of diversity for the entire organization, and as one of the management policies to change the corporate climate by facilitating the participation of women in management, the Corporate Equal Partnership Division (currently the Corporate Diversity Promotion Division) was established directly under the office of the chairman and CEO.

An advisory committee made up of the 10 top executives over the business domain companies was then established to implement the various activities originated from the Corporate Equal Partnership Division. Acting as the leader for diversity in their domain, these executives promoted the appointment of women to positions of responsibility, changing the corporate climate from the top down.

July was declared Diversity Promotion Month, during which the Diversity Forum is held to provide an opportunity for the chairman and CEO, executives, managers, and divisional leaders to discuss the role of women within the company and issues relating to diversity.

In 2007 Panasonic reestablished the Career Improvement Seminar with the goal of developing knowledge and improving practical management skills for female middle managers who are upper management candidates. This seminar was attended by 64 people companywide.

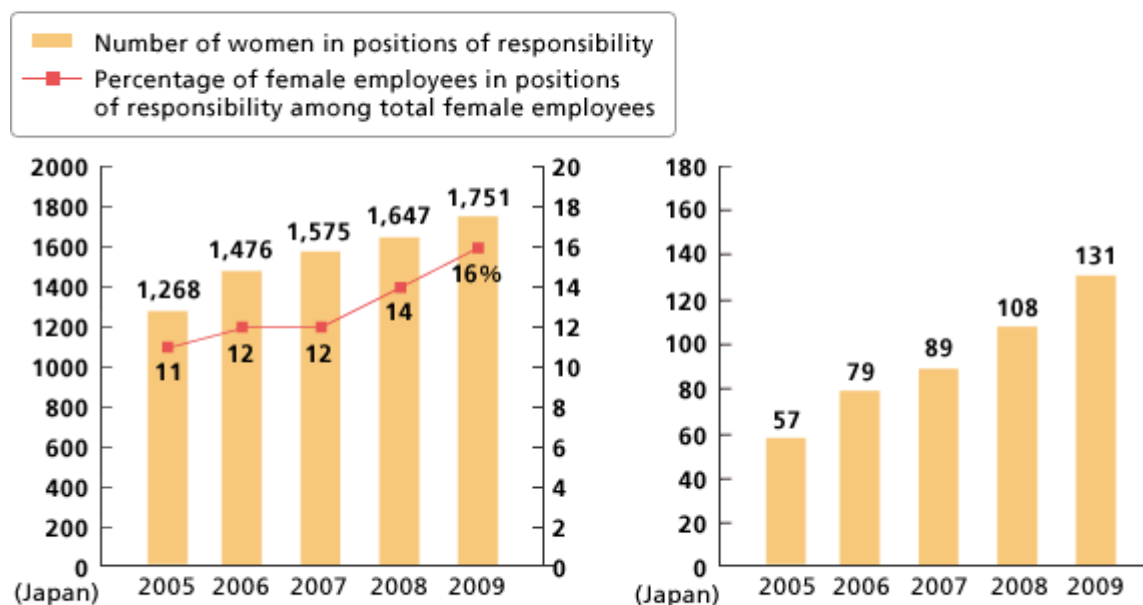
The result of these multi-faceted initiatives was an increase in the number of women serving in a management capacity, whether as a top executive, group manager, or team leader. It also resulted in more women in leadership roles in manufacturing and all other fields, and led to the creation of many new and popular products.

Numbers and percentages of women in positions of responsibility

(as of April 1 in each fiscal year)

Numbers of female employees in managerial positions (Section leader or higher)

(as of April 1 in each fiscal year)



*Total for Matsushita Electric Industrial and major Group companies employees in positions of responsibility: employees that have been appointed to positions such as coordinator or counselor

*Total for Matsushita Electric Industrial and major Group companies

Promoting Diversity beyond Corporate Borders

Panasonic is working with other companies to create a work environment that enables all employees to achieve their full potential regardless of gender, age, or nationality. In 2005, Panasonic joined other leading companies to encourage female employees through the Women's Networking Forum, an annual forum attended by about 520 people from 49 companies. Panasonic is also a member of the Executive Committee of the Diversity West Japan Workshop (with 93 members from 39 companies), a group that gathers to share practical policies and know-how and thus increase the effectiveness of diversity initiatives at each company.

In April 2007 Panasonic worked with the Specified Non-Profit Organization Japan Women's Innovative Network (NPO J-Win), a group established to promote networking among women executives who serve important roles in the management of their companies. In fiscal 2008 Panasonic won the second place award in recognition of our policy, released seven years prior, to bring diversity to the manufacturing division—an area that has lagged behind others in diversity—and for our continuous efforts to improve diversity while pioneering new policies.

Through these attempts to effect diversity outside the corporate framework, Panasonic will learn from other companies as well as contribute to improving diversity throughout the entire society.

Initiatives to Hire More Foreign Employees in Japan

As part of our effort to create an organizational climate that enables people to play an active role regardless of gender, age, or nationality, Panasonic implemented the Action Plan of Global Recruitment, a program to expand the hiring of non-Japanese employees to work in Japan, including both new graduates and midcareer professionals.

This year, in conjunction with this program, we began making environmental changes and fostering an organizational climate that enables us to maximize the potential of each foreign employee working in Japan. For example, foreign employees meet with their immediate supervisors to create an Individual Development Plan so that the supervisor and employee share an understanding of his or her future career path. This is followed up with an interview in two year's time by the human resources division to ensure that the employee's training and education are going well. To provide new employees with vital information about working in Japan, we created the "Irimajiro" website for the foreign community. For Japanese employees working with non-Japanese employees, we instituted inter-cultural communications training that provides tips on how to better communicate across cultural borders.

These initiatives are intended to help each our employees excel and make full use of their abilities, creativity, and sensitivities, and by exchanging different viewpoints, it will make us that much more able to embrace a customer-comes-first attitude.



Meeting of a non-Japanese employee with a mentor

Initiatives to Promote Diversity in North America

Panasonic Corporation of North America (PNA), the company that oversees Panasonic's businesses on the continent, is working to promote a corporate culture of diversity under the leadership of Chairman and CEO Yoshi Yamada. The Diversity Campaign was launched in 2005 to create a climate of tolerance that values the broad experiences and viewpoints of each employee, acknowledges different value systems, and creates opportunities for employees to learn from each other, thus building a creative and innovative organization that produces new, revolutionary ideas.

To meet the many different needs of the workplace, the 2007 Diversity Campaign introduced initiatives to make our employees more autonomous and productive. But, in addition to being good employees, we want our people to be connected with their local communities and have a fulfilling home life, because without the new values and experiences that come from such a lifestyle, we cannot expect the improvement of work quality and productivity. Thus, in 2007, we launched the High-Performance Works Program, and provided an environment that enables people to work more flexibly. We also introduced initiatives to improve the productivity of all employees and achieve an optimum work-life balance. Through this approach to work, we are nurturing a corporate culture that provides Panasonic employees with more autonomy and an increased sense of responsibility that enables them to achieve self-fulfillment through their work.

In March 2008, we introduced a health program and a range of other welfare services for employees and their families through the Perks@Work program. We believe that through these programs we can help enrich the lives of Panasonic employees and their families, and increase employee satisfaction, which not only improves the quality of life for family and friends but also allows Panasonic employees to understand the needs of the customer.



A poster promoting the Diversity Campaign

Equal Employment Opportunities in North America

Panasonic Corporation of North America(PNA), the company that oversees Panasonic's businesses in North America, has instituted intercultural communications training based on its Equal Employment Opportunity(EEO)policies and related laws against discrimination. This training is being provided to promote understanding of the laws related to discrimination in employment, and to prevent harassment in the workplace. This training has the additional goal of teaching employees how to deal with fellow employees, customers, and trading partners, and of creating an open and fair work environment. It also raises awareness among managers and executives of their responsibility to take the necessary actions to comply with EEO policies in the workplace and with the law.

Establishment of an Equal opportunities Consultation Desk

Panasonic established the Equal Partnership Consultation Office and appointed full-time consultants to staff it. In addition, a consultation desk was established at each domain company and business site as well, in an effort to provide a place for employees to go and discuss their concerns about equal employment, sexual harassment, and a wide range of other topics.

Award Records

Panasonic is applauded for its work-at-home system and diversity in the work place

The Eighth Annual Telework Award

Panasonic's e-Work initiative was recognized with the Eighth Annual Telework Award received from the Japan Telework Association.

The J-WIN Semi-finalist Award

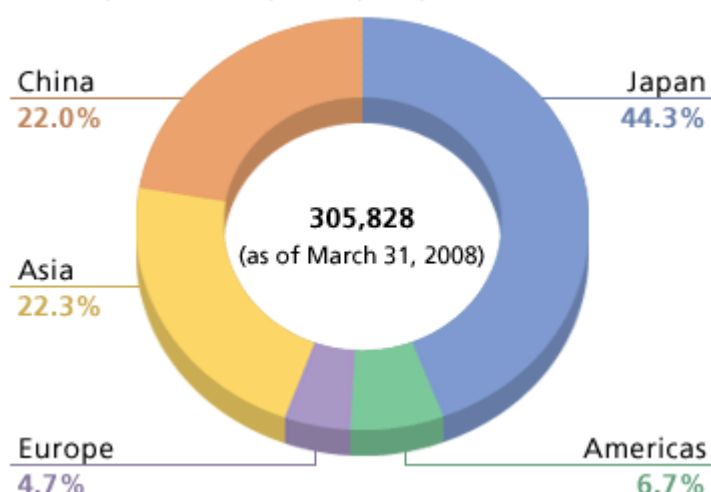
Panasonic's initiatives to promote diversity in the work force in its factories was recognized with the J-WIN Semi-finalist Award, presented by NPO Japan's Women's Innovative Network.

Human Resource Development

To become a company that achieves global excellence in the truest sense, it is necessary to recruit the best human resources from around the world, regardless of race, nationality, age, or gender, and to properly develop and position them within the Group. Amid the increasing globalization of management environments and markets and the emergence of a borderless world, Panasonic is striving to attract and foster personnel that can play an active role on a global basis.

Percentage of Employees by Region

Percentage of Employees by Region

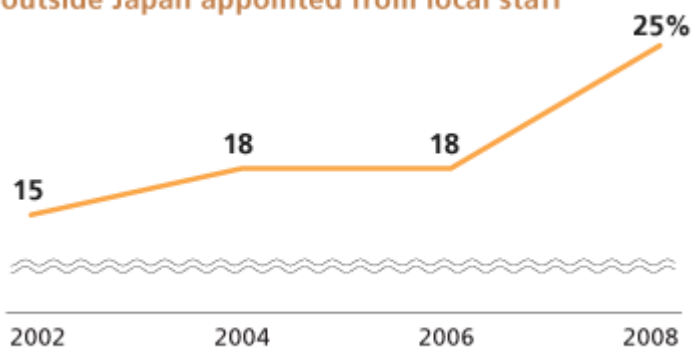


Global Human Resource Development Initiatives

"People are the foundation of business. Develop people before making products." This is the philosophy that underlies our efforts to boost global human resource development through a robust series of programs that include on the job training as well as special training programs off the job.

Panasonic's Human Resources Development Company develops and manages standard training programs that are implemented throughout the company. This comprehensive initiative includes programs to train the next generation of management, leadership and management courses that teach the skills demanded of managers at every level, and courses in Panasonic's management philosophy. There are also programs teaching the specialized knowledge, technology, and skills demanded in our core activities of development, manufacturing and sales of products. Senior Executive Management Seminars (SMS), and Executive Management Seminars (EMS) are conducted for personnel in other countries and aim to bolster training for the upper management strata at Panasonic companies outside Japan. We have been creating an organization that enables people from different countries, cultures, and languages to meet and enrich each other, so this year, we redoubled our efforts on the Working in Japan program-which provides long-term and short-term assignments and training opportunities in Japan-with the aim of enhancing the training of leaders in product development, manufacturing, and sales, and facilitate the placement of personnel in management positions.

Percentage of presidents of companies outside Japan appointed from local staff



*The boundary of this statistic was revised this fiscal year and the data has been restated retroactively.

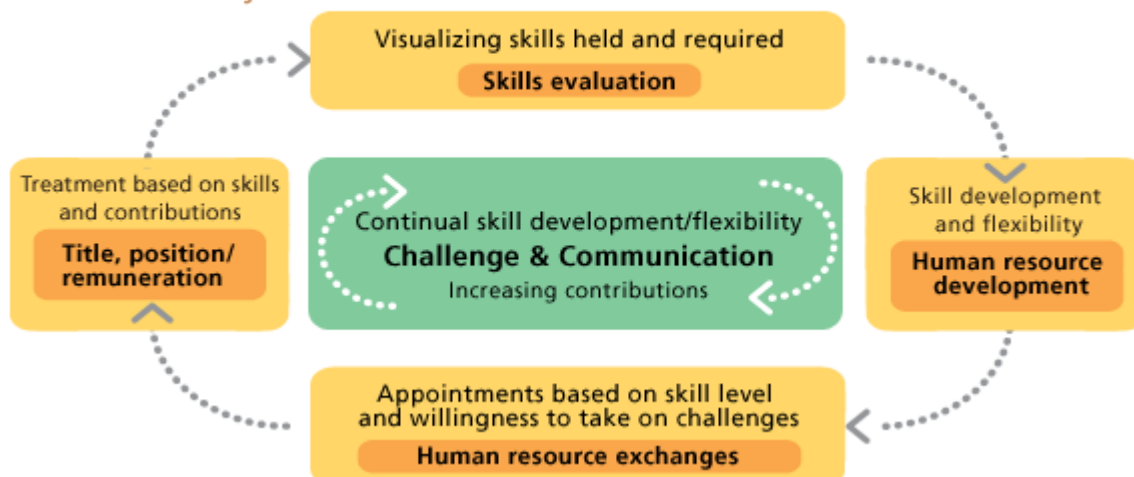
We also implemented a number of training programs tailored to the needs of employees in every business field, and the wide variety of training programs implemented in Japan were also made available at all business sites in other countries.

These human resource development efforts provide the personal growth that is inextricably linked with organizational growth, and repeating this development cycle steadily will result in self-fulfillment for each employee as well as improved results for the company.

The Skills Evaluation System for Accelerating Skills Development and Flexibility

To achieve the stronger and more dynamic frontline in the workplace that will enable us to be a global leader in each business domain, we are creating a work environment in which individuality is valued and employees can exercise their skills to the fullest extent. The Skills Evaluation System, introduced in April 2006, firstly makes existing skills visible and then actively supports employees in finding vigorous and exciting challenges in their work through effective communication with senior staff.

Overview of personnel system after the introduction of the Skill Evaluation System



Occupational Health and Safety Management

When carrying out business activities globally, it goes without saying that we must comply with laws, regulations and ethics relating to employment and labor in each country where we do business. The fundamental policies of the entire Panasonic are not only to respect basic human rights, namely, the prohibition of discrimination, the right to freedom of association, the guarantee of the right to organize, the guarantee of the right of collective bargaining, and the prohibition of forced labor, but also to practice appropriate recruitment and labor management based on the laws and regulations, labor practices, and labor-management relations of each country.



Occupational Health and Safety Management System

Panasonic is currently promoting initiatives to build and operate a global occupational health and safety management system. In Japan, all work locations of Panasonic's major affiliates have developed an occupational health and safety management system based on internal standards. Similar initiatives are being promoted outside of Japan as well, and health and safety assessments will be implemented and other initiatives promoted to achieve a high standard of health and safety.



Internal auditor training

Management System	<p>To provide a safe, comfortable work environment for all employees working on the premises, Panasonic is promoting the General Health and Safety Measures, implementing the 5S activities, and performing health and safety inspections of work places and facilities.</p> <p>[Important aspects of the management system]</p> <ul style="list-style-type: none">● Strengthen the occupational health and safety management system of each domain company and business location● Implement straight-forward health and safety activities
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The Labor-Management Joint Occupational Health and Safety Committee

Panasonic established an Occupational Health and Safety Committee with members from both labor and management at each business location to investigate and deliberate safety and health management issues that affect all the employees. An Occupational Health and Safety Committee was established for the Panasonic affiliates working on site to ensure compliance with health and safety regulations and to disseminate information, among other activities.



Doing a safety inspection of the work place

Safety Management	<p>We are implementing initiatives to establish a "hazard free" work place through risk assessments on high-risk irregular operations and hazard prevention activities.</p> <p>[Important aspects of safety management]</p> <ul style="list-style-type: none">● Improve precision of injury risk assessment● Raise safety awareness● Strengthen cooperation on fire and accident prevention
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Injuries, Work-related Illness, Working Days Lost, Absentee Ratio, and Number of Major Work-related Accidents and Injuries by Region

There were 25 incidents world wide according to reports of serious work-related accidents received last year at the headquarters: 6 accidents in Japan, 13 in China, 1 in Taiwan, 2 in Singapore, 2 in Indonesia, and 1 in Slovakia.

Accordingly, we will distribute a global report on the more serious accidents, address the issues companywide, and press for health and safety assessments.



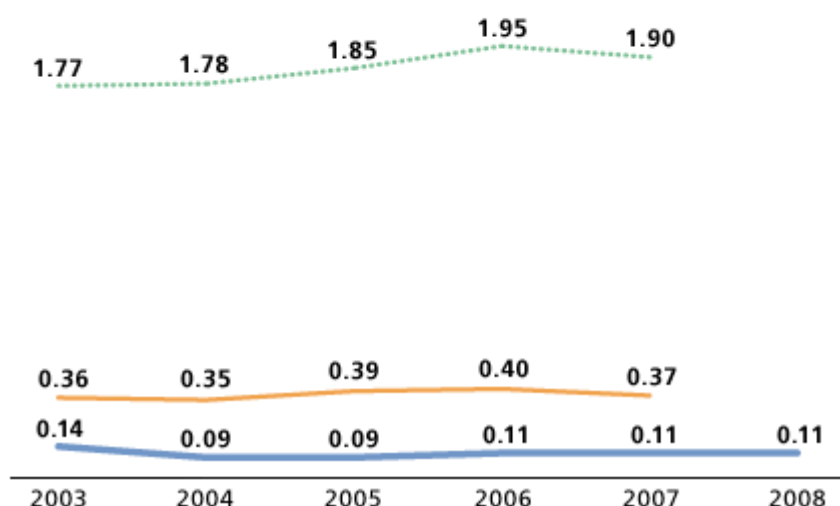
Occupational Health and Safety Assessment (on-site hearing) in China

Industrial accident rate(Time-lost accident)

(Accidents/one million working hours)

- All industry average
- Electric, machinery and manufacturing industry average
- Panasonic*

*Excluding Matsushita Electric Works, PanaHome Corporation, and Victor Company of Japan.



Time-lost and severity rate due to labor accident (Japan)

Year	2003	2004	2005	2006	2007	2008
Time-lost	1,059	7,358	409	1,762	584	368
Severity rate	0.008	0.055	0.003	0.014	0.005	0.003

*Time-lost: Total time-lost of victims due to labor accident

*Severity rate: Proportion of time-lost per 1,000 hours of total working hours

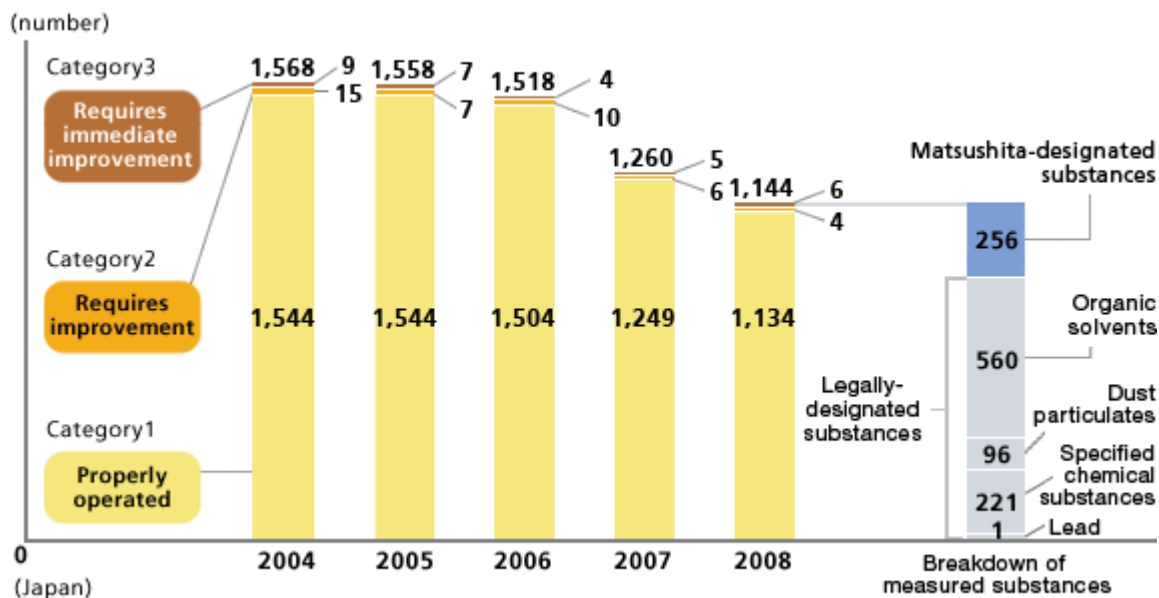
Sanitation Management

We are implementing initiatives to establish a "more efficient work environment" through risk assessments of chemical substances, equipment inspections, and efforts to improve the work environment.

[Important aspects of sanitation management]

- Achieve optimum work environment for the existing work conditions
- Strengthen management of chemical substances
- Promote anti-asbestos measures

Number of workplaces by Management Category and Breakdown of Measured Substances



Notes: 1. Scope expanded since 2002(excluding Victor Company of Japan, Ltd.)
2. Data collected from January to December

Employee Health Management Policies and Initiatives (Fiscal 2008)

Health Management	<p>We are implementing initiatives to achieve "greater health for employees" through health management measures for those working long hours, a higher level of work-site communication, and activities to promote and maintain health.</p> <p>[Important aspects of health management]</p> <ul style="list-style-type: none"> ● Promote overwork prevention measures ● Promote mental health measures ● Healthy Matsushita 21 (Matsushita health promotion activities)
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Calisthenics at the work place



Corporate Anti-Smoking Campaign

Preventing HIV/AIDS, Protecting the Rights of Those with HIV/AIDS, Assistance for the Families

Panasonic believes that, armed with the proper knowledge, HIV/AIDS can be prevented and unnecessary confusion and worry avoided in the work place. Thus, Panasonic has undertaken to educate all its employees about HIV/AIDS as the cornerstone of its initiatives in this area. In human resources management, with the protection of the human rights of our employees with HIV/AIDS as our guiding principle, we will

1. keep personal information confidential
2. prohibit discrimination in personnel matters
3. require consent for testing of HIV/AIDS
4. carry out educational activities

Implementing the Overseas Labor Assessment

Against a backdrop of expanding global business activities, Panasonic introduced in fiscal 2008 the Overseas HR & Labor Assessment, whose goal is to strengthen compliance with labor and human rights requirements at companies outside of Japan, and to bolster labor risk management. The Overseas HR & Labor Assessment is used at companies outside of Japan and is a self-administered checklist of 300 items whose purpose is to determine if proper labor practices based on local labor laws and employment regulations are being followed, and to determine if there are latent labor risks that will affect business or create problems later. The initial assessment is done by the company itself, and a final assessment is performed by assessors from the business domain company in Japan. Panasonic also provides regular assessor training to raise the effectiveness of assessments. Panasonic is working to strengthen labor management at the global level while deepening relations between companies in Japan and other countries.

Labor-Management Dialogue through the Panasonic European Congress

Following an EU directive* adopted in 1994, each Panasonic company in Europe quickly set up a voluntary labor-management agreement and established the Panasonic European Congress. In fiscal 2008, 29 employee representatives from 13 countries gathered together for a three-day course in Paris, where they exchanged information regarding management strategy, business challenges, employment and labor conditions, and conducted lively discussions with management executives.

* A directive that obliges all companies employing 1,000 or more employees in two or more countries of the European Union to establish a pan-European labor-management consultation committee.

Panasonic Discusses Labor-management Talks at ILO Forum

Panasonic Europe's Danny Kalman, Director in Charge of Human Resources, spoke at the forum celebrating the 30th anniversary of the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, held at ILO headquarters in Geneva, Switzerland, in November 2007. Mr. Kalman spoke about labor-management talks in China as an example of best practices, and one person commented that Panasonic's efforts to hold labor-management talks are a practical implementation of the "harmonious workmanagement relations" that the ILO is advocating.

Panasonic will continue to enhance healthy labormanagement relations by engaging Panasonic employees in meaningful discussions.



Director Kalman of Panasonic Europe giving a presentation



ILO Forum in Geneva

Proactive Labor-management Talks Implemented in China

Though the ratio of union organizations varies among private companies in China, 55 of the 59 Panasonic group companies have unions, and there are labor-management talks every couple of months. China is rapidly developing, and the expansion in the number of production facilities sometimes affects the work environment, but through labor-management talks, Panasonic is steadily working to improve the work environment. In fiscal 2008, one of the Panasonic group companies producing compressors added equipment, and this raised the temperature of the factory, but with the coordinated effort of both labor and management, the situation was quickly resolved, and a more comfortable work environment was restored. This solid labor-management relationship is the key to creating an excellent work environment.

Responsibility in Products and Services

Contributing to society through
our products and services



Since the founding of our company, we have aimed to practice a corporate philosophy of contributing to society in all of our activities, taking a "customer comes first" approach not only to product design and quality, but also to communication of information, customer support, information security and other areas related to our products.

Customer Satisfaction (CS)

Basic Approach to Customer Satisfaction (CS)

The following words of Panasonic's founder Konosuke Matsushita on what is "true service" express our basic customer service philosophy.

True Service

Service is an integral part of any business. A business that does not provide service is no business at all.

Service, therefore, is the duty and obligation of any business person. But, there's nothing more aggravating than service provided only out of a sense of duty. Customers can sense it.

Service means satisfying customers, and when we satisfy our customers, we in turn find satisfaction in a job well done.

Satisfied customers and satisfied employees. This is what constitutes true service.

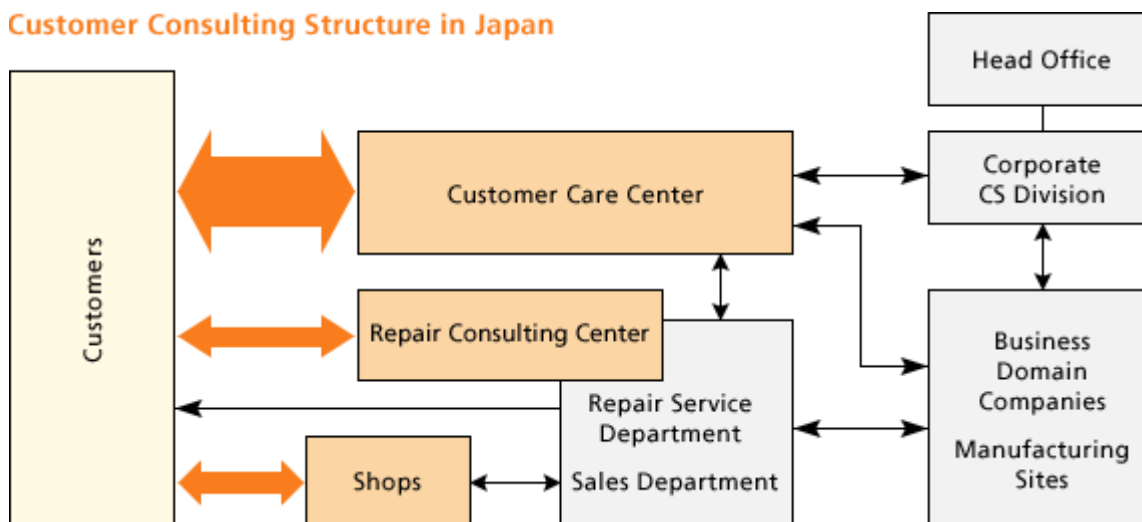
The Founder Konosuke Matsushita

Promotion Framework

The Corporate CS Division is responsible for the group-wide administration and strategic planning of CS activities. The Customer Care Center and the Repair Consulting Center handle inquiries and requests from customers.

Individual business domain companies and manufacturing sites cooperate with the Customer Care Center and the Repair Consulting Center to provide specialized support and incorporate valuable customer feedback and information obtained through repair services into the product development process.

Customer Consulting Structure in Japan



Initiatives

Corporate VOC Committee: Incorporating Market Feedback

In recent years, with the aging of society, with product functions increasing in number and complexity, and with the spread of catalog sales and other non-store sales, there is also an increasing number of inquiries from customers about which products to buy and how to use them.

Our response to these inquiries does not end when that customer's questions are answered. We use these customer inquiries to analyze our products and find out why they may be difficult to use or understand, and then we use this information to improve our manuals and catalogs, and improve the next products we produce. This information is also used to improve management. These are called Voice of the Customer (VOC) activities.

Companies like Panasonic AVC Networks Company-producer of plasma televisions and digital cameras-and Panasonic Communications Company Limited-producer of facsimiles and telephones-are leading the industry in global VOC activities, and these activities have received high praise outside the company as well. To help spread these results company wide, the Corporate VOC Committee was established in January 2007.

This committee shares best practices of the development, production, sales, and services divisions with other members, introduces new mechanisms for incorporating market feedback into the manufacturing process, and works to improve customer satisfaction by actively promoting other lively activities.

A briefing was held in October 2007 to hear reports on various activities such as quality improvement, function improvement, and manual improvement, and share the actions taken throughout the company.

Initiatives to Incorporate Customer Feedback in Our Products

Panasonic AVC Networks Company (PAVC) is an industry pioneer in Voice of the Customer (VOC) activities. VOC activities collect feedback from customers from all over the world for use in product development and design, in an effort to predict or detect quality problems quickly and to improve our products accordingly.

We also work closely with service and repair companies to get feedback from their engineers and thus be able to take quick action when problems arise. We call this the Voice of the Engineer activities.

From both VOC and VOE activities, we can "see the voice of the people" and implement different initiatives to build products with the customer's input, leveraging this valuable voice of experience.

We have also been using audio-visual aids to explain the use of our rapidly evolving digital products so that they are easier to understand for the customers. One example is the digital manuals provide via our website. Last year, the manual for our flat-screen television Viera and DVD recorder Diga, multi-media instructions for connecting and setting up equipment, and operating the equipment won the 2007 Japan Manual of the Year award (*1).

PAVC's efforts to expand its contact with customers around the world is being highly praised outside the company as well, winning the CRM Best Practice Award (*2) for three years running, and the Contact Center Award (*3).

*1 An award system that seeks to improve the quality and production technology of users manuals and digital manuals. Manual of the Year is the highest award in the general category. The award program is sponsored by the Japan Technical Communicators Association.

*2 An award presented by the CRM Association of Japan to promote the spread of CRM (customer relationship management; a method of building long-term relationships between corporations and customer through info-systems).

*3 An award system for excellence in corporate contact centers (call centers). Sponsored by Ric Telecom.

Panasonic's Consumer Month Commemorative Symposium to Strengthen Initiatives for Improving Customer Safety and Security

At Panasonic, "customer comes first" is the fundamental principle behind our effort to improve products and services, and during Consumer Month each year in May, we strengthen and promote our "customer comes first" initiatives. In May 2007 we held the Consumer Month Commemorative Symposium for the people in charge of business divisions, business domain companies and Group companies, and people with Advisory Specialist for Consumers' Affairs. The symposium covered the following topics.



The 2007 Consumer Month Commemorative Symposium

1. **While implementing the initiatives given by the government to protect consumer safety, such as the implementation of the Amended Consumer Appliance Product Safety Law, which requires reporting of serious product accidents, we are doing the following:**
 - a. Respond to customers faster than before, comply with laws, and be diligent in performing our activities.
 - b. Release the necessary information to the customer, and deal with customers justly and fairly.
2. **Initiatives for the safety and security of customers**
 - a. To improve product quality, promote the use of repair information
 - b. Strengthen initiatives around the VOC Committee, whose purpose is to have the entire company work to employ customer feedback into our manufacturing process
3. **Amend Basic Regulations for Customer Relations based on JIS Q10002(ISO10002) Quality management -- Customer satisfaction -- Guidelines for complaints handling in organizations, and implement a high standard of customer service uniformly company wide while actively engaging the customer to get feedback and reflect this feedback in management.**

These efforts and initiatives were reinforced, and all attendees swore to perform their daily operations with the customer's point of view in mind.

Pursuing Extreme Customer Satisfaction (XCS) in North America

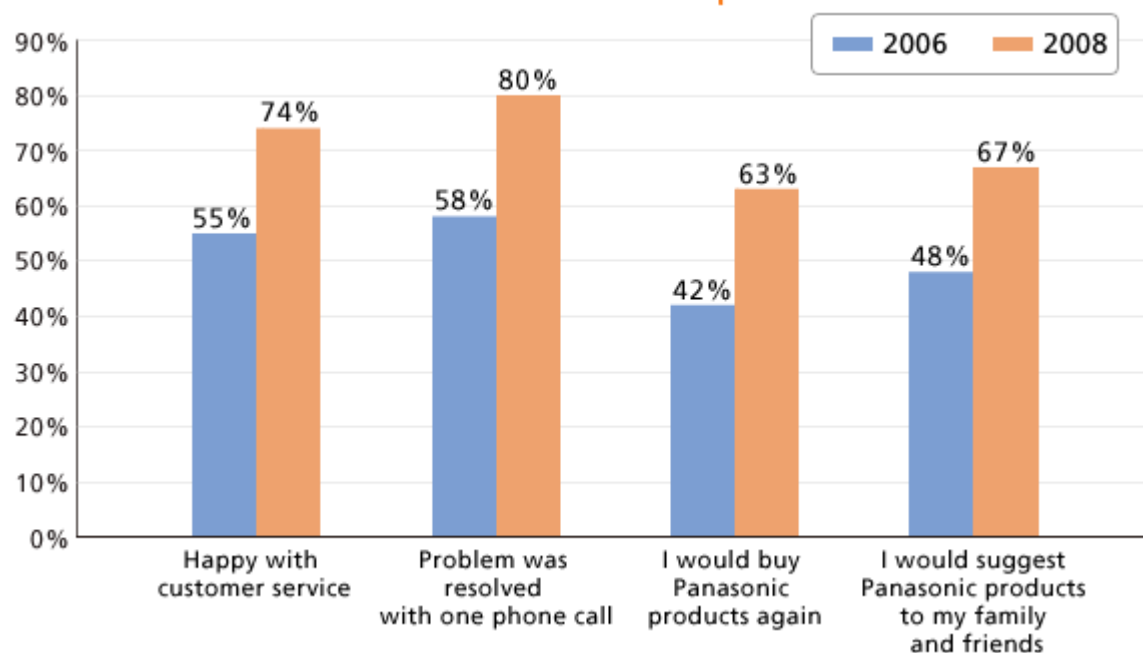
The Panasonic Customer Call Center (PCCC) is implementing a range of activities under the XCS banner, aimed at achieving genuine customer satisfaction. As part of this approach, recognizing the importance of after-sales service in achieving XCS, PCCC introduced the Plasma Concierge program as a point of contact with customers who have purchased Panasonic plasma TVs. This program provides dedicated members of staff to answer customer queries on an exclusive toll-free number.

The program has been very well received since its introduction and the number of plasma TV enthusiasts has grown steadily. In addition to this, PCCC has improved its business processes with the implementation of IT systems and efforts to increase efficiency. The introduction of an automated system to transfer calls to staff responsible for the relevant product has also enabled PCCC to achieve the target of call waiting times of 30 seconds or less for products other than plasma TVs. PCCC plans to use the know-how gleaned from the program to improve its services for other products.



Jose Matos Plasma Concierge program technical support

Satisfaction with Customer Service at Panasonic Corporation of North America



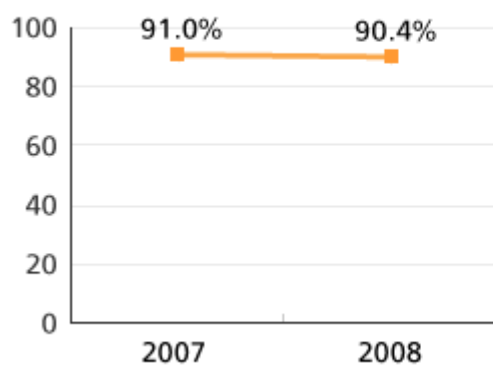
Initiatives to Raise Customer Satisfaction

To improve the quality of customer service, Panasonic sets numerical targets for type of response, response rate, immediate response rate, and customer satisfaction, and these are maintained as KPI.

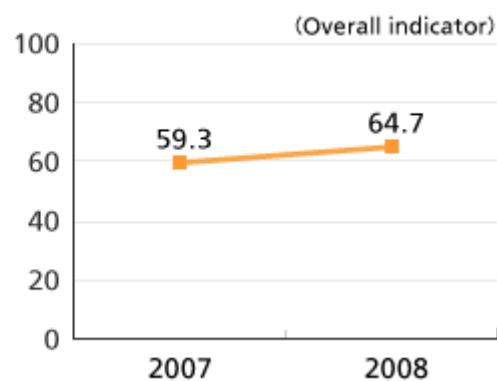
In Japan in fiscal 2007, the General Contact Center was established to improve the customer satisfaction rate.

To improve the skills of the call center staff, the Consultant License System was established. In this system, a skill level index is used to assign credentials to call center staff.

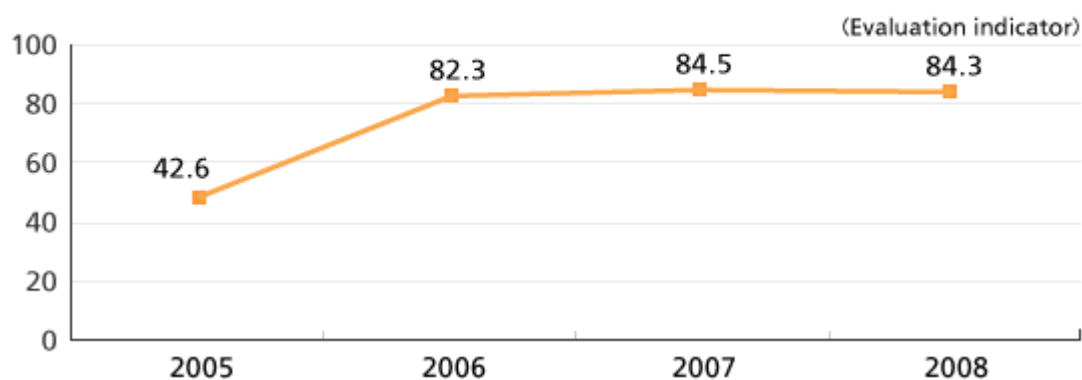
Customer Satisfaction Index



Telephone Response Quality*1



E-mail Reponse Quality*2



*1 Overall indicator that sums the response content, answer rate, immediate answer rate. Introduced in fiscal 2007

*2 Evaluation indicator provided by third-party evaluating organization

CSR Procurement

Working with our suppliers to contribute to sustainability



We consider our suppliers to be partners in creating products and services that our customers will be totally satisfied with. We also work with our suppliers worldwide to contribute to a sustainable society.

Basic Policy

Procurement Policy

We introduce the Group's basic approach to procurement.

For Suppliers

We ask our suppliers to comply with our CSR requirements.

Clean Procurement Declaration

Fair and impartial procurement: introducing Clean Procurement, the principle underpinning all Group procurement activities.

Initiatives

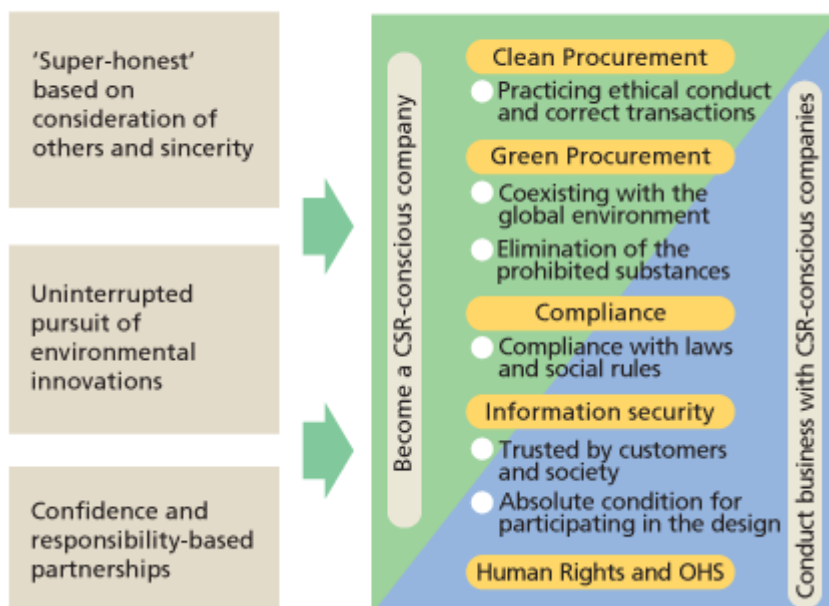
Working with Suppliers to Implement CSR

In order to promote CSR Procurement globally, we conduct the CSR-conscious Procurement Conferences. Launched in China in March 2007, these conferences were organized in various regions of the world where we are developing our business, and they have been attended by approximately 6,000 people from 4,366 companies.

At the conferences we announced the Clean Procurement Declaration, which describes Panasonic's commitment to building fair and equitable global trade relationships through an unbiased procurement process. We explained Panasonic's CSR concepts regarding legal and regulatory compliance, information security, the environment, and human rights, and sought their understanding on CSR Procurement. We also expressed our expectation for our suppliers to become CSR companies in order to have continued relations as the best partners and deliver the highest satisfaction to our customers world-wide.

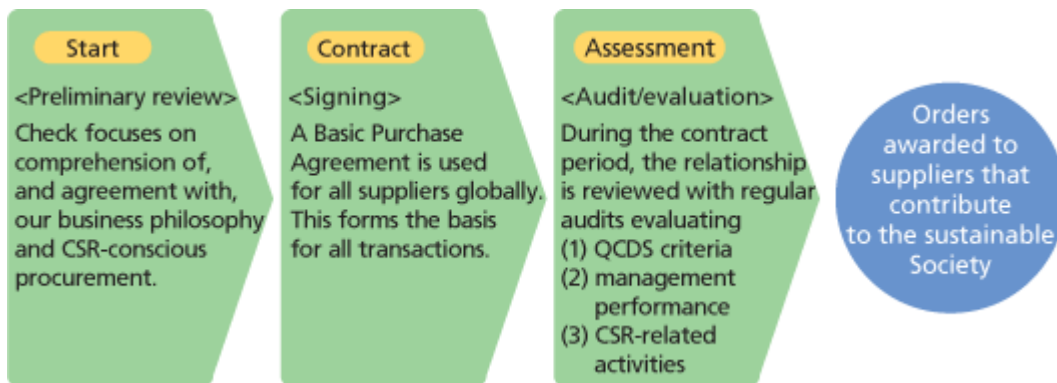
CSR Procurement Concept

Without practicing CSR procurement, an enterprise is neglected by society today



Introducing the CSR-conscious Procurement Implementation System

Panasonic places its purchase orders with suppliers that contribute to the sustainability of society. If for some reason a supplier violates the CSR requirements of the basic purchase agreement, we ask them to take immediate action to solve the issue and report to Panasonic, and based on the content of that report, Panasonic may take action to reduce or suspend business with that supplier.



Procurement Policy

1. Working together with Suppliers

Suppliers are invaluable partners in our efforts to continually better serve customers in all of our business areas, mainly by helping us to develop products that meet the customers' expectations. Panasonic is committed to creating the functions and values customers demand by establishing relationships of mutual trust with suppliers through joint efforts.

To evaluate and select the best suppliers in a fair manner, Panasonic has adopted the following criteria.

1. Assurance of required product quality and safety
2. Competitive pricing
3. Fulfillment of on-time delivery
4. IT-oriented responsiveness to changes
5. Advanced technology and development capability
6. Stable operation infrastructure
7. Environmental consciousness
8. Compliance
9. Information security
10. Respecting human rights and the health and safety of labor

2. Implementation Information Gathering and Purchasing during the Development Phase

Our procurement employee serves as a liaison between the company and its suppliers to collect information on market trends in parts, materials, and products as well as new technology, materials, and processes. We are responsible for collecting key information and sharing it with the relevant sections and individuals.

Procurement employee must collaborate with suppliers and the company's product planning, design, and R&D operations to take proactive actions. We want to help make products that are more competitive through active involvement in all manufacturing processes, from product development to after-sales services and making effective proposals.

3. Ensuring Product Quality and Safety

In line with the autonomous quality assurance policy, we will clarify the quality level of functions and standards that procured parts, materials, and products must fulfill in the development phase and request suppliers to secure and maintain the required quality.

We also ask each suppliers to develop their own autonomous quality assurance systems by ensuring high quality in manufacturing processes.

4. Implementation Cost Reduction Programs

We will endeavor to reduce not only materials and processing costs but also total costs to achieve the product values and prices expected by customers. To this end, we will closely work with our suppliers to expedite the development of new materials and processes and VE (Value Engineering) activities.

5. Achieving Optimum Procurement by Shortening Lead-times

We will strive to shorten lead-times for procurement, product development, production and administrative processing to flexibly respond to changes in market needs by closely collaborating with our various sections.

6. Living in Harmony with the Global Environment through Green Procurement

We will place priority on procuring environmentally friendly parts, materials, and products and promote the development of new materials and parts that have less impact on the global environment with a view to achieving Green Procurement.

7. Improving Global Procurement

Panasonic must contribute to host countries through local procurement. We aim to establish partnerships with suppliers by considering the feasibility of long-term business arrangements in addition to optimum quality and prices. We will also develop an information network among global production operations to make flexible and prompt responses.

8. Enhancing Compliance

To conduct procurement activities with integrity, we will ensure compliance with the laws, regulations, and social ethics in each nation and region and promote fair and open competition.

9. Better Utilizing Information and Enforcing Information Security

We will make efforts to gather information that is useful to our business operations and then effectively manage, utilize and eventually dispose of this information. Regarding the information of other companies, we will carefully consider whether it's necessary before obtaining it and take every possible measure to maintain its confidentiality and prevent leakage.

10. Respecting Human Rights and the Health and Safety of Labor

Panasonic will conduct its procurement activities while respecting the human rights of individual employees of the company and its suppliers and thus provide a safe and healthy working environment.

For Suppliers

How Panasonic Expects its Suppliers to Achieve CSR Procurement

A genuine partnership with our suppliers is essential for Panasonic to implement its business activities. In this respect, Panasonic intends to fulfill CSR (Corporate Social Responsibility) throughout its supply chain.

Therefore, we strongly ask our suppliers to meet the following CSR requirements.

1. Agreement with Panasonic's Clean Procurement Policy

Our suppliers must agree with Panasonic's "fair and ethics-based procurement principle" (Clean Procurement Declaration) and implement fair business.

2. Product Quality and Safety

Our suppliers must provide the product quality and safety levels required by Basic Purchase Agreements and individual contracts concluded with Panasonic's business units. They must also develop quality assurance systems and fulfill requirements specified by quality warranties.

3. Environmentally Consciousness Management (Green Procurement)

Our suppliers must actively implement programs for conserving the global environment and conduct environmental management. The supply of all parts, materials, and products to Panasonic must be carried out in accordance with the Green Procurement Policy.

4. Compliance and Fair Trade

Our suppliers must ensure full compliance with laws, regulations, and social ethics under the Basic Purchase Agreements concluded with Panasonic's individual business units.

5. Information Security

Our suppliers must implement information management for sharing information in line with the information security policy set forth in Panasonic's ISM Criteria for Suppliers

Ensuring Information Security

Panasonic is committed to fulfilling its corporate social responsibilities as a global company with whom customers can feel a sense of security in dealing, aiming to build a healthy information society. Specifically, we will implement effective information security programs to properly handle and manage customer information, personal data, and information assets such as technologies, quality, products, and services.

To achieve this goal, Panasonic has specified its own information security standards, and we ask our suppliers to achieve the same level of information security.

If you would like to build a deeper and wider partnership with Panasonic, you must appreciate the need to ensure information security as one of our most important social requirements.

6. Safeguarding of Human Rights and the Health and Safety of Labor

Our suppliers must not use any illegal, forced, or child labor force. They must also fully comply with the laws and regulations in each country and region where they conduct business operations with regard to employment conditions and occupational health and safety standards, including remuneration and working conditions.

7. Corporate Citizenship

Our suppliers must actively implement corporate citizenship programs that contribute to the well-being of international and regional society by utilizing their managerial resources to support the community.

Clean Procurement Declaration

Fair and Appropriate Procurement Activities

1. Fair Transaction on an Equal Basis

Based on the company's Basic Management Philosophy that a company is a public entity of society, we conduct fair and appropriate transactions with global suppliers according to specified policies and procedures while maintaining the belief that there shall be "no private interests" in the procurement process.

2. Selection of our Suppliers

When procuring goods and services, we assess and select our suppliers by providing fair competition opportunities according to the following procurement standards, in addition to each supplier's agreement to comply with legal and social ethics and the company's Basic Management Philosophy and Code of Conduct.

1. Assurance of the required quality and safety
2. Consideration of the environment
3. Advanced & High technology and development capability
4. Competitive pricing
5. Fulfillment of the on-time delivery
6. Stable operation infrastructure
7. IT-based flexibility to changes
8. Consideration of human rights and labor safety and hygiene
9. Information Security
10. Respecting human rights and the health and safety of labor

3. Practicing Appropriate Procurement Activities

To build an appropriate relationship with the suppliers based on the fair competition principle, the company has specified rules such as "Except for specific events indicated by Matsushita, individuals shall not accept any supplier invitations to dinners, golf tours, sightseeing trips or gifts." The members of the Board of Directors, executive officers and all employees shall obey these rules when procuring goods and services for the company.

Business Competitiveness of Panasonic's CSR initiatives

Input comment for CSR Report 2007/2008

Successful business models are designed to take intangible more into consideration. Brand, customer satisfaction, environmental commitment, and the development of the knowledge base and human capital of the company, are determinant for ensuring sustainable growth. In this sense, intangibles are becoming key for differentiating products and services, beyond functionality and scope. Looking at the electronics and appliances markets, which are characterized by quick changes in tastes and trends, the ability to constantly renovate, is highly required, in order to keep the products aligned with changing customers' flavor. Innovation has to emerge not only in marketing technologically advanced products, but also in the ability to understand local needs and lifestyles. Decentralization of R&D and design centers is a rewarding strategy, where MEI is in the forefront, increasing the chance of being aligned with local cultures. Furthermore, shorter product lifecycles mean more obsolescence and quick replacements, which contribute to an increase of the volumes of waste and of the demand of scarce raw materials. Leading companies take into account e-waste and resources scarcity issues during the whole product life cycle, engage in take-back actions and foster recycling. Since 2000 MEI through its subsidiary METEC (Matsushita Eco Technology Center) engages in the recycling of four major electric appliances (televisions, washing machines, refrigerators and air conditioners). Extending the recycling program to other electric appliances and electronic components would be consequent and an essential development. In addition, the inclusion of an improved management of the environmental challenges throughout the whole product life (modularity, avoidance of toxic substances, take-back programs for end-of life products) into corporate strategy would contribute to a durable differentiation from competitors.

MEI recognizes the opportunities arising from an enhanced management of intangibles: its commitment toward sustainability is constantly growing over time, underlying the efforts of the management to let sustainability permeate into the corporate culture and daily activities. In the environmental dimension, the company demonstrated over the years several improvements. Besides increasing the ecological efficiency, reducing emissions of pollutants, and decrease the use of resources, MEI was able to implement an effective environmental policy covering the whole group. The early recognition of the challenges and opportunities arising from the increasing environmental awareness, enabled MEI to reduce its own production emissions as well as from its supply chain and the impact of its products. In fact, customers are now more aware about the importance of environmental performance when making purchase decisions. Moreover the legal framework is changing to restrict the use of highly polluting products and components. The labeling of products now includes environmental performance indicators, besides technical specifications. MEI set and achieved clear targets with regard to the energy efficiency of its product line-up. The performance of several products and appliances, starting from domestic appliances, moving to energy saving electronic components, to bigger integrated solution for housing (ecological homes, water heaters, home-use fuel cells) improved significantly over the years. In addition to an increasing number of highly ranked energy-efficient products, MEI is engaged in promoting the adoption of environmentally sustainable products through marketing campaigns, advertising and other publications. Being able to influence users' behavior when operating electric equipment has a dramatic influence on energy efficiency.

To make sure that the sustainability engagement of a company is perceived accordingly by stakeholders, internal structures and organization need to be aligned to the sustainability strategy. Therefore communication within the group should be open and transparent - not an easy task for corporations employing several thousands of people worldwide. MEI sets its priorities in enabling correct interaction between management and employees. As an example corporate performance is communicated at least on quarterly basis, and, for more dynamic business units, on a monthly basis. Transparency of the human resources management is ensured by using key performance indicators. Diversity, equal remuneration, freedom of association, health and safety standards are the foundation of MEI's approach toward human resources. Developments and achievements on this respect are available to all stakeholders, underlying the company's leading role within the industry. Appropriate skill development of MEI's human capital is ensured by an evaluation system introduced back in 1996. Human resources skill mapping is therefore available for

the majority of the group's employees and represents a good basis for the implementation of strategies for the individual skills' expansion. The next challenge for MEI's human capital development would be to actively and regularly measure the results of the skill development strategy in term of impact on corporate returns and profitability, by assigning a value to the return on the investments in training and development of the skill portfolio. This would allow MEI to fine tune efforts and align them to the long term strategy.

Overall MEI is successfully devoting several efforts and resources to improve its sustainability performance. The sustainability strategy goes far beyond being compliant with law and regulation worldwide, engaging in corporate citizenship activities and offering attractive opportunities for employees or, generally avoiding potential risks related to sustainability. Strategies and structures are in place to gain from the opportunities arising from a changing environment and stakeholders' perceptions. MEI is on the best way to deliver sustainable value to stakeholders and reflect it in the Panasonic brand, leading to a long lasting competitive advantage.

Jvan Gaffuri
Zürich, April 25, 2008

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Our Unchanging Management Philosophy and Global Panasonic

A Company is a Public Entity of Society

This year, we celebrate the ninetieth anniversary of our founding.

Since our founding in 1918, we have received tremendous support from numerous people and the patronage of our customers, and we would like to extend our heartfelt thanks to all of you.

Our founder Konosuke Matsushita believed that "Matsushita Electric was something entrusted to us by society."

This view of our corporate social responsibility has informed our management approach throughout our history, and in this auspicious year that marks a major turning point for the company, we would like to look back over our corporate social responsibility in the past, and explain about our social responsibility for the future.

A Company is a Public Entity of Society

So in one respect a business endeavor, whether it is a one-person business or a huge corporation, can be seen as belonging to the people or person who conceived it and wanted to pursue the idea. On another level, however, that enterprise exists because of and for the sake of sustaining society. Its justification is in part to advance and elevate culture. From that perspective, a business or enterprise of any sort is, without question, a public entity.

The Founder Konosuke Matsushita

Our founder believed that since all those things necessary to a company—people, money, land, and goods—come from society, then the company itself is something entrusted to us by society, and is actually of the society, and is thus a public entity. He also believed that, as a public entity of society, companies should contribute to society through business activities in a variety of forms, and thus it is the company's social responsibility to improve the quality of life of society.



Code of Conduct for implementing management philosophy. Basic Management Objective, Company Creed, The Business Principles

The Mission of a Corporation

The social responsibility of an enterprise can be conceived in any number of ways, but whatever the approach, the fundamental element is its contribution to society through the work that it is set up to do.

The mission of enterprises that manufacture and supply goods, on the other hand, is to gear production to demand by developing superior products that will be truly useful to people; to manufacture them as efficiently as possible; and supply the necessary volume at a reasonable price.

The Founder Konosuke Matsushita

Our founder believed that the mission of manufacturers is to produce an abundance of goods and supply them to society and thus give people more freedom and eradicate poverty. In order to keep this mission forever in the forefront of the minds and hearts of all employees, the company developed "the business principles," and these tenets live today in the basic philosophies of all group companies.



Corporate mission revealed
The company's first founding ceremony held in 1932

Existing Harmoniously with each Community and the Environment

Insofar as an enterprise is a public entity that carries on its work within a social context, it is essential that the company or firm create a harmonious place within the community where it is located and maintain a balanced relationship with the environment.

When a business of some kind moves in, it occupies a large amount of land, and it employs numerous people. That company must be ready to make some commitments - a promise to become a genuine part of the local community and the environment, to maintain harmony with both, and to make a significant contribution to the life of the community.

The Founder Konosuke Matsushita

Our founder believed that eradicating poverty and coexisting with the global environment are important aspects of our corporate social responsibility and our corporate mission. He also believed that industry and the economy exist to create true wealth and well-being for people. People do not exist for industry. Thus, companies should take the lead in protecting the irreplaceable environment by putting their power to use in this area. Without doing so, a company can not truly prosper and expand.



Enriching the lifestyle of society Major household appliance lineup

Free Competition and Co-prosperity

A business has to expand and develop all the time, but the prosperity that results can not be enjoyed solely by the company itself - it must be shared with society. Even if a company prospers while thinking only of itself, this situation will never last. True prosperity comes only with co-prosperity and coexistence.

The Founder Konosuke Matsushita

Our founder believed that business transactions in which two independent businesses considered the position and development of the other as well as responding to the needs of society would lead to prosperity for all concerned. He believed that achieving co-existence and mutual prosperity, eradicating monopolistic practices and excessive competition, and promoting "rule-based, free, and fair competition," were necessary to the prosperity of the industry and society.



When producing radios, we acquired and publicly released important patents for the benefit of the entire industry

Fulfilling Corporate Social Responsibility in the 21st Century

Our founder tried to "start anew every day," and created a number of innovative activities that were ahead of their time. One of these was the introduction of the five-day workweek system announced in 1960. At that time, there were very few companies on the five-day workweek system, and there were even many within the company who questioned the workability of this system. To raise awareness and motivate the employees, the founder said, "Implementing the five-day workweek system at a time when the country is facing difficult economic conditions will not be easy. Let's do all we can to make our management even more rational than that of any U.S. corporation." Over the next five years the company rolled out a campaign to double productivity, and eventually, the company was strong enough to support a five-day workweek, and the system was implemented.

Panasonic adopted CO₂ emission reduction as a key management index, and to fulfill its public promise, all business activities were reviewed. We adopted this index because, just as Panasonic introduced the five-day workweek system ahead of most other companies more than forty years ago, we also wanted to address can create a company that reduces CO₂ while continuing to grow.

The phrase "a company is a public entity of society" was first used in July 1946. It was used at the first sales manager conference after the war.

"Production, sales, and profits are vital. However, these represent only the first step. What is even more important is to commit to the ethos and management philosophy of Matsushita Electric. If we do, our customers will feel this through our products. In this way, we will develop a trust that goes beyond our products and extends to the National brand."

The founder believed that it is important to build a company that could reform itself quickly in accordance with its management philosophy in the event that, for example, a defective product was produced. This would raise confidence among consumers and raise the brand image, effectively embedding the management philosophy in the brand.

In October of this year, the company will change its name to Panasonic Corporation and merge the National brand into the Panasonic brand. Konosuke Matsushita treasured the ideas of "a company as a public entity of society," "customer comes first," and "start anew every day," but an "open mind" is an important state that underlies these. If the founder considered the current situation of the company and the acceleration of globalization with an "open mind," he would undoubtedly agree with the decision to change the name.

Even if the name changes, the company management philosophy will never change in any future age. Precisely because we are living in an age of rapid and dramatic change, employees must refer often to our founding spirit and practice the management philosophy in their individual jobs without resting on the laurels of the past 90 years.

It is now the 21st century, and we believe that we need to take a global view in our corporate social responsibility as well. This concept is also contained in our brand slogan, "Panasonic ideas for life." Panasonic generates ideas for life...today and tomorrow. Through innovative thinking, we are committed to enriching people's lives around the world. This is our brand promise that we make to all our customers throughout the world. We will continue to work hard under the Panasonic brand to contribute to the preservation of the global environment and the development of society and fulfill our corporate social responsibility in the 21st century.

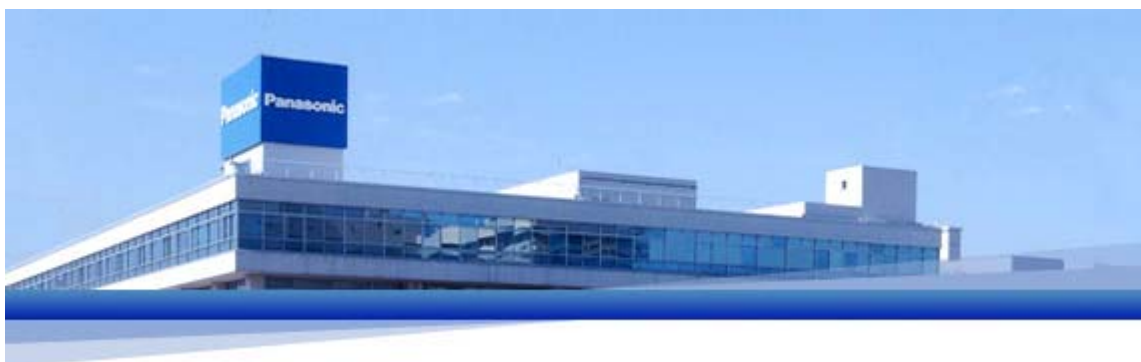
Brand Promise

Panasonic
ideas for life

Brand promise

**Panasonic generates ideas for life...today and tomorrow.
Through innovative thinking, we are committed to
enriching people's lives around the world.**

Corporate Profile



Panasonic (Matsushita Electric Industrial Co., Ltd) is one of the largest electronic product manufacturers in the world, comprised of over 600 companies. We manufacture and market over 15,000 products under brands such as Panasonic, National and Technics to enhance and enrich lifestyles all around the globe.

Outline

Company Name:	Matsushita Electric Industrial Co., Ltd.
Head Office Location:	1006, Kadoma, Kadoma City, Osaka 571-8501, Japan Tel. 81-6-6908-1121
President:	Fumio Ohtsubo
Foundation:	March, 1918 (incorporated in December, 1935)
Net Sales:	*9,068.9 (billions of yen)
Number of Employees:	*305,828
No. of Consolidated Companies:	*556

*as of March 31, 2008

Financial information

Please see the annual financial statements (Annual Report) or IR information (Web site) about a detailed financial information.

Annual Report



We will report on the business general condition and the financial information on Panasonic.

IR information



<http://ir-site.panasonic.com/>

April 28, 2008

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ANNOUNCEMENT OF FINANCIAL RESULTS**MATSUSHITA REPORTS ANNUAL NET PROFIT INCREASE****- Sales and Earnings Exceed the Previous Forecast -**

Osaka, Japan, April 28, 2008 -- Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its consolidated financial results for the year ended March 31, 2008 (fiscal 2008).

Consolidated Results

Consolidated group sales for fiscal 2008 amounted to 9,068.9 billion yen, mostly the same level from 9,108.2 billion yen in the previous fiscal year. Explaining fiscal 2008 results, the company cited sales gains in all product categories except JVC (Victor Company of Japan, Ltd. and its subsidiaries)¹, due mainly to favorable sales in digital AV products and white goods. Of the consolidated group total, domestic sales amounted to 4,544.8 billion yen, down 2% from 4,616.5 billion yen a year ago. Overseas sales increased 1% to 4,524.1 billion yen, from 4,491.7 billion yen in fiscal 2007, ended March 31, 2007.

¹ Victor Company of Japan, Ltd. and its consolidated subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries in August 2007. Accordingly, JVC sales for the period from then on are not included in Matsushita's consolidated results. For more information, see Note 3 of the Notes to consolidated financial statements on page 13.

The electronics industry in the fiscal year ended March 31, 2008 faced severe business conditions in Japan and overseas, due mainly to ever-rising prices for crude oil and other raw materials, and continued price declines caused by continuously intensifying global competition, mainly in digital products.

Under these circumstances, the Matsushita Group worked to accelerate growth strategies in fiscal 2008, the first year of the new three-year mid-term management plan GP3. Matsushita promoted initiatives to transform itself into a manufacturing-oriented company—one that combines all the business activities of the Group toward the launch of products, thereby contributing to the creation of customer value. Matsushita promoted wider collaboration across business fields and operating regions in order to reinforce product design and quality, procurement, logistics, overseas sales and other areas of its operations.

Specifically, Matsushita continued to strengthen V-products, which are the core of its growth strategies and make a significant contribution to overall business results in order to boost market shares. With regard to the strategic plasma display panel (PDP) business, Matsushita started operation of its fourth domestic PDP plant in June 2007, and began construction of its fifth in November 2007. In addition, Matsushita implemented initiatives to achieve double-digit growth in overseas sales of consumer products. To accelerate growth in emerging markets as well as the U.S. and Europe, the Company established a framework to boost sales in Russia, Brazil and India, and also promoted its cutting-edge products.

Regarding earnings, operating profit² for this fiscal year was up 13%, to 519.5 billion yen, from 459.5 billion yen in the previous year, despite the effects from rising prices for crude oil and other raw materials, and ever-intensified global price competition. This improvement was due primarily to sales gains excluding the effect of JVC and the cost reduction efforts including materials costs and fixed costs. In other income (deductions), the company incurred expenses associated with the implementation of early retirement programs and impairment losses on the investments, as well as impairment losses from tangible fixed assets. These factors, despite the

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

increased operating profit, led to a consolidated pre-tax income of 435.0 billion yen, down 1% from 439.1 billion yen in the previous year. Net income hit a record-high of 281.9 billion yen, up 30% from 217.2 billion yen in the previous year, as a result of a decrease in provision for income taxes. The company's net income per common share was 132.90 yen on a diluted basis, versus 99.50 yen in the previous year.

Consolidated Sales Breakdown by Product Category

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 6% to 4,001.8 billion yen, from 3,764.7 billion yen in the previous year. Sales of video and audio equipment increased 8% from the previous year, due mainly to strong sales in digital AV products such as flat-panel TVs and digital cameras. In information and communications equipment, favorable sales of automotive electronics and mobile phones led to a 5% increase overall from a year ago.

Home Appliances

Sales of Home Appliances increased 6% to 1,283.0 billion yen, compared with 1,212.1 billion yen in the previous year, due mainly to favorable sales of air conditioners and refrigerators.

Components and Devices

Sales of Components and Devices were also up 2% to 1,150.3 billion yen, compared with 1,126.9 billion yen in the previous year, due mainly to favorable sales in general electronic components.

MEW and PanaHome

Sales of MEW and PanaHome increased 2% to 1,730.7 billion yen, from 1,698.1 billion yen a year ago. At Matsushita Electric Works, Ltd. (MEW) and its subsidiaries, despite weak sales of building products as a result of a decrease in residential construction starts, sales gains in electrical construction materials and electronic and plastic materials led to an overall increase in sales. At PanaHome Corporation and its subsidiaries, sluggish housing market conditions led to a slight decrease in sales.

JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 180.5 billion yen.

Other

Sales for Other totaled to 722.6 billion yen, up 8% from 667.8 billion yen in the same period a year ago. Sales increases were recorded in factory automation equipment within this category.

Consolidated Financial Condition

Net cash provided by operating activities in fiscal 2008 amounted to 466.1 billion yen. This was attributable primarily to cash inflows from net income and depreciation. Net cash used in investing activities amounted to 61.4 billion yen. Capital expenditures for tangible fixed assets were 418.7 billion yen, mainly consisting of manufacturing facilities for priority business areas such as PDPs and semiconductors, while the company recorded a decrease in time deposits from the end of fiscal 2007 (March 31, 2007). Net cash used in financing activities was 203.5 billion yen. Major factors included the repurchase of the company's common stock and the payment of cash dividends. All these activities, as well as a net decrease in cash and cash equivalents of 223 billion yen associated with the effect of exchange rate changes and the effects that JVC became associated companies under the equity method from Matsushita's consolidated subsidiaries, resulted in cash and cash equivalents of 1,214.8 billion yen at the end of fiscal 2008, down 21.8 billion yen compared with the end of the last fiscal year.

The company's consolidated total assets as of March 31, 2008 decreased 453.3 billion yen to 7,443.6 billion yen, as compared with 7,897.0 billion yen at the end of the last fiscal year (March 31, 2007). Stockholders' equity decreased 174.4 billion yen, compared with the end of the last fiscal year, to 3,742.3 billion yen as of March 31, 2008. Despite increases in retained earnings, this result was due primarily to a decrease in accumulated other comprehensive income, as well as an increase in treasury stock on continued repurchases of the company's own shares.

Year-end Dividend

Total dividends for fiscal 2008, ended March 31, 2008, including an interim dividend of 17.5 yen per common share paid in November 2007, are expected to be 35 yen per common share, up from 30 yen per common share for fiscal 2007.

Outlook for Fiscal 2009

Regarding the business environment for the fiscal 2009 ending March 31, 2009, the company currently expects to encounter severe conditions, such as a stronger yen against the dollar, rising prices for crude oil and other raw materials, and ever-intensified global price competition, as well as uncertainty about the global economic conditions as a result of subprime loan problems in the United States. Under these circumstances, in fiscal 2009, the middle year of the mid-term management plan GP3, Matsushita has to produce successful results and work on getting growth on track. The Company will steadily implement initiatives focused on four major themes: double-digit growth for overseas sales, four strategic businesses, manufacturing innovation and the eco ideas strategy. The company currently expects fiscal 2009 sales on a consolidated basis to total 9,200 billion yen, an increase of 1% from the previous fiscal year. Consolidated operating profit is forecasted to increase by 8% to 560 billion yen. Consolidated income before income taxes³ is anticipated to increase to 500 billion yen, up 15%, with net income expected to improve to 310 billion yen, an increase of 10% from the previous fiscal year.

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/>

³ Factors affecting the forecast for other income (deductions) of 60 billion yen (the difference between operating profit and income before income taxes) include business restructuring charges of 25 billion yen.

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.

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Panasonic

ideas for life



On the Cover

The improved attachment plug (photo at left), which went on sale shortly after Konosuke Matsushita founded the company, could be screwed into a light socket that, at that time, also served as a power outlet in the home, and thus allowed other electrical products to be used. Konosuke Matsushita reused the metal caps of old light bulbs, and was thus able to develop this new, inexpensive, easy-to-use product, which became a hit. This approach has continued to evolve, and today, Panasonic is contributing to improving the global environment of the 21st century through energy-efficient, long-life, fluorescent light bulbs.