

The Panasonic Report for Sustainability 2009

Full CSR Report e-Report



Panasonic
ideas for life



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Panasonic CSR Management

Top Message

Panasonic moves forward to do its part in realizing a sustainable society



Fumio Ohtsubo, President

We are firmly committed, as a public entity of society, to making concerted efforts to implement our unchanging management philosophy around the world.

Ever since our foundation, we have been conducting our business faithfully following our management philosophy of "Recognizing our responsibilities as industrialists, we will strive to contribute to the enrichment of people's lives and the progress and development of society through our manufacturing activities (our products)." At the heart of this commitment is our belief that a company is a public entity of society, which is the essence of corporate social responsibility. As significant progress has been made in the globalization of the economy, the activities of companies are no longer defined by national boundaries. That is why we at Panasonic believe we must take an ever more global perspective acting as a responsible corporate citizen of the entire world.

We changed our name to Panasonic Corporation in 2008, the year we celebrated our 90th anniversary, and unified our brands as Panasonic. Throughout the entire group, we reaffirmed our dedication to the brand slogan "Panasonic ideas for life," which expresses our determination to continue contributing to society by creating ideas that will enrich the lives of people around the world. We have also actively conveyed this message to the public. These activities show our commitment to integrating all of our efforts under the Panasonic brand, efforts made by each and every one of our 300,000 employees around the world, and we are committed to working in unison to implement our management philosophy.

Enriching people's lives naturally requires technology for new and better products. But this is not enough for us to come up with ideas to provide better living. Panasonic wants to help realize a mature society in which individuals and society as a whole grow together, where everyone enjoys a fulfilling life that is safe and secure. We also envision a sustainable society which is in harmony with nature. With these goals in mind, we at Panasonic will ever more closely align our business with the views of customers, incorporating those views into our manufacturing activities.

Living in harmony with the global environment is everyone's responsibility. There is no place for a company that does not fully embrace this spirit.

Panasonic is working to reduce the environmental impact in all its business activities.

Environmental problems pose a threat to all living things on Earth. From very early on, Panasonic has worked to contribute to living in harmony with the global environment as one of its business visions. Our entire group has been working on this theme. In particular, as a manufacturer of state-of-the-art electronics products, helping to shift to a low carbon society to combat global warming, has been one of our most important missions. The close link between our business and people's everyday life has always been our core strength and an integral part of our identity. By carrying out environmental management that emphasizes these qualities, we want to play a leading role in achieving a sustainable society.

Since April 2007, we have been implementing our mid-term management plan called the GP3 plan. Under the plan, we have been taking important steps to accelerate environmental management, with the goal of "reducing the environmental burden in all of our business activities," giving this the same priority as goals involving growth and earnings. We are now working towards achieving the targets of our plan, which have been divided into three categories: 'eco ideas' for Products, 'eco ideas' for Manufacturing, and 'eco ideas' for Everybody, Everywhere. In particular, we promised to cut CO₂ emissions from our manufacturing operations by 300,000 tons during the three-year GP3 plan. I am pleased to report that we reached this goal one year ahead of schedule. This was made possible thanks to our efforts in speeding up activities and taking action earlier than planned. A reduction in production volume as demand fell was another contributing factor. Panasonic will continue to work on cutting CO₂ emissions while making our operations ever more energy-efficient.

The capital and business alliance with Sanyo Electric Co., Ltd. formed in December 2008 was an important step in speeding up the pace of our contribution to realize a sustainable society. We foresee significant synergies arising in the fields of energy and ecology by combining the unique strengths of the two companies. When our tender offer for Sanyo Electric is completed, our group will have the resources to provide broad-based energy solutions spanning three areas: "energy creation," "energy storage" and "energy saving." With this platform, I am confident that we will be able to come up with many innovative ideas.



We concluded a capital and business alliance with Sanyo Electric Co., Ltd.
President Ohtsubo and President Sano of Sanyo after the signing.

In April 2009, we opened the "eco ideas HOUSE" at the Panasonic Center Tokyo in the Ariake district, to demonstrate how net CO₂ emissions can be reduced to almost nothing in the entire house. This house offers greater convenience and comfort while combining innovation in "energy creation," "energy storage" and "energy saving" to make possible a lifestyle with virtually no CO₂ emissions. Our "eco ideas HOUSE" offers the many visitors firsthand experience of a lifestyle that leads the way in 'eco ideas.'



"eco ideas HOUSE" offers visitors a firsthand experience of a lifestyle with virtually no CO₂ emissions in the entire house - to be realized in three to five years.



President Ohtsubo giving a speech as the host at the opening ceremony of the "eco ideas HOUSE".

As one way to increase global awareness of our 'eco ideas,' for Everybody, Everywhere, in fiscal 2009 we successfully carried out a very meaningful activity, called the "Panasonic Eco Relay." The idea originated with one of our employees in Germany. For about two weeks in October 2008, our employees, their families and other people in local communities around the world worked together to carry out a variety of environmental conservation activities. These activities included holding workshops, picking up litter and planting trees. During the two weeks, activities took place one after the other as if an actual relay was being held, involving 342 Panasonic Group worksites in 39 countries. The relay's success demonstrated the strong commitment to environmental management by Panasonic employees worldwide. Furthermore, this was a big step forward in heightening the Panasonic Group's profile as an organization dedicated to protecting the environment.



"Panasonic Eco Relay"; our employees, their families and other people in local communities around the world worked together.

(From left to right: planting trees in Tanzania, the U.K. and Thailand)

"People are the foundation of a business - Develop people before making products" is the basic philosophy of Panasonic. Our diverse workforce worldwide grows and develops along with society as it mixes together while embracing the same philosophy and guidelines.

"Irimajiru" or "mixing together" is the way we describe Panasonic's activities involving workforce diversity. Under our unchanging management philosophy, we are integrating all the efforts of our 300,000 employees around the world. But this does not mean that everyone thinks and acts alike. Rather, in order to globally implement our management philosophy, it is essential that we encourage our employees to interact with many different people, respect others' values and develop a strong competitive spirit along with a desire to grow and be successful. It is necessary for our employees to grow in their appreciation of the differing values and ideas of others, regardless of nationality, age, gender, workplace, or position. I also want our company to be an organization that uses extensive interaction with others to be the source of accumulating knowledge and expertise on a global scale. "Irimajiru" is not a process that makes everyone the same. Instead, it is a process whereby all of our employees use their individual strengths in a coordinated way for the purpose of implementing "participative management through collective wisdom."



At the autumn "Welcoming Ceremony for Newcomers 2008" - includes new graduates and other new recruits.

Accepting varied value systems, allows people to see good in different ways of doing the work. We need to provide our employees with a variety of opportunities. At the same time, we should implement measures and systems that allow our people to work more flexibly. Panasonic has a Diversity Promotion Office that I am directly responsible for. This office ensures that gender, age and nationality do not become a barrier to advancement. We also have an e-Work Promotion Office. This office promotes our work-at-home program and encourages employees to use "Spot Offices," which are places where they can work when traveling on business. Making these systems available further demonstrates the importance that the Panasonic Group places on management initiatives that allow for diversity.

"People are the foundation of a business - Develop people before making products." We will continue to carry out our work closely following this philosophy in order to achieve more progress embracing diversity in the Panasonic Group's workforce.

Our actions will be based not only on laws, regulations and rules, but also on our own judgments as to what is right and wrong. Underpinning all decisions is our management philosophy. Our goal is CSR management that demonstrates to the public the soundness of the Panasonic Group's "corporate conscience."

Our founder Konosuke Matsushita wrote in one of his books, "Companies and society are not separate, but are rather a single entity." From my own experience, I have come to believe that if we carry out our daily work bearing in mind that "a company should behave as a member of society," company activities will automatically meet the expectations of society. Proper behavior requires more than passive compliance with laws, regulations and other requirements. Companies must always behave as a member of society and must ask themselves the questions: What is truly right behavior for society? and How should we behave? We must take the initiative and act on our own listening to what people in society are saying with an open mind. This is what it means to have a "corporate conscience." All of our employees at Panasonic around the world must have high ethical standards, and make decisions on their own and take action accordingly. By conducting our business in this way throughout the entire company, I am confident that Panasonic will earn recognition from society as an organization that has a sound "corporate conscience."

Throughout our history, we have always tried to be closely linked to people's lives, so that we would be better able to enrich their lives. Times have changed, and so have our lifestyles and the environment in which we live. Today, we are witnessing a global shift in how we serve our customers and society. But no matter how much our markets change, our activities will always be guided by our management philosophy of "contributing to society through our business activities." We will accelerate our efforts to put into action core Panasonic principles such as "a company is a public entity of society," "customers come first" and "start anew every day." I am confident that if we act in this way, we will continue to be trusted and respected by society.

Fumio Ohtsubo
President
Panasonic Corporation

Our Unchanging Management Philosophy and CSR

Since starting operations in 1918, Panasonic Corporation has made "contributing to society through our business activities" an unchanging management philosophy and the basis for all operations. One element of this philosophy is the principle that a company is a public entity of society, the very definition of CSR management at Panasonic. This section explains the fundamental concepts of our commitment to corporate social responsibility. These ideas that were conceived and implemented by Founder Konosuke Matsushita still guide Panasonic today.

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 in 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 of Matsushita," (now called simply "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 cannot 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 also 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. This belief is linked to the philosophy for appropriate compliance management in today's global markets, and to our philosophy of CSR that goes beyond Panasonic itself to encompass our entire supply chain and all its business partners and suppliers.



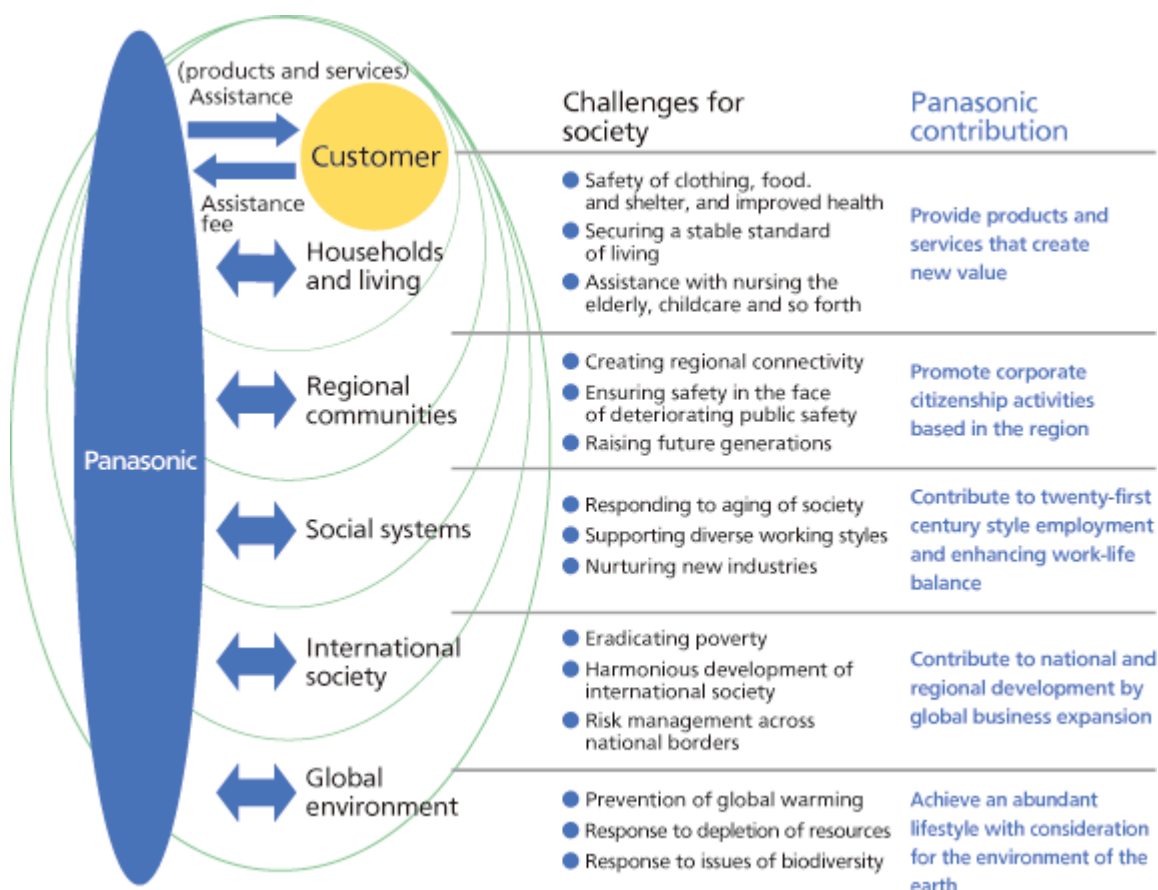
When producing radios, we acquired and publicly released important patents for the benefit of the entire industry

Our management philosophy will never change in any future age. Precisely because we are living in an age of rapid and dramatic change, we always go return to our origin, our founding spirit. Each individual employee draws on this to practice the management philosophy in their jobs.

CSR Management in practice

Panasonic and responsibility to society

In October 2008 we changed our company name from Matsushita Electric Industrial Co., Ltd. to Panasonic Corporation and merged our business under the Panasonic brand. Even if the company name has changed, we continue to believe, as our founder Konosuke Matsushita did, that "Matsushita Electric is an entity of society", and we will preserve the philosophy of contributing to the development of our customers lives and global culture. In doing so, we will continue our work to provide solutions to society and propose new lifestyles through manufacturing that makes lives richer. Going forward, we will step up our initiatives for coexistence with the global environment as part of our commitment to comfort and happiness throughout the world, and for the earth itself.



Panasonic ideas for life

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 Slogan

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.

On October 1, 2008, our Company name changed to Panasonic Corporation and our brands were consolidated under the Panasonic name.

With this change of Company name and unification of brands, we have newly defined the "Brand Promise", the promise which the Panasonic brand makes to customers. The following is our aspiration for "Brand Promise".

We believe the best ideas come from attentive observation of everyday living, careful listening to customers ... and a constant commitment to making your life easier, more comfortable, more fun.

Every Panasonic product or service is created from these "ideas for life."
Ideas to put a smile on your day and brighten our children's horizon.
Ideas that embrace the planet and bring people of all ages together.

As a global company, Panasonic has been in touch with different peoples around the world for nearly a century.

This puts us in a good position to translate "ideas for life" into the values and lifestyles our customers aspire to.

Today you will find our name on products and services that connect with every facet of daily life.

This "whole life" perspective is what makes Panasonic such a trusted brand in so many languages, and every day we work to earn that trust.

That's our promise to you.

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

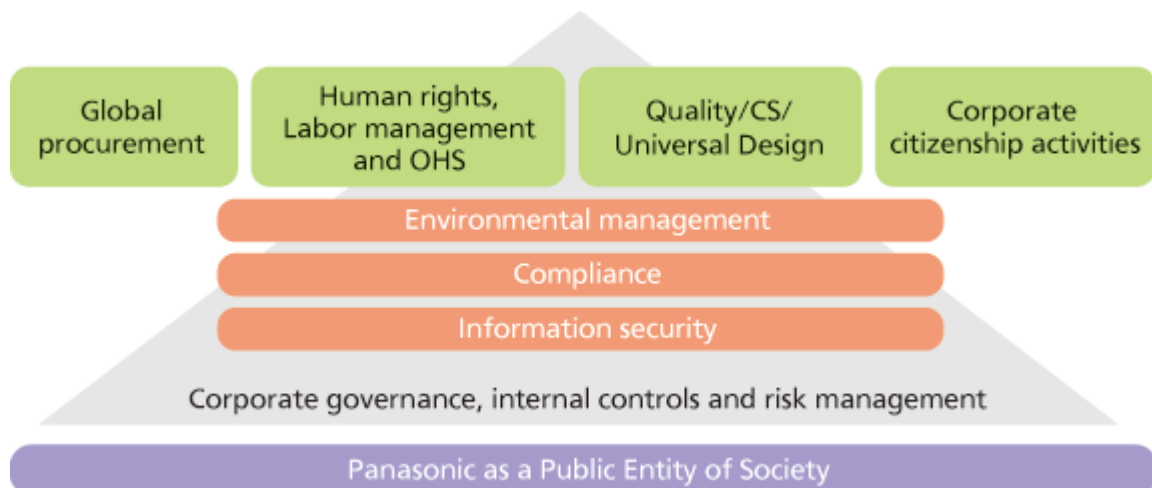
Panasonic's aspiration for global excellence encompasses two simultaneous goals: sustainable management through manufacturing and CSR excellence in contributing to a sustainable society. Specifically, we aim to create value for customers and business partners; meet shareholders' and investors' expectations by improving growth potential and profitability; contribute to the preservation of the global environment and the progress of local communities; and provide its employees with opportunities to achieve

self-fulfillment. Furthermore, we work on to become a company supported by all stakeholders throughout the world in order to realize our aspiration for global excellence.

Guided by the philosophy that a company is a public entity of society, we are committed to practicing CSR management that goes beyond laws and regulations. We will always be responsive with an open mind to the voice of society of what is right to the society and how we should behave.

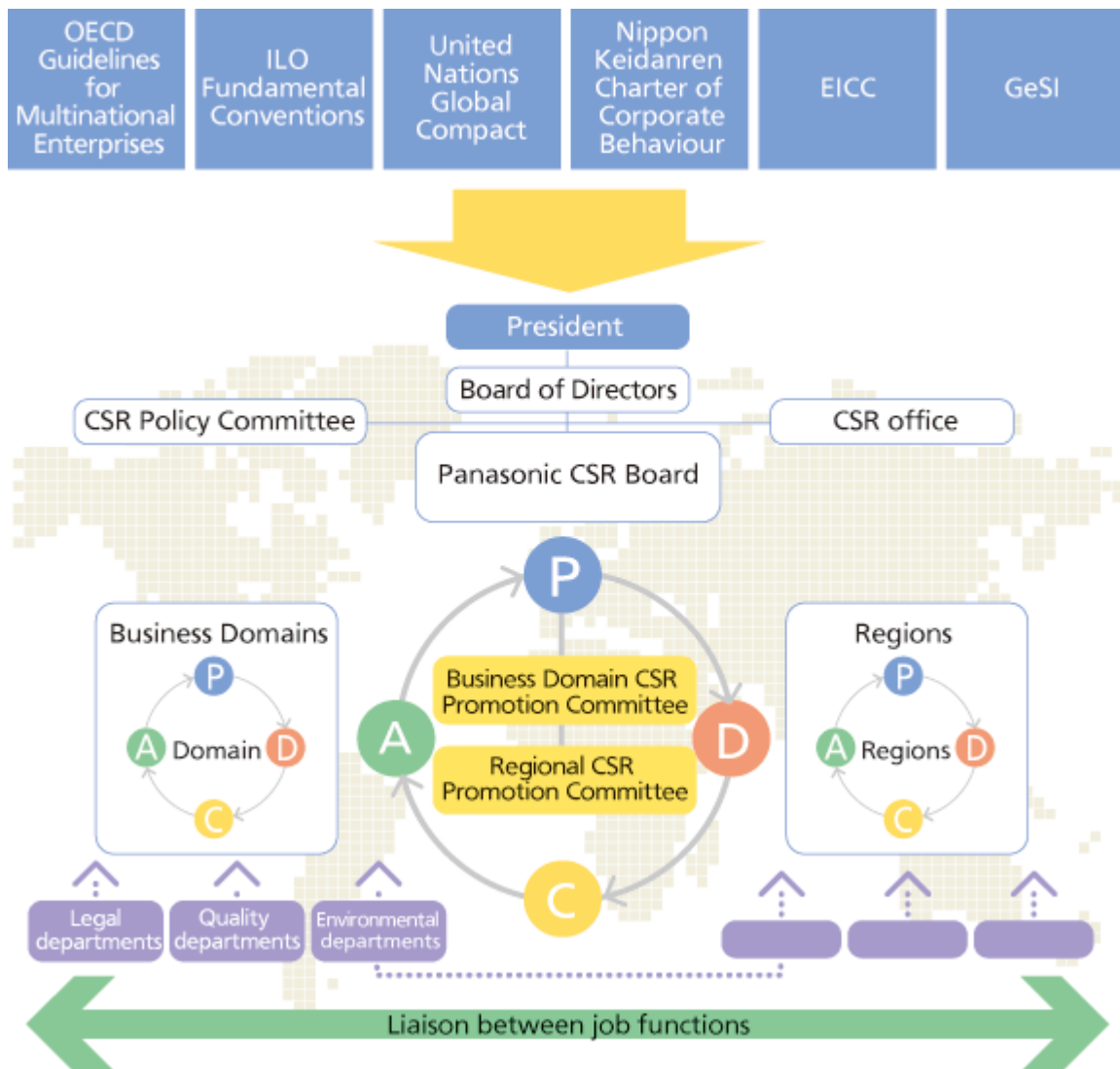


[Groupwide CSR Promotion Framework]



Global CSR Management

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 Panasonic 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.



Global recognition for Panasonic's CSR activities

Panasonic is also responding to the concerns of investors by providing them with information and actively engaging them in dialog. As a result, Panasonic has again been selected for two premier socially responsible investing indexes: the Dow Jones Sustainability Indexes (DJSI) and the FTSE4Good Indexes. In January 2009, Panasonic was included in the Global 100 Most Sustainable Corporations in the World that was announced at the World Economic Forum in Davos, Switzerland.



Collaborative CSR with Business Partners and Suppliers

These days our CSR initiatives extend beyond our own group companies. Here we report on CSR activities that we are promoting throughout our entire supply chain in collaboration with our business partners and suppliers.

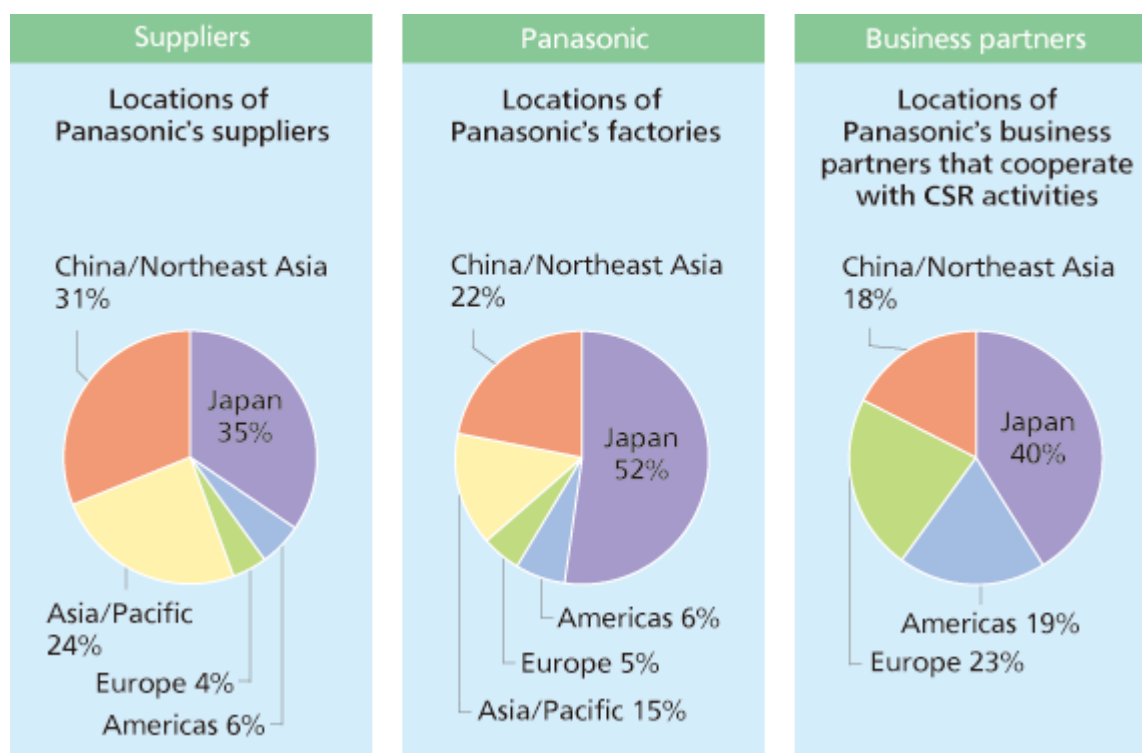
Aiming for mutual prosperity on a global scale in the 21st century

Throughout its history, Panasonic has based relationships with business partners and suppliers on a philosophy of mutual prosperity. At the heart of these relationships is a spirit of mutual responsibility and mutual trust between self-reliant companies that take responsibility for their own operations. We believe that a partnership should be a relationship in which both parties pursue prosperity while sharing these same values. By achieving its own growth targets, a company contributes to the growth of the partner, too. Enlarging this chain of growth can eventually produce greater prosperity and happiness in society as a whole. This is why Panasonic believes that the spirit of mutual prosperity is vital in using partnerships to benefit society and serve as a responsible corporate citizen.

With globalization of economic activity at a highly advanced stage, there is an urgent need to tackle environmental problems on a global scale. Awareness of worldwide issues involving human rights and workers is growing as well. Companies need to meet an increasing array of social demands. To succeed, they must place even more emphasis on cooperation that leverages international partnerships. The world is also witnessing a rapid increase in social problems that companies alone cannot solve. Prime examples are climate change and regional strife and its associated human rights problems. All products reach customers through the same basic process: development, manufacture, sales, service and other steps. Naturally, companies need to cooperate in each process to respond to social demands. But operating as a global organization also requires recognizing the needs of governments, non-governmental and non-profit organizations, and many other stakeholders. Understanding global standards of behavior is essential. Furthermore, every company with global operations must have the capability to recognize and respect the diverse values of different countries, regions and stakeholders. This is the new definition of mutual prosperity in the twenty-first century. These points also explain why Panasonic views supply chain CSR as the process of enlarging the scope of initiatives to achieve sustainability.

Panasonic and its Supply Chain

Our products are provided to our customers through partnerships with our suppliers and business partners.



Global CSR Task Force Initiative

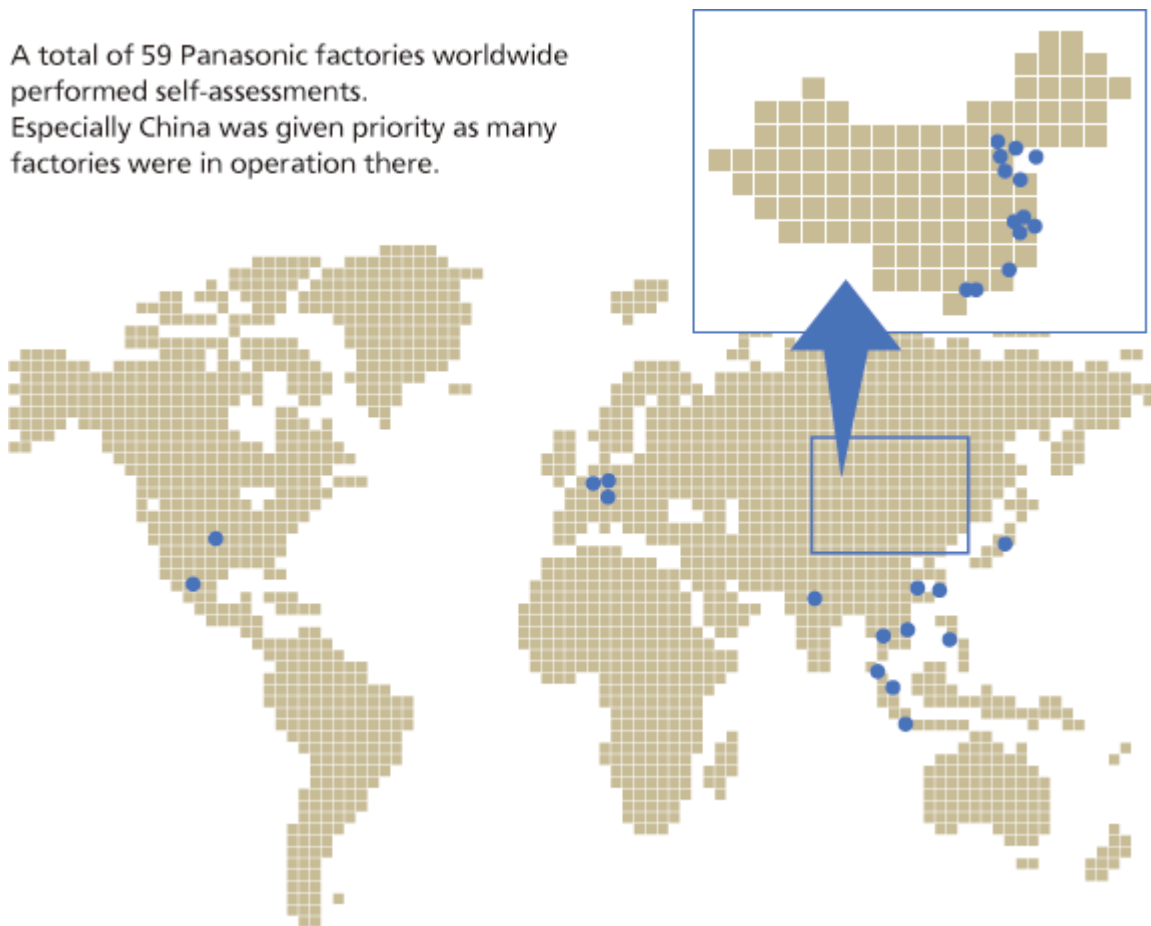
We believe that we have an obligation to work objectively to discern CSR demands from society and our customers and provide explanations of what we are doing in response. The same applies to our supply chain. This is why our CSR activities include Panasonic itself as well as partnerships with business partners and suppliers.

At the fiscal 2008 meeting of the Panasonic CSR Board, which was chaired by company president Fumio Ohtsubo, the decision was made to perform a comprehensive examination of the company's CSR framework. The means for promoting this review is our Global CSR Task Force initiative.

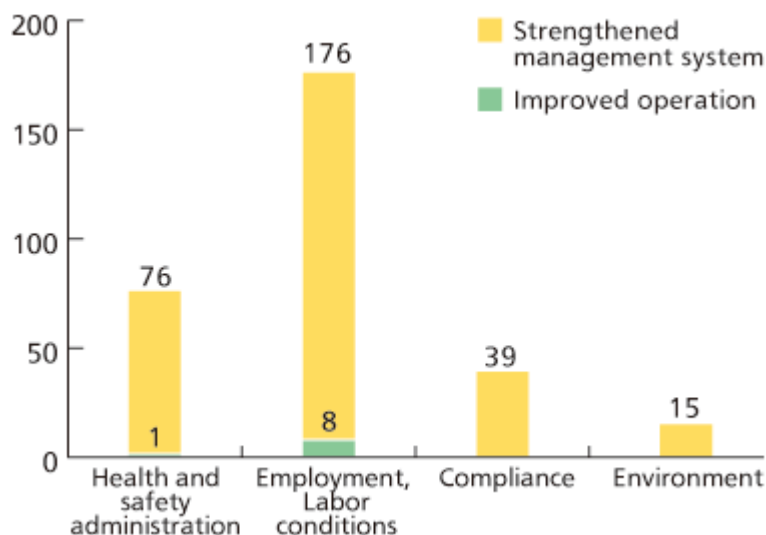
The Corporate Industrial Marketing & Sales Division, which is responsible for our device business, and the device business domain are leading this initiative. These activities involve uncovering a variety of CSR issues from a global perspective, then promoting self-assessments and internal audits at each business site. Growth in public interest involving human rights, labor and occupational safety and health, the environment and compliance is particularly rapid in China and other areas of Asia where we have many factories. In response, we perform audits in accordance with our Global CSR Checklist, which provides guidelines that are consistent with the Panasonic management philosophy.

[Business sites that performed self-assessments]

A total of 59 Panasonic factories worldwide performed self-assessments. Especially China was given priority as many factories were in operation there.



[Remedial actions taken after the self assessments at 59 Panasonic factories]



A total of 59 Panasonic factories worldwide performed self-assessments during fiscal 2009. This process revealed 306 issues involving employment and working conditions. Of these items, nine issues required improvements in operations and the remaining 297 issues required improvements to management systems. For problems identified by these self-assessments, business sites immediately incorporated countermeasures in their operating rules and other guidelines or systems. In addition, information about these issues and corrective measures is distributed at the Global CSR Conference that brings together senior managers of each business sales and manufacturing site from around the world. In this fiscal year, CSR self-assessments were performed in the device business domain as well as at 18 factories in the finished products business domain, primarily business sites that produce audio visual equipment.

We have agreements involving CSR programs with 80 of our business partners. This is in addition to ongoing cooperation with our suppliers. Overall, this provides the basis for CSR partnerships that span the entire supply chain.

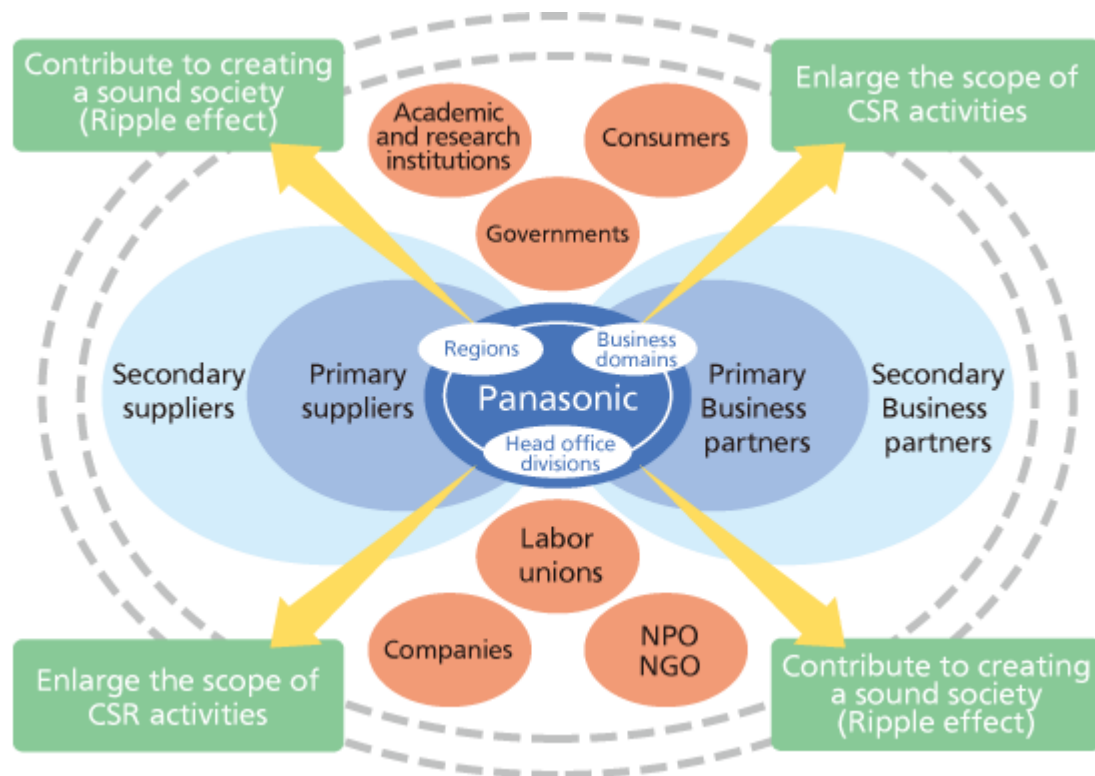
Future developments: The Supply Chain CSR Committee

At the Panasonic CSR Board, the decision was made to establish a Supply Chain CSR Committee. The roles of this committee are to evaluate accomplishments of the Global CSR Task Force through fiscal 2009, determine CSR goals for the Panasonic supply chain and take the necessary actions.

Our basic objective is to continue to conduct CSR programs through partnerships with business partners and suppliers. Activities will encompass the entire Panasonic organization in terms of geographic areas, business domains and head office divisions.

The committee will speed up measures aimed at eliminating risk worldwide and creating new forms of value. CSR will also include activities to foster closer ties with multi-stakeholders. We want to contribute to the creation of a sound society by expanding the scope of CSR activities.

[The Concept of the Supply Chain CSR Committee]



In Step with New International Standards for Social Responsibility

The resources of companies alone are not enough to solve the numerous global problems that we face today. This is why people have come to view such problems from the standpoint of social responsibility rather than corporate social responsibility. Solving global problems requires the cooperation of many stakeholders: governments, academic and research institutions, consumers, NPO/NGO, and labor unions. Mineral resources are one illustration. In this field, solutions demand more than collaboration among companies reaching upstream to mining companies. Eliminating the causes of global problems is impossible without cooperation that also includes governments and non-profit, non-governmental organizations. Concrete actions involving this multi-stakeholder approach are already under way. A social responsibility ISO standard (ISO26000) is expected to be announced in September 2010. Following examples set in Europe and other regions, Japan plans to hold its first CSR round table discussion.

Panasonic is committed to making a difference by fulfilling its responsibilities as a member of the Japan Business Federation (Nippon Keidanren), Japan's leading business association for these activities. Panasonic currently chairs the federation's Subcommittee on Socially Responsible Management that oversees CSR activities. In this role, we are a member of the Japanese National Committee for ISO Working Group on Social Responsibility and the strategic task force of the CSR round-table discussion.

Comment from a Business Partner

Our Corporate Responsibility agenda is framed around the Nokia Values and is carried out in all aspects of our work to ensure customer satisfaction and respect, and also to assist us in embracing renewal and striving for achievement. By striving to include all members of Nokia's community in this process, we are demonstrating our overall commitment to the belief that responsibility is everybody's business. The Nokia Values are embedded in the Nokia Code of Conduct. Every employee is expected to conduct himself or herself, and his or her business, in line with this Code without exception.

At Nokia we feel that sound environmental and social principles are an important part of sustaining a successful and responsible business.

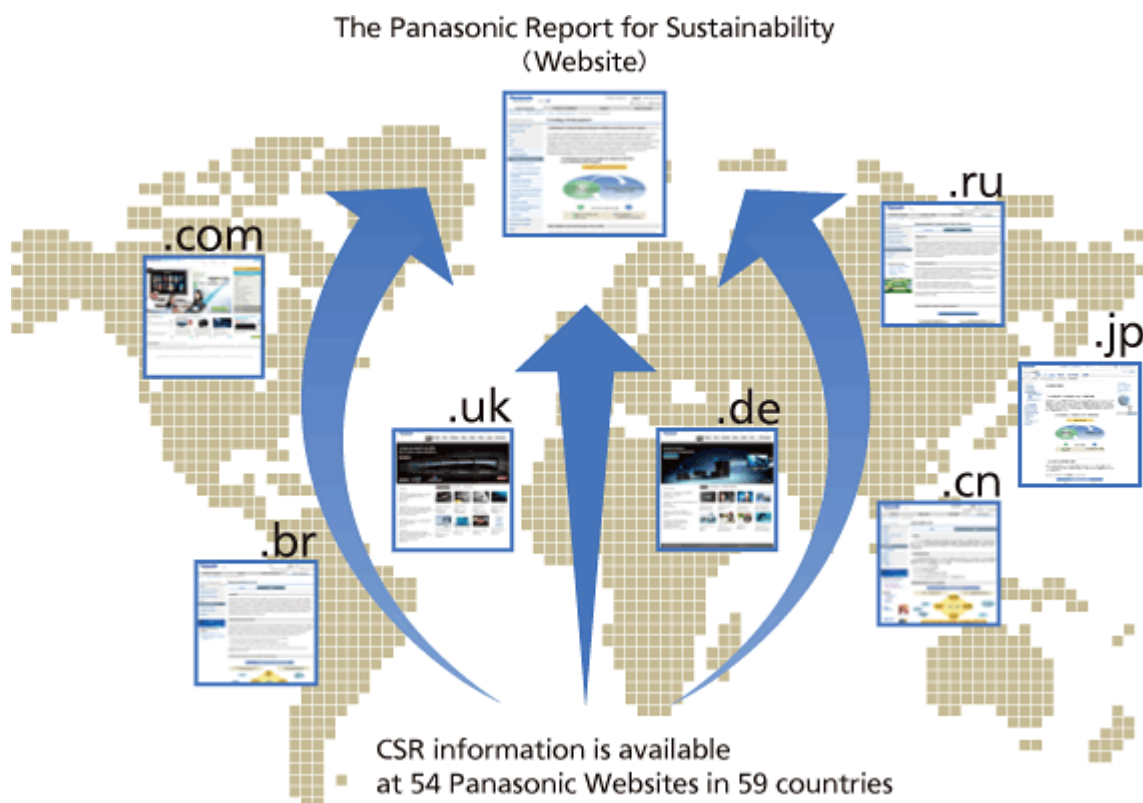
We expect Panasonic to take a similar approach to ethical business. To ensure this we have developed a comprehensive set of global Nokia Supplier Requirements, which include specified environmental and social requirements ranging from subjects such as take-back programmes to respect for human rights and anti-corruption. Our aim is to work in close collaboration with Panasonic to encourage filling these requirements. We also expect Panasonic to follow the ethical guidelines set in the Nokia Code of Conduct, and to apply these standards in their day-to-day business. We believe that the partnership between Nokia and Panasonic will lead to our mutual goal of sustainable and successful business.

Nokia CSR Team

What We Would Like to Communicate

Making Reports Accessible Worldwide on the Panasonic Website

Starting with this year's sustainability report, Panasonic will produce only an electronic version that can be viewed on the company's Website. Eliminating the printed version reduces the environmental impact of this report while keeping us in step with today's ubiquitous network society. For maximum convenience, we will structure our Websites so that visitors to all 54 Panasonic corporate sites in 59 countries have easy access to our social and environmental reports. We will continue to fulfill our obligation to explain our CSR activities through this more timely and global public reporting method.



Basic Approach for This Report

Panasonic must tackle a range of issues involving sustainability that is just as broad as our diverse business portfolio. This report is based on the Panasonic CSR Report Guidelines, which we established in fiscal 2009 in order to help us extract, analyze, and report on the most important of these many sustainability issues.

The guidelines express the obligations that we must fulfill along with our vision for the future in Panasonic's four major business domains: digital AV networks, appliance solutions, components and devices, and car electronics. We also referred to the third version of the Global Reporting Initiative's Sustainability Reporting Guidelines Version 3.0 (GRI G3), which reflects the opinions of various stakeholders worldwide, and the Environmental Reporting Guidelines 2007 issued by the Japanese Ministry of the Environment. We have made use of the AA1000* Principles as a practical method for selecting items on which to report.

The AA1000 Accountability Principles

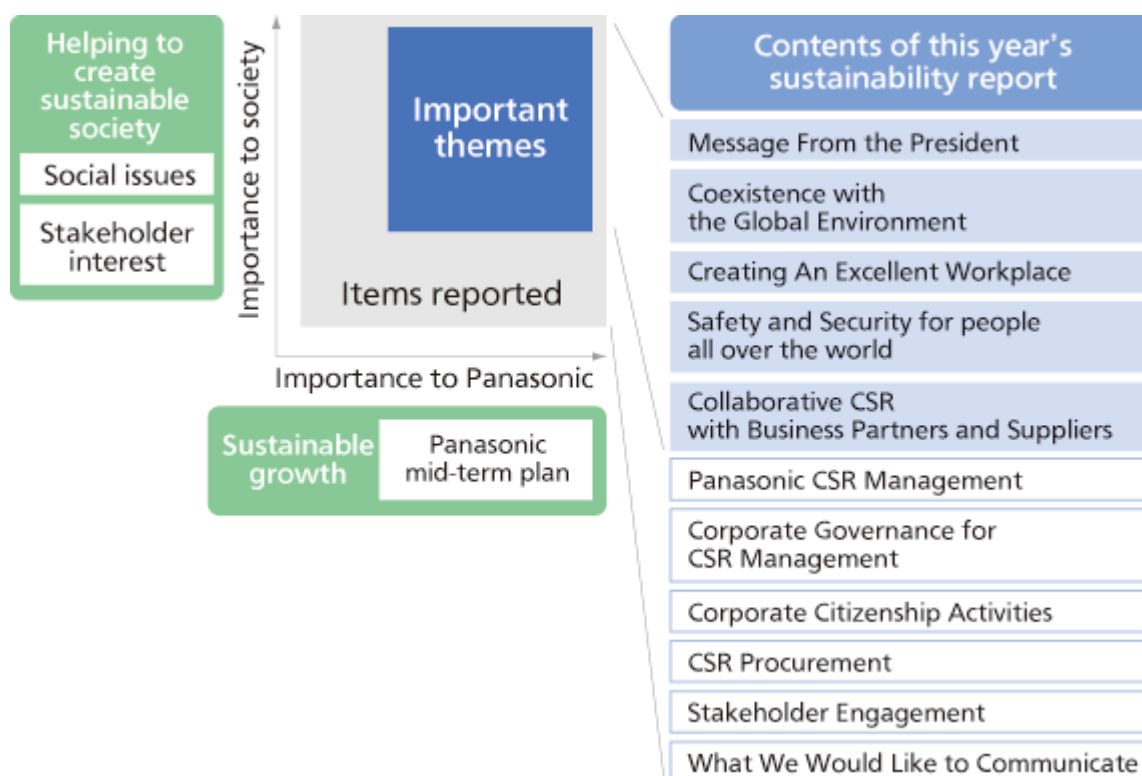
Materiality	Whether the necessary information for stakeholders' activities and decision-making is included
Completeness	The degree to which important aspects related to the sustainability of the organization are properly identified and understood
Responsiveness	Whether the stakeholders' concerns are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

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

What Should Be Disclosed? (Materiality and Selection Criteria)

Our fundamental stance regarding CSR is that a company is a public entity of society. This report is based on our belief in the importance of fulfilling two roles as a public entity on a global scale: achieving sustainable growth and helping to create a sustainable society.

We examined all CSR issues and selected items to be included in this publication from several perspectives. For subjects concerning sustainable growth, we referred to the GP3 mid-term management plan. For subjects concerning the creation of a sustainable society, our selections were based on our interaction with stakeholders and pressing social issues in the world today.



How should we communicate our message? (Responsiveness)

Panasonic places great value on interacting with customers, business partners and employees, our most important stakeholders. For this purpose, we conduct surveys of customers and employees, hold Excellent Partners Meetings and perform many other activities. All these measures are consistent with our commitment to the principles of customers first, mutual prosperity, and participative management through collective wisdom. Further supporting this interaction are the Global Advisory Committee and other committees that bring together individuals from Panasonic and outside our group.

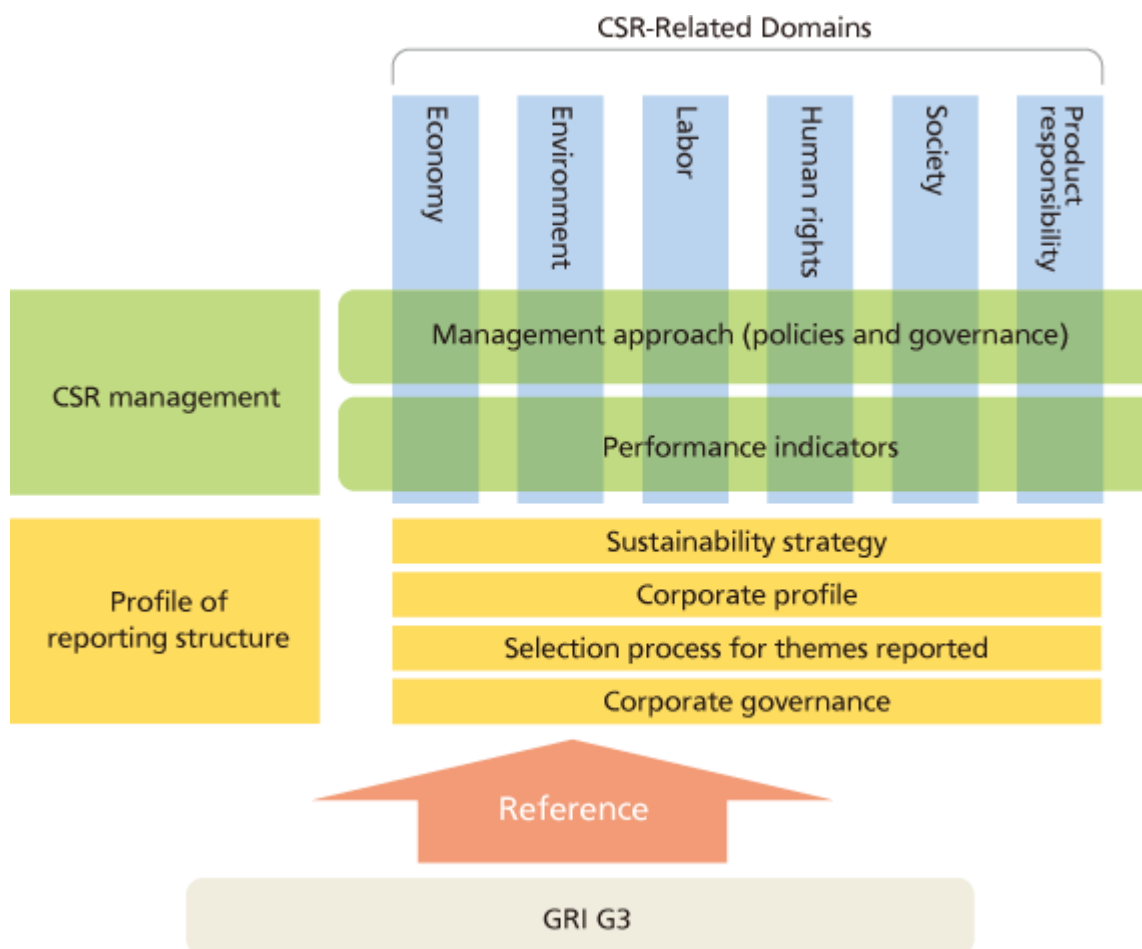
Organizational units and employees are also key components of our engagement with the stakeholders involved in our diverse business operations. Interaction with stakeholders is part of everyday activities, allowing us to work constantly on establishing processes that can make CSR and responses to social issues part of our business operations.

This publication incorporates the suggestions and other input of stakeholders that the Panasonic Group gathers from these stakeholder dialog activities.

How much should be disclosed? (Completeness)

To ensure that this report does not contain solely favorable information from our standpoint, we took care to include a broad range of important topics. We accomplished this by creating our own CSR Reporting Guidelines encompassing all areas associated with CSR, using the third version of the Global Reporting Initiative's Sustainability Reporting Guidelines Version 3.0 (GRI G3), as well as stakeholder interaction and other sources of information. Using these guidelines, we compiled a publication that includes reports on our approach (policies and governance) to CSR management, a variety of performance indicators, and a profile of our reporting organization.

[Panasonic CSR Reporting Guidelines]



Websites and Reports

Our related websites and reports are available here.

Financial Data

We introduce the financial data and business outline of the Panasonic group in the following reports.

IR Information

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

Annual Report

Annual Report 2009 will be available at the end of July.

Environmental Activities

We introduce environmental activities of the Panasonic group in the following website and report.

Website on our environment activities

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

'eco ideas' Report

'eco ideas' Report 2009 will be available at the end of August.

Citizenship Activities

We introduce citizenship activities of the Panasonic group in the following website.

Website on citizenship activities

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



Panasonic Corporate Citizenship Leaflet

This leaflet provides information on the corporate citizenship activities that Panasonic and Panasonic Group companies are involved in throughout the world in line with our corporate philosophy of education and coexistence.

http://panasonic.net/csr_e/e_repo/reports/pdf/pcc_eng.pdf

Corporate Governance for CSR Management

Promoting Thorough Compliance

Think Globally, Act Locally



Ikusaburo Kashima
Managing Director
In charge of: Legal Affairs, Intellectual Property Rights; Corporate Business Ethics; Legal Consultation & Solutions Center; Corporate International Affairs

Think Globally!

Companies today operate in a borderless environment with competition on a global scale. Success demands conducting business activities from a global perspective. In the past, many people believed that global compliance activities were impossible because of differences in laws, regulations and customs in different countries and regions. But business laws and regulations worldwide are becoming more uniform in response to economic globalization. The same is true of Corporate Social Responsibility (CSR). Companies worldwide are adopting similar policies that transcend differences in regional and national laws, regulations and customs.

I strongly sense these trends every time I speak with managers, employees and stakeholders at our business sites around the world. This is why I am determined to establish simple and easy-to-understand compliance systems that conform to global standards and can be used at our business sites anywhere in the world.

Every aspect of our activities is guided by the management philosophy that Panasonic has used since its inception. At the heart of this philosophy are the principles that "a company is a public entity of society" and "we contribute to society through business activities." To transform this philosophy into actions, we have a Code of Conduct that has been translated into 22 languages. The code provides a common set of guidelines for the daily activities of our group's workforce of about 300,000. In October 2008, we changed our name to Panasonic and started using this brand for all our products. At that time, the Matsushita Group Code of Conduct became the Panasonic Code of Conduct. In addition, we announced a more clearly defined basic policy for meeting on a global scale the even greater social demands that companies must fulfill.

October is Compliance Awareness Month at the Panasonic Group. Employees worldwide participate in unified compliance activities during this month. Our highest priorities are conforming to fair trade rules and security export controls. We take rigorous actions at all group business sites to ensure compliance with these rules and regulations.

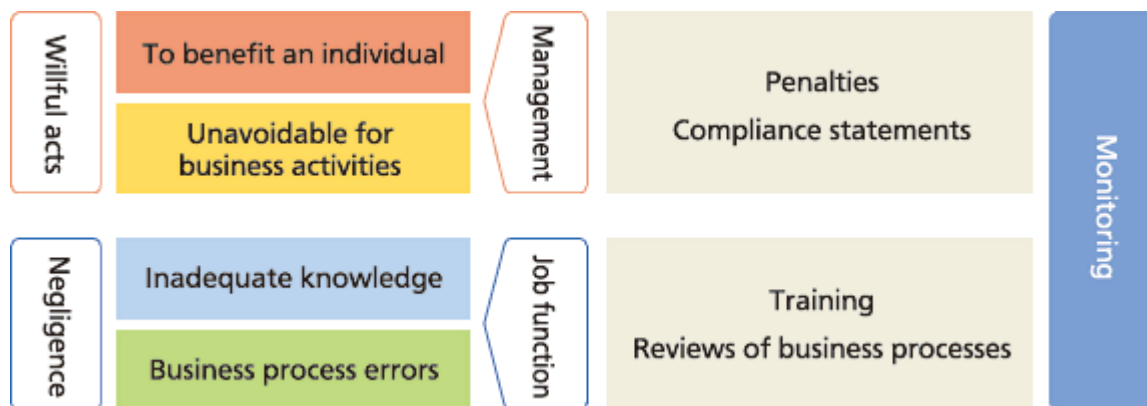
Act Locally!

We must also adopt the policy of "Act Locally" to conduct effective compliance programs. This means developing compliance methods that conform to the characteristics of each country, region and business field while adhering to our global compliance policies. Accomplishing this requires building networks to ensure thorough compliance in each country, region and business field. This will allow us to create compliance programs that reflect regional and business site characteristics as well as our corporate objectives.

One more aspect of the "Act Locally" approach is building compliance programs based on three perspectives: work sites, work products, work realities." The "training-is-everything" approach of the past is unable to take compliance to a higher level. A multi-faceted approach is necessary. For instance, when a compliance violation or scandal occurs, we need to categorize the cause to create specific countermeasures. For example, the cause could be a willful act, such as organizational actions and acts to benefit an individual, or it might be negligence resulting from inadequate knowledge or a business process error. For willful acts, our activities are aimed at preventing the occurrence of violations and other problems. Primary measures are statements by top management emphasizing the importance of compliance and a penalty system. For negligence as well, we focus on prevention. Executives and employees undergo extensive training programs. We also review work processes, introduce use of information technology and take other steps to prevent problems caused by negligence. More time will be needed to firmly establish these compliance systems in every site of our operations. But I am convinced that use of this multi-faceted approach is needed to eradicate one by one the aspects of our operations that could lead to a compliance violation or scandal.

In fiscal 2010, Panasonic will again conduct compliance activities based on the theme "Think Globally, Act Locally!" in order to remain a trustworthy member of society.

[Causes and Countermeasures for Violations and Scandals]



Compliance Awareness Surveys

To help ensure that our compliance promotion activities have effectively penetrated throughout the workforce, we conduct an annual "Compliance Awareness Survey", as an important monitoring activity, asking all employees globally to participate.

In addition to a core of common questions that appear on all versions of the survey so that global trends can be measured, each region also includes questions based on such region's actual situation.

Examples of common survey questions:

- Do you feel that your workplace has any hidden problems related to compliance with laws, regulations and business ethics?
- In your job, if there was a conflict between promoting business on the one hand and complying with laws, and regulations and generally ethical business conduct on the other hand, which do you think the priority of your workplace should be?
- If laws, regulations or business ethics are violated or are likely to be violated in your workplace, do you believe that this will be reported to the executive (president of your company, directors, business unit leaders, etc.) before long?
- Have you ever heard executives (president of your company, directors, business unit leaders, etc.) telling you their views or policies about the need for compliance with laws, regulations and business ethics?

The results of the surveys are analyzed by region, company and employee's position/title, and results are used in the planning of compliance-related measures as well as in solving challenges.

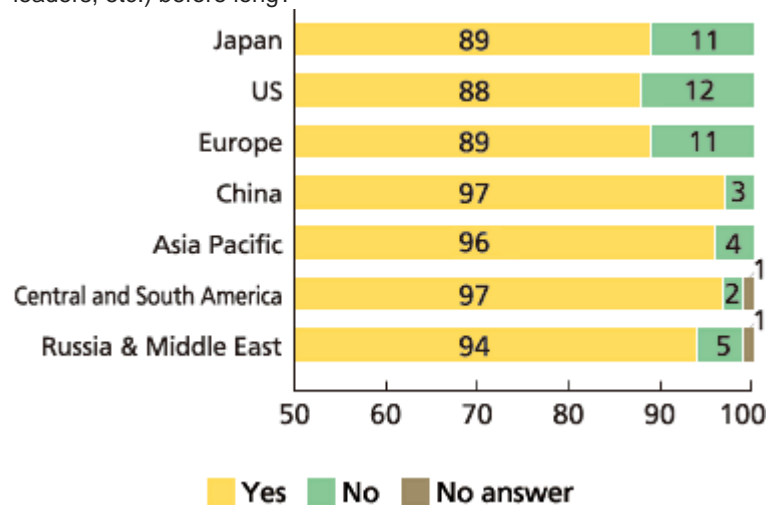
• Example of Analysis 1 -- Comparison between regions --

Fig.1 shows an example of the regional comparison of certain survey answers. Based on the results of analysis globally shared, regional challenges have been identified and problem-solving activities have been implemented in each region.

Examples of the analysis and use of survey results

[Fig.1]

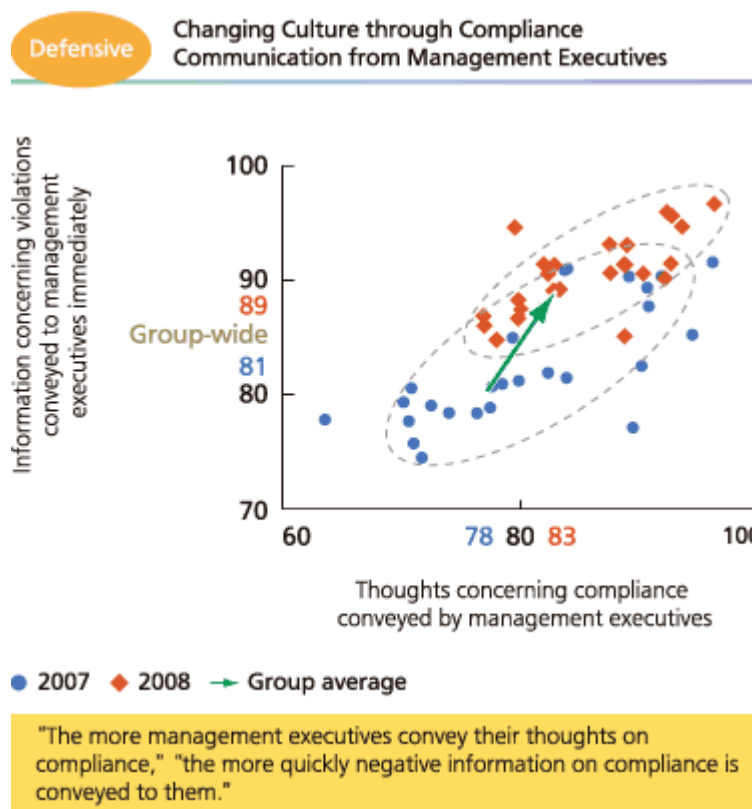
If laws, regulations or business ethics are violated or are likely to be violated in your workplace, do you believe that this will be reported to the executive (president of your company, directors, business unit leaders, etc.) before long?



• **Example of Analysis 2 -- Correlation and Year to year comparison --(Japan)**

Fig.2 shows the correlation between survey questions and their year to year change. The results of the fiscal 2007 compliance awareness survey suggested a correlation between the two questions in Fig.2. In fiscal 2008, management executives were provided with increased opportunities to convey their thoughts on compliance and relevant corporate policies and they were encouraged to do so. The answers to both questions in the fiscal 2008 compliance survey show that this increase in communications from management had the desired result of increasing the likelihood that violations will be promptly reported.

[Fig.2]



Initiatives in Key Areas

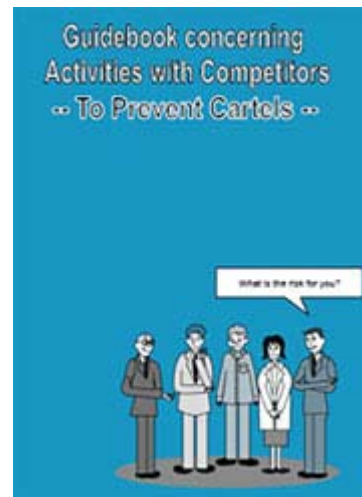
Initiatives in Key Areas

Following the results of its annual risk assessment, Panasonic has identified the possibility of violations of antitrust laws and export control regulations as critical risks that could potentially cause severe damage to Panasonic. Accordingly, Panasonic has embarked on initiatives to strengthen compliance with these laws throughout the Panasonic group.

Compliance with Antitrust Laws

To ensure that Panasonic will avoid activities that could create even a "suspicion", under the most strict legal standards, of entering into cartel activities, we believe that resolute action needs to be taken in all of Panasonic's business fields. In fiscal 2008, in addition to reinforcing education and training programs, we published the "Rules Concerning Activity and Relationship with Competitors" which spell out the legal requirements and prohibitions that must be followed when dealing with competitors. At the same time, based on the above rules, we started to operate a system where any officer or employee needs the approval of a business unit director and a relevant legal manager before engaging in dealings with a competitor. In fiscal 2009, we will follow up so that these initiatives are firmly established globally and we will develop an improved monitoring system.

Also, in preparation for the synergies that we hope to see from the proposed capital and business alliance with Sanyo Electric Co., Ltd., we are working to obtain advance clearance from the antitrust and competition authorities in each country and region, thus putting compliance with antitrust laws first.



Guidebook concerning Activities with Competitors - To Prevent Cartels

Security Export Control

We have steadily promoted "export control" activities for the past 20 years through our network of export control managers/coordinators, which functions like a nervous system throughout our businesses. However, due to the escalation of international tensions, expansion of our business in emerging countries, and the accelerated global restructuring of business operations, we now need to implement more effective and efficient initiatives on a worldwide basis. For this reason, the three following activities have been undertaken from the viewpoints of "fail-safe", "efficiency", and "expertise handover": 1) Standardize operational processes, such as determination of classification for controlled items and transaction screening, that have up to now been conducted by each business domain using its own method, and incorporate those processes into the company's IT systems, group wide; 2) train the responsible employees; and 3) strictly comply with the rules in accordance with the group-wide policy. Our slogan for this compliance initiative is "from 'Export Control' to 'Global Security and Export Control'".

Regional Programs

Regional Programs

Panasonic has a system in place in each country and region to promote and ensure compliance. Compliance activities are tailored to meet the characteristics of each region or business field in accordance with corporate policy. Here are some of the examples of these programs.

(1) In Europe

In Europe, compliance with the competition laws of the European Union is a priority and various common initiatives have been introduced throughout the region to reinforce this. These include mandatory annual education and training programs, face-to-face reviews. In terms of education and training programs in fiscal 2008, in addition to the seminars organized by the various Legal Managers, the European Legal and International Affairs Department of Panasonic Europe Ltd. coordinated with certain Legal Affairs Managers in the group companies and held competition law seminars in 19 group companies in Europe, which a total of 355 employees attended. Furthermore, by coordinating with the business domain companies, the online training program for competition law was extended to more employees. As a result, it was completed by 934 people, including local staff and expatriates from Japan, as well as members of Head Office involved in EU business.



Legal Managers in Europe share and actively discuss Pan-European and individual company matters

(2) In Asia Pacific

In order to accelerate compliance management in the Asia Pacific region, the Regional Managing Director's Conference and Legal Network Enhancement Meeting were held in fiscal 2008, where the managing directors and legal managers from some 30 companies representing regional group companies attended. They shared the corporate-wide policies and common challenges they have on anti-trust law compliance and security and export control, and ironed out differences of opinion on the compliance initiatives.

Furthermore, in fiscal 2009, we will share the unique challenges each country faces at the Legal Network Enhancement Meeting, and enhance compliance throughout the workplace by taking concrete measures within the group companies.



Participants attentively listen to presenters at the Asia Pacific Legal Network Enhancement Meeting in Singapore

(3) In China

In November 2008, the Panasonic China and Northeast Asia Legal Network Conference was convened inviting Legal Affairs staff from the Head Office, business Domains, Regional Headquarters. At the conference, participants proactively shared information and exchanged opinions on topics such as how to deal with the Chinese antitrust laws which came into force in August 2008, and the issues pertaining to the promotion of security export control.



Yukio Nakamura, Director of Corporate Legal Affairs Division, speaks about fostering a culture of compliance in the region at the China and Northeast Asia Legal Network Conference

Additionally, to detect hidden compliance-related risks in the workplace, the Legal Department of Panasonic China formulated checklists tailored to 6 important legal fields, such as fair trade, export control, customs laws and corporate laws, etc. These checklists that detail risk items reflecting Chinese laws and regulations as well as the actual situation of Chinese business have been used at the group companies so that the self-assessment activity can be implemented in the business field.



Participants discuss concrete action plans at a breakout session of the China and Northeast Asia Legal Network Conference



Legal Coordinators in China lead compliance awareness activities

(4) In North America

As a multi-national corporation with worldwide business activities, Panasonic must comply with the US Export Administration Regulations (EAR), which are applicable to both exports made from the US as well as some exports from other countries. Thus, the Legal Department of Panasonic Corporation of North America has been promoting compliance activities in coordination with the Legal Division of global headquarters. In fiscal 2008, we implemented an automated tool to simplify EAR compliance and help assure that exports are properly "classified" under the correct provision of the EAR. This tool is being used at group companies located in the US as well as in other regions where the EAR applies. Exports of US made goods or goods containing US made products and/or technologies are subject to the EAR from wherever they are exported.

Within the North American region, Panasonic has focused on initiatives such as holding seminars and conducting monitoring at R&D sites based in the U.S. where information related to advanced technologies is handled.

Legal Guidebook for Managers

We are getting the legal guidebooks lined up, which issue on a country-by country basis and cover circumstances unique to each country, and provide employees going to foreign country and local employees for better understanding of basic local laws.



Legal Guidebook for Managers

Information Security

Committed to Remaining a Company That Customers Can Trust

Basic Philosophy for Information Security

In accordance with the basic management philosophy, Panasonic is dedicated to using its outstanding technologies, products and services to earn the satisfaction and trust of customers. Information security is vital to accomplishing this goal. This includes customer, personal, financial and other categories of information. Positioning information security as one of our most important strategies, we take the following actions with the aim of helping maintain the integrity of today's information-based society

• 1. Information security systems

Each organizational unit has its own information security for properly supervising information based on prescribed rules and procedures.

• 2. Management of information assets

To protect the security of all information, each type of information is managed by clarifying correct handling in accordance with its importance and level of risk.

• 3. Education and training

We have continuous information security education and training programs for all executives and employees. Activities reinforce awareness of the importance of information security and associated rules. Violators are subject to strict penalties.

- **4. Products and services that can be used with confidence**

We have security measures for customer information so that customers can use Panasonic products and services with confidence.

- **5. Compliance with laws and regulations and continuous improvements**

We comply with all applicable laws and regulations as well as ethical standards and make continuous improvements to information security as required to respond to changes in the environment.

Measures to Upgrade Information Security

ISO/IEC 27001

Panasonic holds a growing volume of personal information about customers and information concerning business partners in conjunction with the company's broad range of business activities. We believe that the proper supervision of this information is essential to our ability to remain a trustworthy member of society.

Moreover, we are increasingly encountering situations where business partners require proper information security as a given when doing business.

However, to continue growing as a global organization, we must conduct speedy and worldwide product development, manufacturing and sales operations while protecting the technologies that make us competitive. Meeting these requirements demands systems for the proper internal use and sharing of information.

As one way to establish these systems, we began working in fiscal 2008 on earning ISO/IEC 27001 certification, an international standard for information security. Most Panasonic Group companies in Japan received this certification in the following fiscal year. In fiscal 2010, overseas group companies as well have started work on becoming certified.

As of March 2009, the Panasonic Group worldwide has had formed a worldwide system comprising 370 Information Security Management professionals, 1,798 information security audit leaders and 5,832 information security auditors. These individuals are at the forefront of measures to use international certifications to further upgrade information security throughout the group.

Fair and Appropriate Advertising Activities

In compliance with regulations and customs in each region

Basic Approach to Advertising

Advertising activities reflect the belief of founder Konosuke Matsushita that "we contribute to society through our business activities." The fundamental stance taken from this is that manufacturers producing quality products have a responsibility to disseminate information about those products broadly, accurately, and as quickly as possible.

This responsibility is even greater today. Giving the public information about all corporate activities, in addition to products, has become an important social responsibility. Panasonic's advertising activities fully reflect this broader responsibility.

One illustration of this stance is our advertising incorporating the theme of "Coexistence with the Global Environment," which is a common issue throughout society and is one of Panasonic's goals for its business activities. We use advertising to convey information about our environmental activities in a simple and timely manner based on three themes: "eco ideas" for Products, "eco ideas" for Manufacturing, and "eco ideas" for Everybody, Everywhere. In addition, through our advertising activities we hope to communicate the importance of environmental conservation to general public.

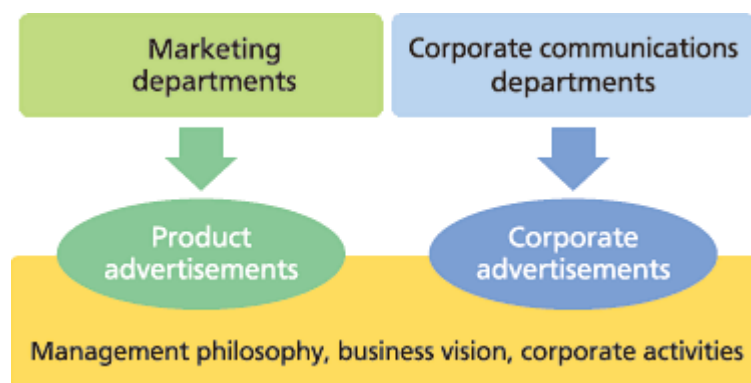
Compliance with Advertising Laws and Regulations

Panasonic conducts advertising activities in compliance with local laws, regulations, industry rules and other guidelines in every region to prevent any misunderstandings and misconceptions. In Japan, for instance, our advertisements conform to provisions of the Law for Preventing Unjustifiable Lagniappes and Misleading Representation and other advertising laws and regulations. We also comply with the "Advertisers' Ethical Code" of the Japan Advertisers Association, standards established by media companies and other guidelines.

To comply with laws and guidelines, we have on-the-job training programs for employees and hold seminars and other events for significant revisions to advertising laws and regulations. This ensures that advertising personnel have a thorough understanding of how to perform their jobs. Panasonic companies also take part in classes and seminars held by other companies and organizations and, when necessary, seek the input of specialists from outside the group.

Framework

[Framework for Mass Media Advertising Activities (Summary)]



Guidelines and Approaches to Production of Advertisements

Panasonic uses the following guidelines and approaches for television commercials, newspaper advertisements and other advertising activities.

- Advertising is an important social mission regarding business activities
- Advertising should convey the true spirit of a company
- Provide information that is accurate and easy to understand
- Never use inappropriate or annoying advertisements

Selection of Advertising Media

Panasonic selects as its mass-media only companies that are well-known and respected in their respective regions and that permit the efficient use of advertising budgets.

Our View of Political Contributions

With the globalization of the economy and the global-scale environmental and social problems that have emerged, the role that politics plays in creating a better world is becoming all the more important.

As one aspect of our corporate responsibility, Panasonic makes voluntary political donations. Following Nippon Keidanren (Japan Economic Federation)'s perspective on political contributions, our purpose is to encourage policy integrity, the healthy development of representative democracy, and transparency in political donations.

In deciding which particular political parties to donate to, we use the ten policy issues deemed important in Nippon Keidanren's "Priority Policy Issues" to evaluate a party's policies before making a donation to their political fund raisers.

The 10 priority policies were made public in January 2009, and they are as follows:

1. Stimulation of the economy and stabilize the financial system through large scale economic measures, and promote radical tax and fiscal reform
2. Establishment of a secure and sustainable social-security system and measures to counter the decline in the birthrate
3. Regulatory reform and public-private partnership to make full use of private-sector dynamism, realization of electronic administration, and upgrading of economic legislation
4. Promotion of innovation to for enhancing international competitiveness of industry
5. Advancement of truly effective resource and energy policies and promotion of environmental measures to bring about a sustainable, vibrant society
6. Educational reforms that nurture people who possess charitable spirit, broad mind, and individuality
7. Strengthening of the employment safety net and promotion of employment and labor policies that harness the diverse potential of individuals
8. Introduction of a system of states in Japan and establishment of attractive regional economic zones
9. Promotion of trade, investment, and economic-cooperation policies to appropriately cope with intense global competition
10. Promotion of strategic diplomacy and national-security, building consensus for revision of the constitution

Hotlines

To foster a corporate culture that is open and transparent, Panasonic has six hotlines based at the head office: corporate whistleblower, fair trade, equal opportunities, fair business, global, and auditing or accounting issues. The Panasonic Code of Conduct and company regulations clearly state that individuals submitting reports and seeking consultations for legitimate purposes will not suffer any negative consequences. The first head office hotline was the equal opportunities hotline (originally the hotline for women), which began operations in 1999. Since then, our hotlines have received almost 1,000 reports of problems and requests for consultations, including more than 150 in fiscal 2009. In addition, business domain companies, affiliated companies and regional overseas headquarters operate their own hotlines as required. To promote fairness in business dealings, we also accept reports of problems from suppliers outside Panasonic. Operating this system of hotlines allows us to discover and resolve problems promptly.

Corporate Governance

Information contained in this article is a reference from Annual Report 2008.

1. 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.

2. 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 26, 2008. 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 "A company is a public entity of society," 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.

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.

Corporate Auditors and the Board of Corporate Auditors

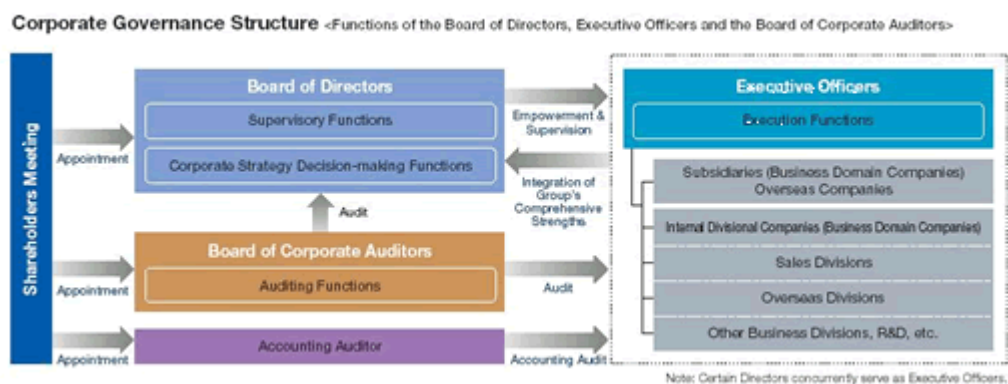
Pursuant to the Company Law, Matsushita has appointed Corporate Auditors and established a Board of Corporate Auditors, made up of Corporate Auditors. The Corporate Auditors and Board of Corporate Auditors monitor the status of corporate governance and keep abreast of the day-to-day activities of management, 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 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 the Group, Matsushita has assigned eight non-statutory fulltime 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.

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.

Under a Board of Directors' resolution, the amounts of the remuneration and bonuses of Directors are linked to individual performance based on Capital Cost Management (CCM)* and sales (an indicator of growth potential). By implementing this performance evaluation criteria based on shareholder interests, Matsushita intends to 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.

* CCM is an indicator created by Matsushita to evaluate return on capital.

3. 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 to provide

training and promote awareness, in all the countries and regions where it operates. In particular, "Enhancing Compliance Month," launched in 2006 as an initiative in Japan, was positioned as a global undertaking in fiscal 2008. During this period, messages are sent from the president, tests are conducted to assess understanding of compliance, and unique activities are conducted in each country and region in a bid to raise compliance awareness on a global level throughout the Company.

Matsushita has 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. Furthermore, in May 2006, the G&G Risk Management Committee formulated the Basic Risk Management Regulations, which outline the basic objectives of risk management and action guidelines for promoting risk management. In February 2008, in order to ensure the implementation of and strengthen internal controls further, chairpersonship of the G&G Risk Management Committee was handed from the Managing Director in Charge of Corporate Risk Management to the President. Matsushita has been operating Companywide Emergency Measure Regulations, mainly for disaster risks, since they were drafted in September 1995. However, in order to respond to the diversification of risks and their increasing impact as well as public demands, the Company has revised these regulations, widening their scope to include other risks. The revisions also clarify the systems and functions that will deal with Companywide emergencies in order to ensure a seamless and timely response.

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 21 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 and quarterly earnings 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.

4. 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's mid-term management plan GP3, which runs from fiscal 2008 to fiscal 2010, is based on the fundamental concept of delivering steady growth with profitability. Under this plan, 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. In addition, the Company sees reducing the environmental load of all business activities as being just as important as steady growth with profitability. Accordingly, Matsushita will accelerate environmental sustainability management with a goal of reducing CO₂ emissions by 300,000 tons (compared with fiscal 2007 levels) at all manufacturing sites around the world by fiscal 2010.

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 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. The ESV Plan has continued to be adopted, with Board of Directors' meetings in April of each subsequent year reaffirming the basic thinking behind the plan. At the April 28, 2008 Board of Directors' meeting, the ESV Plan was approved again.

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 provide 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 regarding purchase conditions 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 respect the opinions of Outside Directors and statutory corporate auditors.

When invoking the aforementioned countermeasures, if the Company's Board of Directors decides that it is appropriate to confirm the will of shareholders from the perspective of the interest of all shareholders, a general meeting of shareholders will be held. If the Company's Board of Directors decides to hold a general meeting of shareholders, it will give notice to that effect as well as the reasons for such a meeting at that time.

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, as well as the conditions that allow the Company to acquire stock acquisition rights by swapping Company stock with a party other than the Large-scale Purchaser, 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.

For further details, please see the press release issued on April 28, 2008 at the Company's Web site:
<http://panasonic.co.jp/corp/news/official.data/data.dir/en080428-3/en080428-3.html>

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.

5. 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 independent directors on the 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 26, 2008. 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.
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.	<p>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 may be adopted by Japanese joint stock corporations meeting certain criteria.</p> <p>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,</p>

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 26, 2008, 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.

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.)

Directors and Corporate Auditors

(as of June 25, 2009)

Chairman of the Board	Kunio Nakamura
Vice Chairman of the Board	Masayuki Matsushita
President	Fumio Ohtsubo
Executive Vice President	Susumu Koike
Executive Vice President	Koshi Kitadai
Executive Vice President	Toshihiro Sakamoto
Executive Vice President	Takahiro Mori
Senior Managing Director	Yasuo Katsura
Senior Managing Director	Hitoshi Otsuki
Senior Managing Director	Ken Morita
Managing Director	Junji Nomura
Managing Director	Ikusaburo Kashima
Managing Director	Kazunori Takami
Director	Ikuo Uno
Director	Masayuki Oku
Director	Masashi Makino
Director	Makoto Uenoyama
Director	Masatoshi Harada
Honorary Chairman of the Board and Executive Advisor, Member of the Board	Masaharu Matsushita
Senior Corporate Auditor	Kenichi Hamada
Senior Corporate Auditor	Masahiro Seyama
Corporate Auditor	Yasuo Yoshino
Corporate Auditor	Ikuo Hata
Corporate Auditor	Hiroyuki Takahashi

Managing Executive Officer	Yoshihiko Yamada
Managing Executive Officer	Kazuhiro Tsuga
Managing Executive Officer	Takumi Kajisha
Managing Executive Officer	Ikuo Miyamoto
Managing Executive Officer	Yoshiiku Miyata
Managing Executive Officer	Yutaka Takehana
Executive Officer	Hideo Kawasaki
Executive Officer	Shigeru Omori
Executive Officer	Masaaki Fujita
Executive Officer	Yoshihisa Fukushima
Executive Officer	Naoto Noguchi
Executive Officer	Osamu Waki
Executive Officer	Toshiaki Kobayashi
Executive Officer	Joseph Taylor
Executive Officer	Takashi Toyama
Executive Officer	Jun Ishii
Executive Officer	Toshiro Kisaka
Executive Officer	Masato Tomita
Executive Officer	Hideaki Kawai
Executive Officer	Takeshi Uenoyama
Executive Officer	Koji Itazaki
Executive Officer	Shiro Nishiguchi
Executive Officer	Yoshiyuki Miyabe
Executive Officer	Laurent Abadie
Executive Officer	Yorihisa Shiokawa
Executive Officer	Yoshio Ito
Executive Officer	Hidetoshi Osawa
Executive Officer	Yoshiaki Nakagawa
Executive Officer	Mamoru Yoshida
Executive Officer	Tsuyoshi Nomura

Panasonic Code of Conduct

The "Code of Conduct" embodies our Basic Business Philosophy in the form of clear, practical guidelines.

The Company's Code of Conduct was first established in 1992, and revised twice since then. On October 1, 2008, the revised Code was introduced as the "Panasonic Code of Conduct," in conjunction with the renaming of the Company and unification of its brands. The purpose of this latest revision is to globally share among all employees the "Panasonic brand image to pursue" and the Company's basic approach to responding to social demands regarding corporate social responsibilities (CSR).

Let Us Faithfully Carry Out Our Business Philosophy To Realize a Global Panasonic

Ever since the founding of our company, we have consistently maintained a strong commitment to contributing to society through our business activities, based on the firm belief that a "company is a public entity of society." I believe that throughout our history, our products and business activities have made steady progress thanks to the great efforts made by all of our employees who have steadfastly carried out our Management Philosophy. No matter what age we live in, the most important thing for all employees of Panasonic is to constantly develop a better understanding of our Management Philosophy and take the initiative in implementing it.

Currently, we are witnessing radical changes in social demands and expectations for enterprises. In addition to supplying products of excellent quality and performance, while observing laws and regulations of individual countries concerned, enterprises are expected to fulfill their corporate social responsibilities in diverse areas, ranging from global environmental preservation to product safety, labor environment, human rights protection, risk management and corporate citizenship activities. Any enterprise engaged in global businesses must maintain high ethical values and conduct its day-to-day business activities accordingly.

At Panasonic, we must work to respond to such changing social demands and expectations through our daily efforts to carry out our Management Philosophy. To this end, each of us must sharpen our sensitivity to precisely grasp social demands and act according to what we believe is right. In other words, we must develop and apply what is called a "Corporate Conscience" that goes beyond laws and rules.

Today we have changed our company name to Panasonic Corporation. Panasonic has also become our unified brand name for all our products and services. It is my sincere hope that on this special occasion, all employees will renew their resolve and combine their efforts to achieve Global Excellence and realize a truly Global Panasonic by being fully prepared to integrate all the business activities into Panasonic.

This "Panasonic Code of Conduct," which embodies our Management Philosophy, presents practical guidelines for employees' day-to-day activities. I strongly ask each of you to consider the Panasonic Code of Conduct as your guiding principle and to conduct your daily business in compliance with the Panasonic Code of Conduct.

October 1, 2008

Fumio Ohtsubo
President
Panasonic Corporation

Scope of Application and Observance

<Scope of Application>

This *Code of Conduct* applies to all Directors, executive officers and employees of Panasonic Corporation (PC) and all of its operating divisions and controlled subsidiaries.

<Issuance, Adoption and Modification>

The Board of Directors of PC issues this *Code of Conduct* and the Board of Directors of each PC controlled

subsidiary shall adopt this *Code*.

With prior approval of the PC head office, a PC controlled subsidiary may modify the contents of this *Code* or adopt its own *Code* in accordance with nature and area of business, the laws, regulations and customs of the relevant country or region, provided that such modified or alternate *Code* 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, 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, price fixing or other cartel activities.

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 and continue to enhance our customers' quality of life.

We will take initiatives to reduce potentially adverse environmental impacts of our business, such as initiatives to reduce global warming, proper management of chemical substances, reduction of waste, and the effective use of limited resources in all our business activities.

We will disclose information concerning our environmental initiatives.

(2) Development of environmentally responsible products and services

We will devote research and development, merchandise planning and product design efforts to develop environmentally responsible products and services with recyclable design and careful choices of materials.

(3) Reduce CO₂ emissions across all manufacturing processes

Focusing on reduction of CO₂ emissions, we will reduce potentially adverse environmental impacts by improving processes across our manufacturing base, such as R&D, procurement, manufacturing, sales, logistics, recycling, administration and others.

(4) 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. Corporate Citizenship 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 coexistence with the environment, personal development and education, art and cultural promotion, social welfare, 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. The Company will also provide support for public service organizations, including the foundations and funds that it has established.

III. Brand

(1) Our Approach to Our Brand

We will integrate all of our business achievements into our brand and create valuable ideas constantly as characterized in the brand slogan, "Panasonic ideas for life", which is derived from our Basic Management Philosophy.

(2) Panasonic Brand Identity

The brand concept 'Panasonic ideas for life' means that we generate ideas for life today and tomorrow, and are committed to enriching people's lives around the world through innovative thinking. In doing so, we will strive to be 'Visionary', 'Refined' and 'Trusted' with 'eco ideas for the earth';

Visionary	We embrace emerging trends and stay ahead of the times, continuously exceeding our customers' expectations.
Refined	We continuously gain insight from a broad perspective and translate this vision into products and solutions that enhance the lifestyles our customers aspire to.
Trusted	We consistently deliver the highest level of brand experience, making Panasonic the name customers rely upon and believe in.
eco ideas for the earth	We make protection of the global environment the premise for all our business activities, thereby helping to bring about a truly prosperous future.

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

We will use our brand 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. Furthermore, through untiring efforts to improve our management quality we will strive to enhance the value of our brand.

Chapter 3: Employee Relations

The Company will respect human dignity and 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) Taking into account the laws and labor practices of each country, the Company will try to foster a good relationship with its employees and to resolve issues of, among others, workplace and working conditions by constantly having a sincere and constructive dialogue.

(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.

Risk Management

G&G Risk Management Activities

Fundamental Stance

Panasonic promotes a company-wide risk management activities that covers operations around the world. The aim is to take preemptive actions to eliminate "sources of failure," which means anything that could impede the accomplishment of business goals. Underpinning this risk management are principles of Panasonic founder Konosuke Matsushita: "Worry earlier and enjoy later than people", "Cause of failures lie within oneself," "There is always a 'sign' for everything" and "Small things can create big problems; you must be alert for signs of change and act accordingly."

At Panasonic, risk management to eliminate sources of failure functions in tandem with the establishment and execution of management strategies that can create sources of success. Combining these two functions better enables us to accomplish business objectives and increase our corporate value. Disclosing risk information in public in an appropriate way and improving the transparency of our activities gives customers and other stakeholders as well as communities and the public greater confidence in the Panasonic organization.

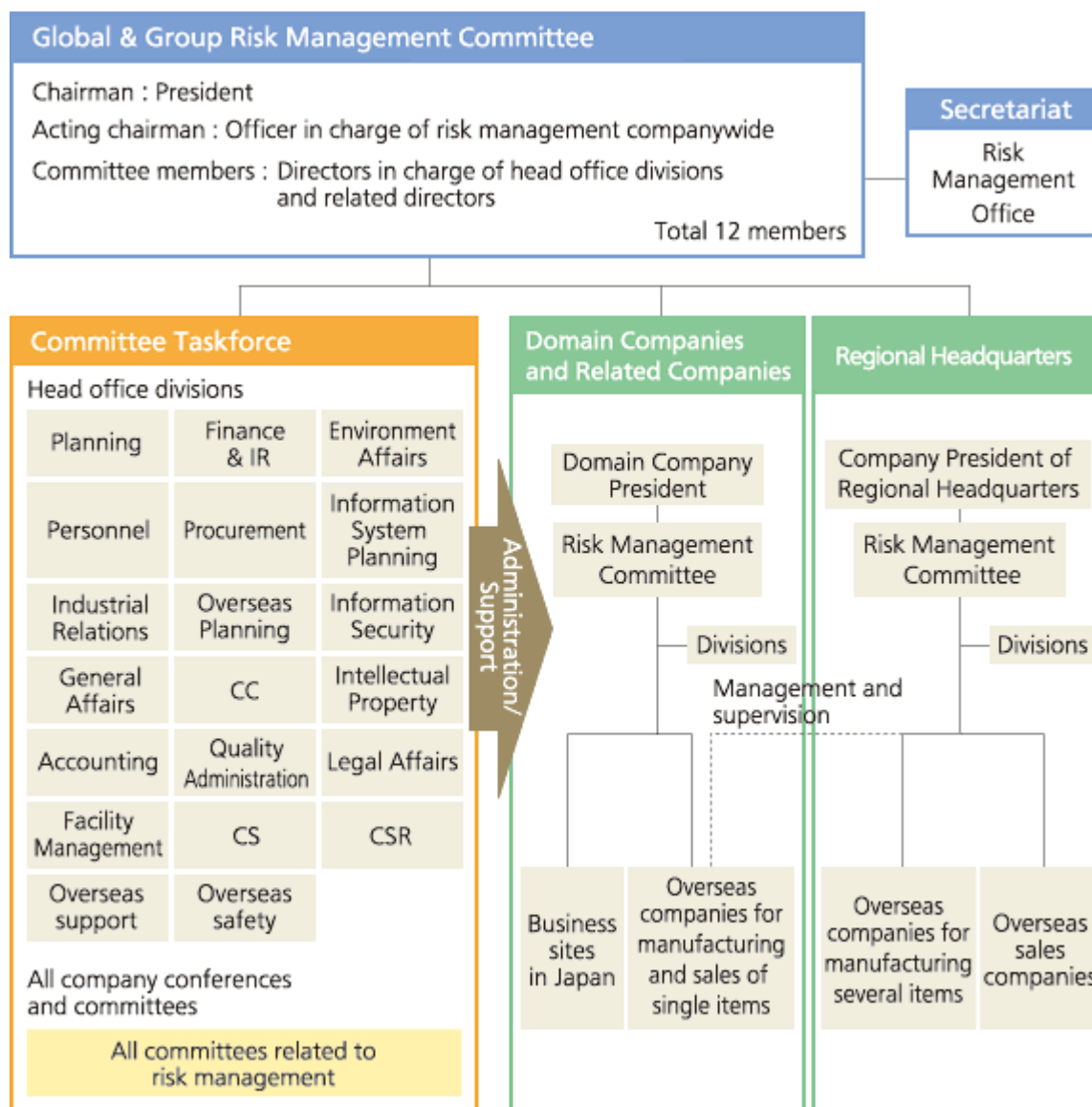
[Role of Risk Management in Business Management]



G&G Risk Management Promotion Organization

Panasonic has a Global & Group (G&G) Risk Management Committee that is chaired by the company president and includes Directors and Executive Officers who oversee corporate functions and divisions. In addition, corporate functions use committees associated with risk management to work together. This provides a basis to promote measures throughout the company to deal with risks and to give assistance to business domain companies, related companies and regional headquarters. Risk Management Committees are also established by these business domain and related companies and regional headquarters. Collectively, these units create a global risk management system that spans the entire Panasonic Group.

[Panasonic Global and Group Risk Management Promotion Framework]

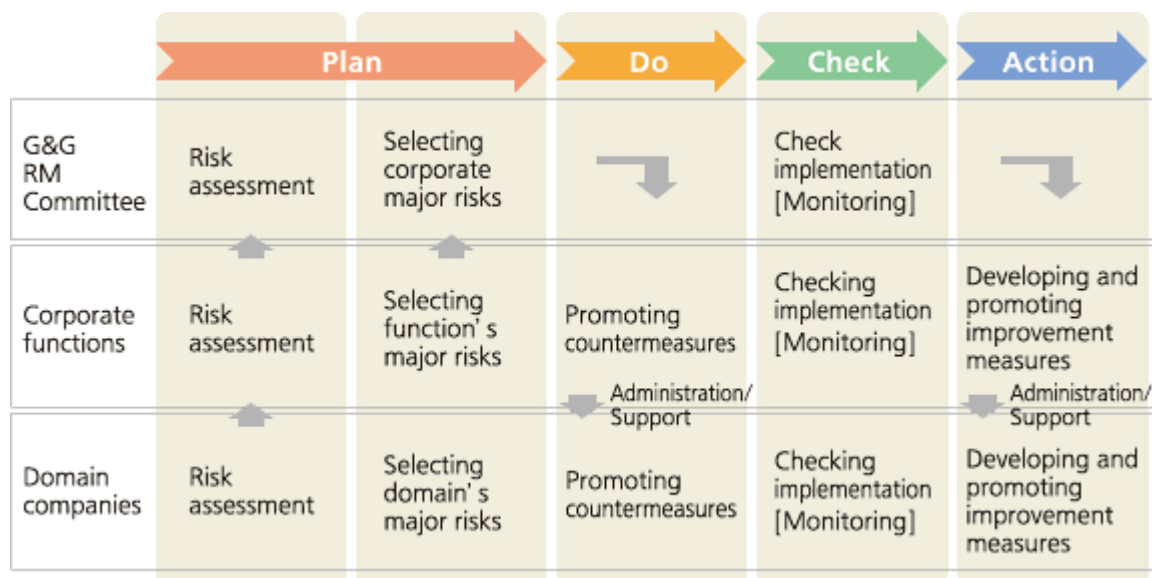


Basic Framework

Panasonic has three levels of management cycles for risk management: the G&G Risk Management Committee, business domain and related companies, and related functions. Risk assessments come first. These assessments are performed once each year when business plans are formulated. We conduct assessments in an integrated and comprehensive manner at all three of the levels for management cycles mentioned above. A single, global set of standards incorporating the potential impact on business operations, probability of a risk occurring and other factors is applied. The G&G Risk Management Committee is responsible for identifying major risks that could affect the management of Panasonic Group. In addition, all business domain and related companies and related functions identify major domain and function risks for their respective activities.

For these three categories of risk, G&G Risk Management Committee, business domain and related companies and related functions cooperate as necessary in order to enact countermeasures with speed and accuracy. Going one more step, we monitor the progress of the countermeasures and make constant improvements.

[Basic Framework for Risk Management]



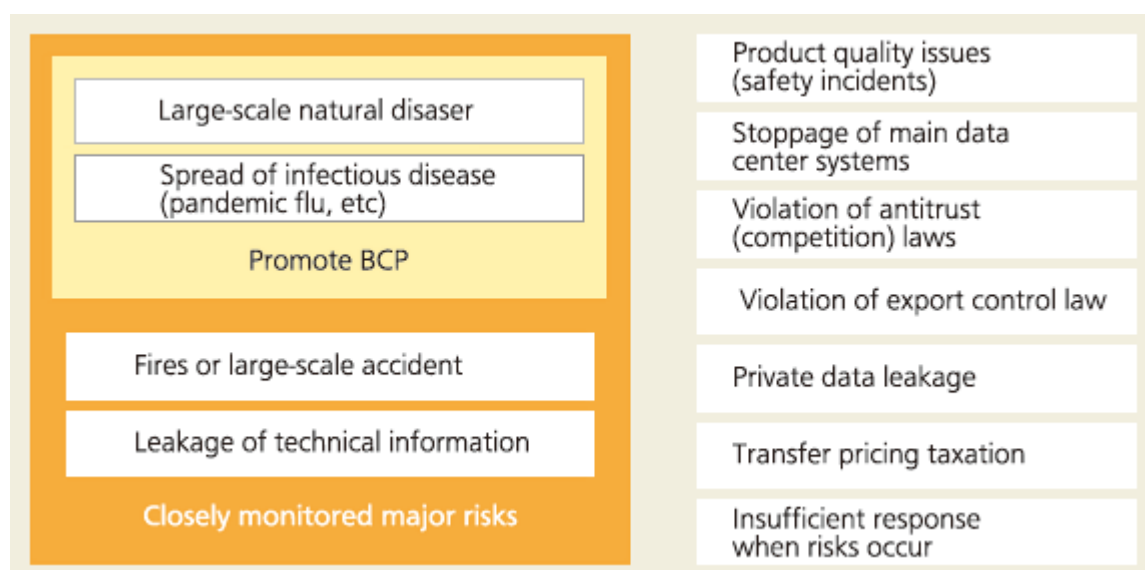
Corporate Major Risks in Fiscal 2009

Panasonic has identified 11 Corporate Major risks for fiscal 2009: large-scale natural disaster; spread of infectious disease (pandemic flu, etc); fires or large-scale accident; leakage of technical information; quality issues (safety incidents); stoppage of main data center systems; violation of antitrust (competition) laws; violation of export control law; private data leakage; transfer pricing taxation; and the risk of insufficient response when risks occur.

We have classified four risks as closely monitored major risks: large-scale natural disaster, spread of infectious disease (pandemic flu, etc), fires or large-scale accident, and leakage of technical information. The G&G Risk Management Committee directly monitors progress made concerning countermeasures and other activities involving these priority risks. Taking this approach allows reinforcing and speeding up of risk containment measures for the entire Panasonic Group.

Furthermore, when responding to problems, companies today must meet even higher standards for speed and sincerity from the standpoints of social responsibility, ethics and compliance. An insufficient response poses the additional risk of damaging the Panasonic brand's reputation and losing the public's trust. We are well aware of the magnitude of the impact this could have on our operations. To respond properly, we have designated "insufficient response when risks occur" as a corporate major risk and are working on upgrading countermeasures in all our operations.

[2009 Corporate Major Risks]



Business Continuity Plan

Panasonic has a Business Continuity Plan (BCP) in order to be prepared for a large-scale natural disaster or the spread of infectious disease (pandemic flu, etc). With regard to the risk of large natural disasters, particular emphasis is placed on formulation of a BCP at business domain companies for responses to a large-scale earthquake.

By the end of fiscal 2010, at least one site at each business domain company must have a BCP in place. These companies must also extend continuity planning to their other business sites. All business domain companies are now working intently at completing these plans. Panasonic received a Prize for Excellence in Practice at the Business Continuity Advancement Organization (BCAO) Awards for Fiscal 2009.



Receiving Prize for Excellence in Practice at the Business Continuity Advancement Organization Awards

For risks involving infectious diseases, Panasonic has started work on a BCP for use in the event of a global epidemic of a new type of influenza, about which there has been much concern. Protecting the health and safety of employees and their families is the highest priority. To prepare this BCP plan, we are incorporating the approach of Japan's Ministry of Health, Labour and Welfare, which requires preventing diseases from spreading and downsizing or suspending non-essential business activities. Our BCP also reflects our obligations as a member of the local community.

Establishing a BCP is essential to earning greater trust from stakeholders. These plans also enhance the reputation of the Panasonic brand and make our products more competitive. Another benefit is the ability to fulfill our corporate responsibility to society by reducing the likelihood of an interruption in business activities in an emergency.

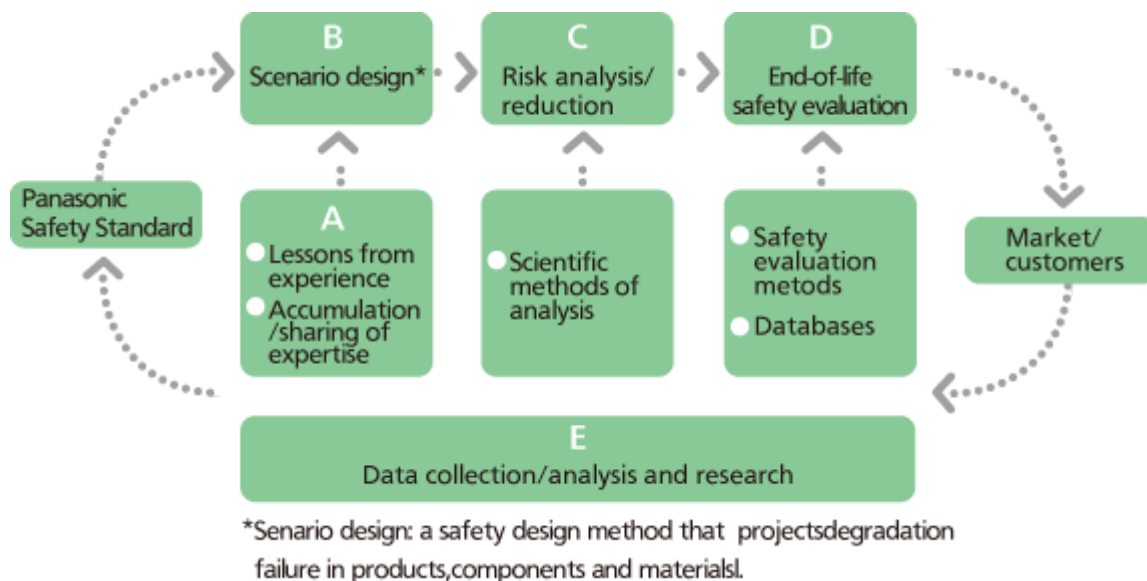
Safety and Security for people all over the world

Striving for safety and peace of mind in design and production

Upgrading design and production to factor in all product safety issues

Never Make an Unsafe Product: Safety Throughout the Product Lifecycle

Lessons learned from recent product safety problems, notably incidents involving FF-type kerosene heaters, have led to a significant shift in the approach taken to product safety by Panasonic. The Company has started the practice of organizing small study groups to analyze safety issues with the aim of revising and upgrading relevant safety standards. Efforts are being made across Panasonic to ensure the safety of each product made.



A. Relearn product safety

Panasonic organizes small study groups to examine safety issues as part of ongoing efforts to entrench a safety-first attitude and to raise awareness of related issues. In "Quality Management Seminar for Top Executives", directors of manufacturing divisions are studying quality management for product safety first. Also in "Quality Management Seminar for key manufacturing personnel", managers of engineering, manufacturing and quality are studying quality management to secure product safety having sense of unity. In our activities for product safety design training, respective team leaders from production and design operations study actual examples of failures in Panasonic and other companies, company-wide standards for ensuring product safety, and scientific methods for preventing product safety incidents.

B. Scenario design based on end-of-life assumptions

The end of life for a product is the time when it no longer functions properly. To date, product design has tended to focus mainly on how to make items that will not fail. Based on the view that all products will reach an end-of-life situation at some point, the approach is shifting to emphasize from the design stage onward how to ensure safety when a product either fails or otherwise undergoes recycling or disposal.

C. Comprehensive risk analysis and reduction

"What sorts of risks are associated with a product?" Panasonic tackles this question by conducting analyses using scientific methods to identify risks from multiple perspectives. Efforts are then made to reduce or eliminate those risks identified.

D. Evaluating end-of-life safety when a product finally fails

After risk analysis of product designs based on end-of-life assumptions, in the final stage, products are subjected to trials to test ways in which they could finally fail. Any product whose safety cannot be guaranteed at this stage does not make it to market. In this way, Panasonic tries to ensure that no unsafe product is ever made.

E. Incorporating collected data into standards

Panasonic has developed scientific evaluation techniques such as accelerated degradation testing to study the durability of materials. In collaboration with materials suppliers, Panasonic gathers this information into a database. These data and other market-based information received from service representatives are incorporated periodically into the Panasonic Corporation Safety Standards (PCSS) to ensure that such standards are comprehensive. In particular, standards relating to key safety-related aspects such as long-term usage, inflammability and measures to prevent toppling have been upgraded.

Mandatory Inspections of Products Used for Long Term

Japan's amended Consumer Product Safety Law was announced on November 21, 2007 and enacted on April 1, 2009. One result is the establishment of a system of safety inspections for consumer products used for a long time. To prevent accidents that may occur as products age, companies are required to perform inspections and provide other assistance to customers for products designated by this law (designated maintenance products).

For electrical products, this law mandates such assistance for two products: built-in electrical dishwashers and electrical dryers for bathrooms. Under the law, customers who purchase one of these products must submit an ownership form to the specified manufacturer or other party. This party retains the form and notifies customers when inspections are to be performed. Inspections are then conducted for a fee as requested by the customer.

Designated maintenance products must be identified by labels on the products, their remote controls and other components. The labels also show the maintenance period.

Panasonic bathroom dryers notify customers of inspection times by displaying a flashing "C" for "check" in the dryer's remote control display. This system ensures that customers will never forget to request an inspection. The display inspection notification system is to be incorporated in Panasonic built-in dishwashers starting with the next series of new models.



A Panasonic electric dryer for a bathroom



A "C" flashes on and off in the remote control display when an inspection is due

People-friendly manufacturing

Panasonic's Universal Design

People-friendly manufacturing has always been at the heart of Panasonic's business operation. We take pride in this tradition and make this theme a part of all our manufacturing activities.

Founder Konosuke Matsushita proclaimed in 1942 that "our fundamental commitment is to please consumers by fabricating products that incorporate an abundance of kindness, warmth, depth and fulfillment."

Since its inception, Panasonic has retained an uncompromising dedication to people-friendly manufacturing, constantly refining this principle to reflect changes in society and markets over the years. To provide the greatest possible comfort, Panasonic in the early years developed a woodworking machine specifically to make a kotatsu (electric heated table) with a rounded profile. This same devotion to the spirit of people-friendly manufacturing still pervades all of our products today. For example, our VIERA Link audio-visual networking and control system makes it easy to interconnect a television and other audio-visual equipment and use a single remote control for every device. This spirit is also evident in our tilted-drum washer/dryer, which permits a comfortable loading and unloading posture, and our Otakkusu personal facsimile machine with audio notification of names of incoming callers, a feature requested by people with impaired vision.



The spirit of people-friendly manufacturing was encapsulated in the Basic Rules for Universal Design that we established in 2003. These rules make it possible to apply the same fundamental approach to manufacturing throughout the Panasonic Group.

Basic approach

Our Universal Design Policy has six basic elements, including ensuring that the operation of products can be easily understood. Universal design is an essential part of our V-products, which are the nucleus of our growth strategy. We are increasingly incorporating universal design principles in all other Panasonic products, too.

Two types of research are essential to creating universal design products. First is "human research," which studies the characteristics and behavior of people. Second is "lifestyle research," which studies needs involving our daily activities where improvements are required. We want to know how to lower stress associated with using a product and have consumers feel that a product perfectly fits their needs. We believe the ultimate goal of universal design is the creation of products that can be operated with ease and convenience by our customers, regardless of how each individual uses our products.

Our "human lifestyle research" seeks to accomplish this goal. Knowledge gained from this research is incorporated in the universal design rules and design standards used by the entire Panasonic Group. We use these rules and standards to conceive and design new products as well as to develop technologies for universal design functions.

The Panasonic Universal Design Policy and Six Elements

Universal Design Policy

Panasonic will use products and services to express its dedication to meeting the needs of everyone with the aim of making our lives more enjoyable, comfortable and fulfilling.

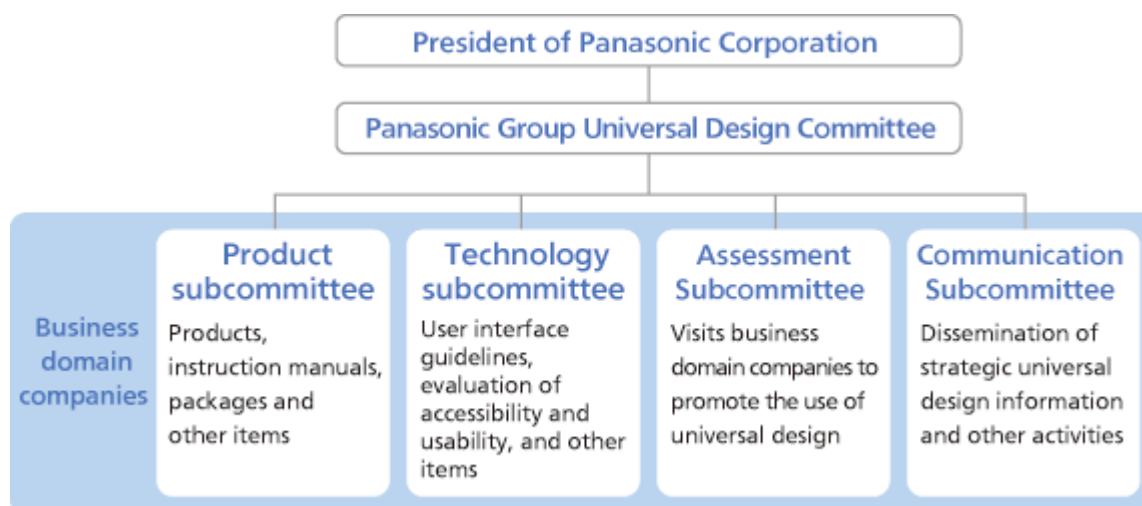
The six basic elements of universal design

1. Easy-to-understand operation
2. Uncomplicated displays and indicators
3. Natural posture and ease of movement
4. Space to support easy access
5. Peace of mind and security
6. Consideration of how product is used and maintained

The universal design promotion system

Panasonic's Universal Design Policy has six elements to provide specific guidelines for applying this concept to products, instruction manuals, packaging and catalogs. When creating a new product, we take the customer's viewpoint at every step, starting with conception and development. Our objective is to improve all aspects of satisfaction, including a product's ease of operation, efficiency, comfort and convenience. This program was extended to include joint effort with Matsushita Electric Works Co., Ltd. (now Panasonic Electric Works) in fiscal 2006 and PanaHome Corporation in fiscal 2008. Currently, the universal design system is being promoted on a group-wide level.

[The Universal Design Promotion System]



Voice of the Customer (VOC) Activities

Panasonic places great value on suggestions and requests from customers, using this information to develop and improve products incorporating universal design principles.

Eco function Added to VIERA Link (AVC Networks Company)

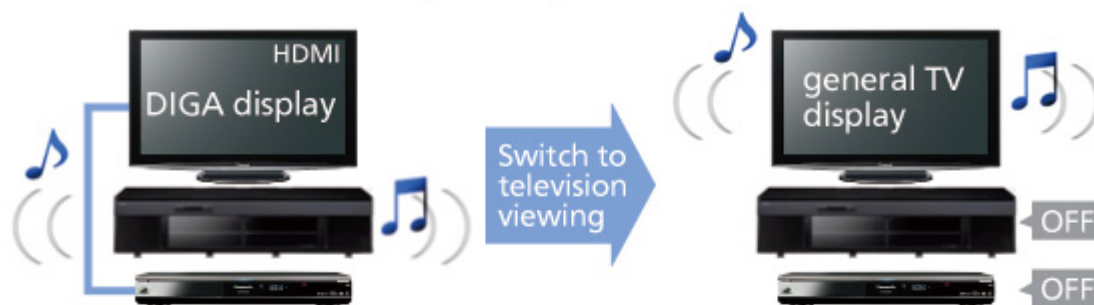
Panasonic's VIERA televisions feature the VIERA Link interface for easy networking with a Panasonic DIGA Blu-ray/DVD recorder, AV amplifier and other components. VIERA Link enhances both convenience and enjoyment when using these audio-visual products.

We have received many comments from customers about concerns involving power consumption of the VIERA Link system. People appreciate the convenience of VIERA Link but worry about the cost of electricity for all the components in the system. For others, using "system off" every time to turn off power to recorders, amplifiers and other devices is too much of a chore.

At Panasonic, we pay constant attention to customers' feedback in order to create products that eliminate worries about even aspects that are not readily visible. To deal with these power consumption concerns, we are equipping VIERA Link products with two new power-saving features starting with new 2009 year models. The first is "Intelligent Auto Standby." This function frequently checks the status of system components and switches off power to unused devices, much like switching off lights in unoccupied rooms. The second feature is "Standby Power Save," which cuts standby power consumption of a Blu-ray/DVD recorder to the minimum when the VIERA system power is off. These behind-the-scenes features allow customers to enjoy the advantages of VIERA Link while using the smallest amount of electricity possible.

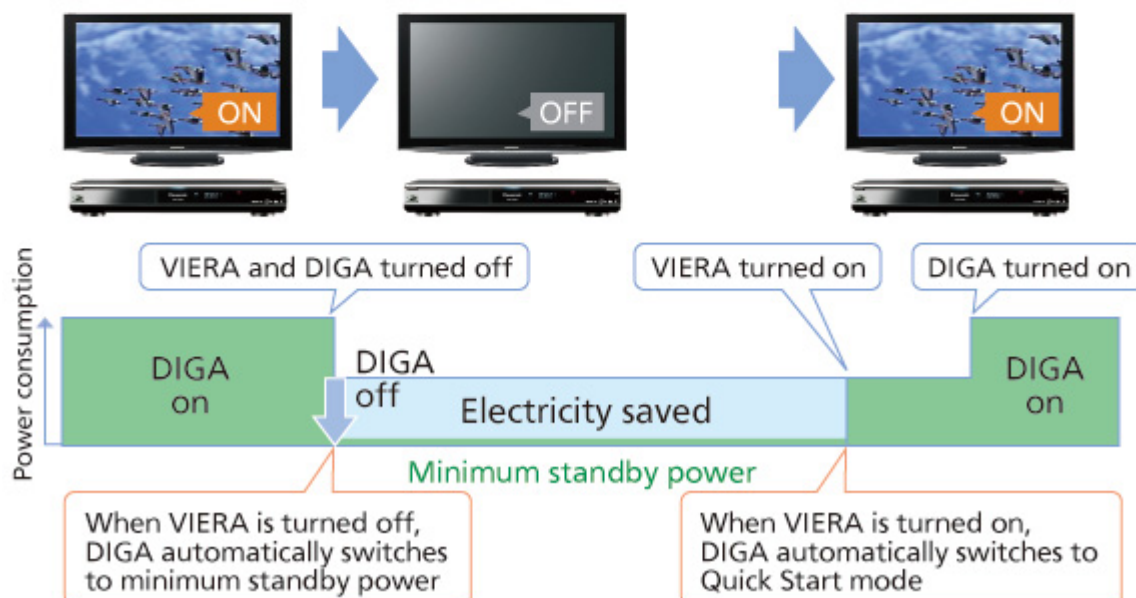
Intelligent Auto Standby

Turn off devices when not in use, according to the state of VIERA



Standby Power Save

The standby power consumption of DIGA is minimized when the VIERA system power is off.



Making Eco Cute Products Easier to Use (Home Appliances Company)

Eco Cute is an environmentally responsible hot water storage and supply system that uses a natural refrigerant (CO₂) to extract heat from the air to heat water. We listen carefully to our customers in order to make this system even easier to use. A model to go on sale in July 2009 responds to customers' requests for a way to see how much hot water is remaining. The new model does this by replacing the remaining water diagram of previous models with a numerical display showing the amount of hot water available at the most frequently used temperature. For heating more water, previous Eco Cute models had a switch to refill the entire tank. But some customers wanted a way to add only the amount of hot water needed for use right away, such as when a guest arrives. Our answer is a function that allows users to select the amount of water to heat.



Eco Cute

Display showing remaining hot water



(Before improvement)
Display with a remaining
water diagram

Example of improvement



Display changed to a
numerical indicator of
remaining usable hot
water.



Setting the amount of additional water to heat



(Before improvement)
Once the reheat button
was pressed, the system
heated an entire tank of
water.

We improved the system to
allow users to set the
amount of water to be
heated in steps

Example of improvement



The amount of water to be heated can be set in
steps

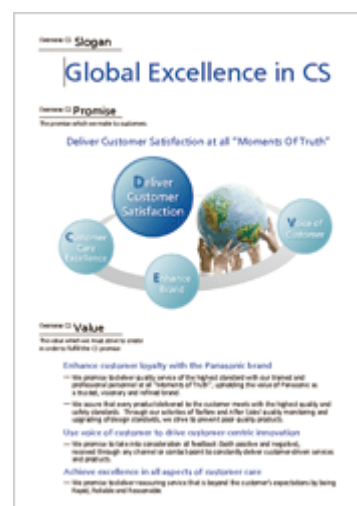
Ensure customers' lives on a global basis

Establish the Panasonic overseas CS policy for enhancing and reinforcing customer satisfaction programs outside Japan

Supplying services that please customers in every way is the central element of our activities to serve customers. The number of people using Panasonic products is increasing steadily around the world. One of our most important missions is the consistent provision everywhere in the world of quality, customer-centered services that customers can use with confidence. Guiding our activities is our Overseas CS policy for enhancing and reinforcing customer satisfaction programs outside Japan. Our objective is global excellence. Sales companies worldwide are taking the lead in translating this policy into customer satisfaction activities that are deeply rooted in each country and region.

Overseas CS Policy

Slogan	Global Excellence in CS
Promise	Deliver Customer Satisfaction at all "Moments of Truth"
Value	<ul style="list-style-type: none"> Enhance customer loyalty with the Panasonic brand Use voice of customer to drive customer-centric innovation Achieve excellence in all aspects of customer care



The Overseas Service Network

Panasonic is building a network capable of providing services that can satisfy customers anywhere in the world. In fiscal 2008, we used a highly distinctive approach backed by unique Panasonic strengths for service networks in India and Vietnam, two countries with rapid economic growth rates. In India, for instance, high-performance audio-visual products are very popular. As a result, we receive many questions about the use and networking of these products. To provide this assistance, we assign service technicians to all 50 Panasonic Brand Shops, (dedicated Panasonic retail outlets), in India. This gives us a one-stop service network able to meet individual customers' needs for advice and repairs, an infrastructure that no competitor can match. In Vietnam, we have been working in many ways to improve customer access to repair services. One way is by increasing the network of "Key ASCs(Authorized Service Centers)" able to repair Panasonic products and providing staff with training in digital repair technologies for audio-visual and other devices. Another way is by conducting inspection and repair campaigns using newspaper advertisements, shop front advertising and other activities. We remain committed to enlarging our service network, in countries outside of Japan including those with emerging economies. We want to earn even more satisfaction and trust among customers by building an extensive service infrastructure for our products.

[Growth in Number of Certified Repair Stores]

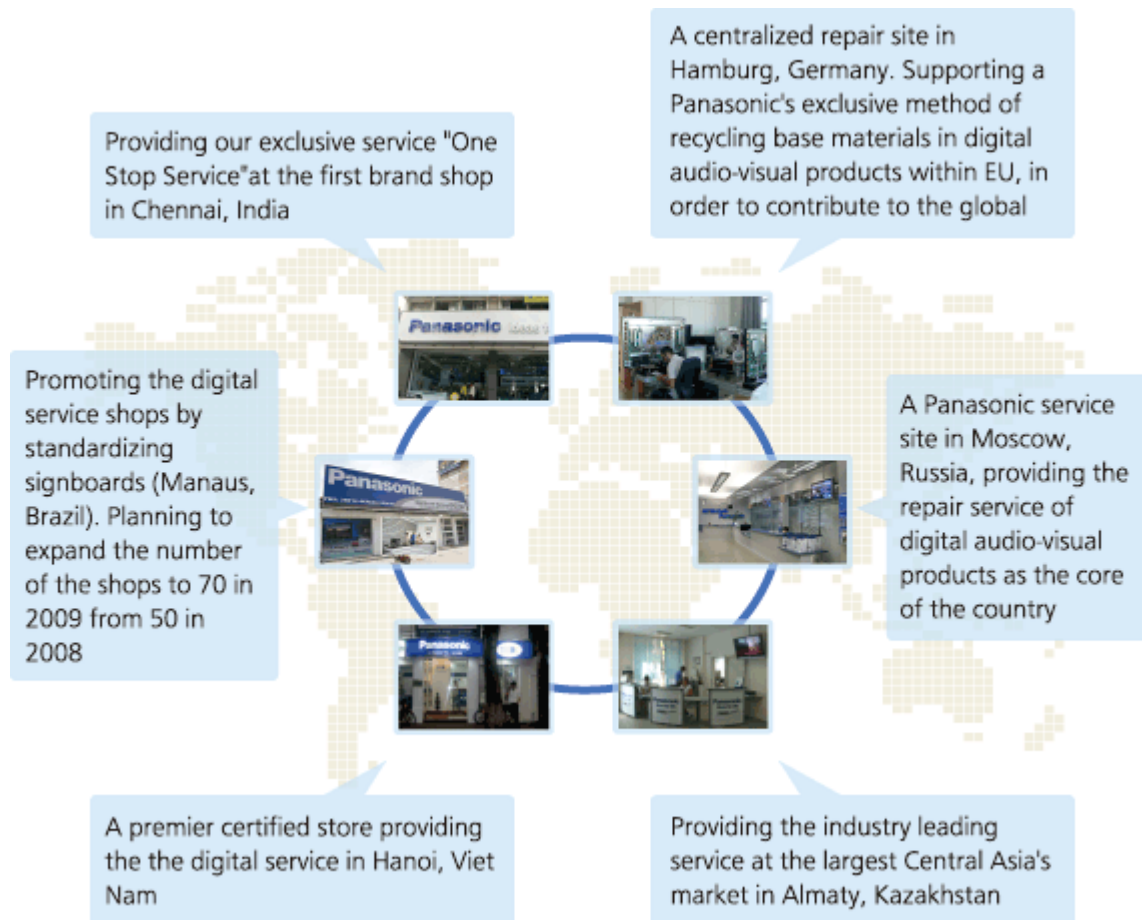
	FY2008	FY2009	FY2010 (Target)
Vietnam	Key ASCs: 7 (ASCs in total : 108)	Key ASCs: 20 (ASCs in total : 105)	Key ASCs: 25 (ASCs in total : 110)
India	ASCs: 71	ASCs: 112	ASCs: 130

*ASCs:Authorized Service Centers

[Growth in Number of Panasonic Brand Shops]

	FY2008	FY2009	FY2010 (Target)
India	18	53	100

[Worldwide service network]



Panasonic's Service Network in Japan

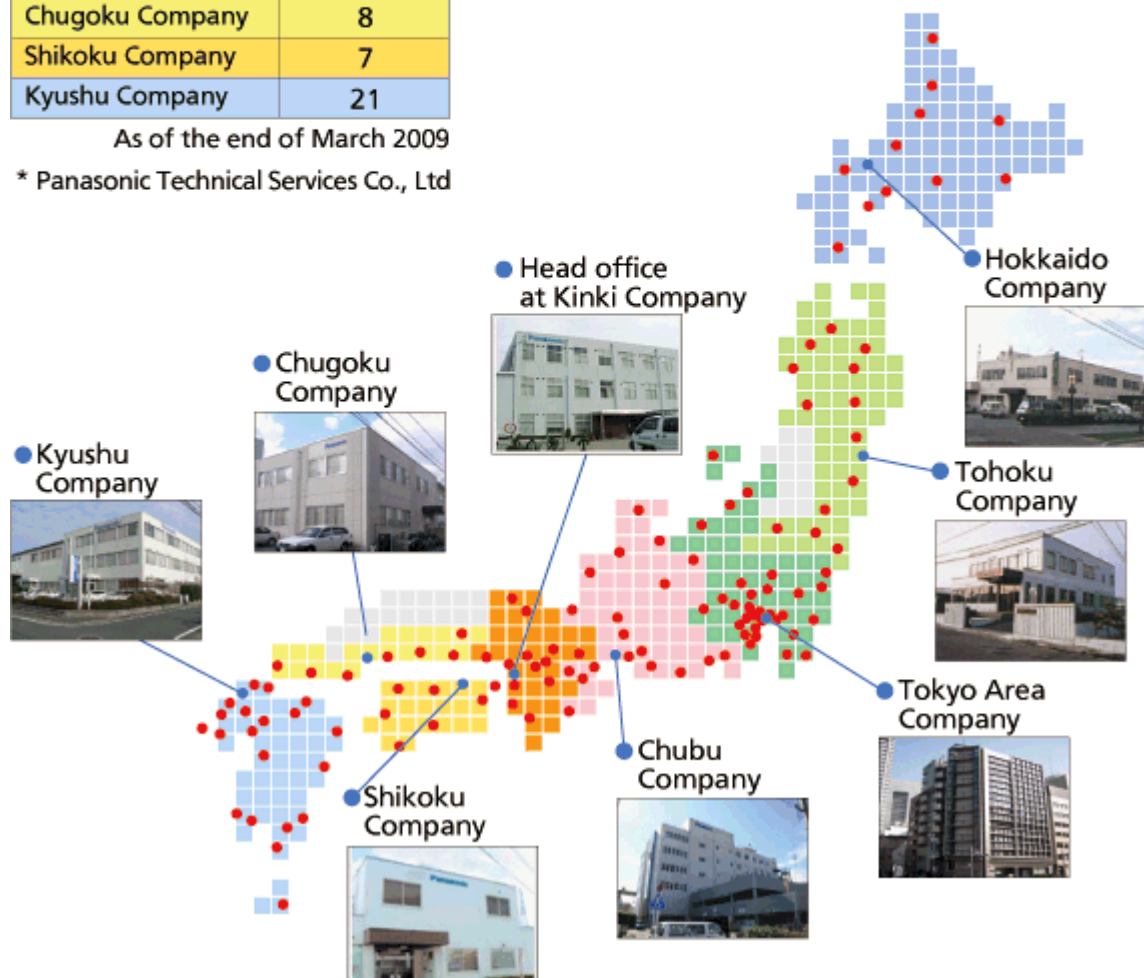
Panasonic uses both neighborhood stores and companies devoted exclusively to servicing Panasonic products in order to ensure that customers can use Panasonic products with confidence and safety. We operate 143 service stations throughout Japan, each with deep roots in its home region. With this network, we can send highly skilled customer engineers to customers' homes and places of business to provide a quick and reliable call-out repair service for customers who request it. Customers can contact us for repairs any day of the year. Using a computerized repair service operating system allows us to respond to requests for services as quickly as possible. In some instances, customers take products directly to a store for repairs. We send these products to one of our dedicated technical repair centers for quick and reliable service.

P T S E Regional Companies *	Number of service bases
Total	132
Hokkaido Company	12
Tohoku Company	14
Tokyo Area Company	35
Chubu Company	20
Kinki Company	15
Chugoku Company	8
Shikoku Company	7
Kyushu Company	21

As of the end of March 2009

* Panasonic Technical Services Co., Ltd

General companies	Number of service bases
Total	11
Yamagata Panasonic Corporation	3
Takayama Panasonic Sales Corporation	1
Sanin Panasonic Corporation	5
Amakusa Panasonic Sales Corporation	1
PCMC Okinawa K.K.	1



Training Programs for Confidence and Safety

Training Programs for CS Personnel outside Japan

Human resources are the most important element in our ability to achieve customer satisfaction and give customers confidence in Panasonic products. This is why training CS management staff (CS Mangers) working outside Japan is an integral element of our activities to improve customer satisfaction programs outside Japan. A total of 56 CS Mangers attended the four fiscal 2008 seminars. At these seminars, attendants undergo CS training to upgrade their management skills. Courses cover the basic philosophy for CS (service), which is one element of Panasonic's management philosophy, repairs and spare parts, customer cares, and other subjects. In addition, we have prepared a manual that includes basic rules for customer satisfaction outside Japan and case studies. Employees can also access the Panasonic e-learning program to study customer satisfaction at their convenience. To meet the needs of Panasonic sales companies around the world, we visit these companies to conduct CS training programs for their personnel. We have another program taught in units that cover practical aspects of specific service activities like spare parts supply operation. We are working to expand the available training programs to cover all aspects of the activities of our personnel outside Japan.



Overseas participants in a group discussion a five-day CS management seminar

Training for VOC Monitoring

Holding VOC (Voice of the Customer) Monitoring Seminars is one way in which Panasonic works on improving customer satisfaction. Seminars give employees of each Panasonic department engaged in product development skills in improving products by using the customer feedback received by the Customer Care Center. Reflecting customer input in products is not the only role of these seminars. These events also increase and reinforce employees' sensitivity to customers' needs. We will continue to hold these seminars and plan to expand this program to cover all departments associated with Panasonic products.



VOC monitoring training Engineers listening to customers

Product Inspections for Peace of Mind and Safety

In step with a rapid economic growth in the BRICS countries, the market demand is increasing, as well. Panasonic is committed to ensuring product safety in those countries. In China, Panasonic established a Product evaluation Office in the economic center of Shanghai in 2007 to increase emphasis on doing business from the standpoint of customers. The Office performs final checks of Panasonic products by adopting the customers' perspective. We launched this Office because of the need to examine products based on how Chinese customers actually use our products, feedback from them, and data about product quality. In 2008, we assembled a framework for these evaluations with the cooperation of Panasonic departments and business sites in China. Customer satisfaction and lifestyle research departments in China collect information about how customers use Panasonic products and customer feedback. Information about product quality of merchandise in the Chinese market comes from our Chinese departments associated with quality and various Panasonic business sites in China.



A Chinese examiner checking the inside of an air-purifier for shipment

Lifestyles and preferences in Japan and China differ greatly. For example, many people in China regard electrical appliances as both something to use and as an indicator of their social status to be displayed to guests. Chinese consumers are therefore much more interested in a product's appearance. To meet this demand, we started using even stricter standards to evaluate how our products look. In another move, we have trained four Chinese inspectors so that product checks can more closely reflect the views of customers in China. We plan to add more Chinese inspectors in the coming years. While gathering information from all the diversely-peopled regions of China, we will continue to perform locally-based inspections and evaluations with the aim of supplying products that can satisfy Chinese customers.

[How Panasonic Collects Information about Customers and Product Quality]



Awareness Raising Activities

Awareness Raising Activities Promoting Safe and Proper Use of home appliance

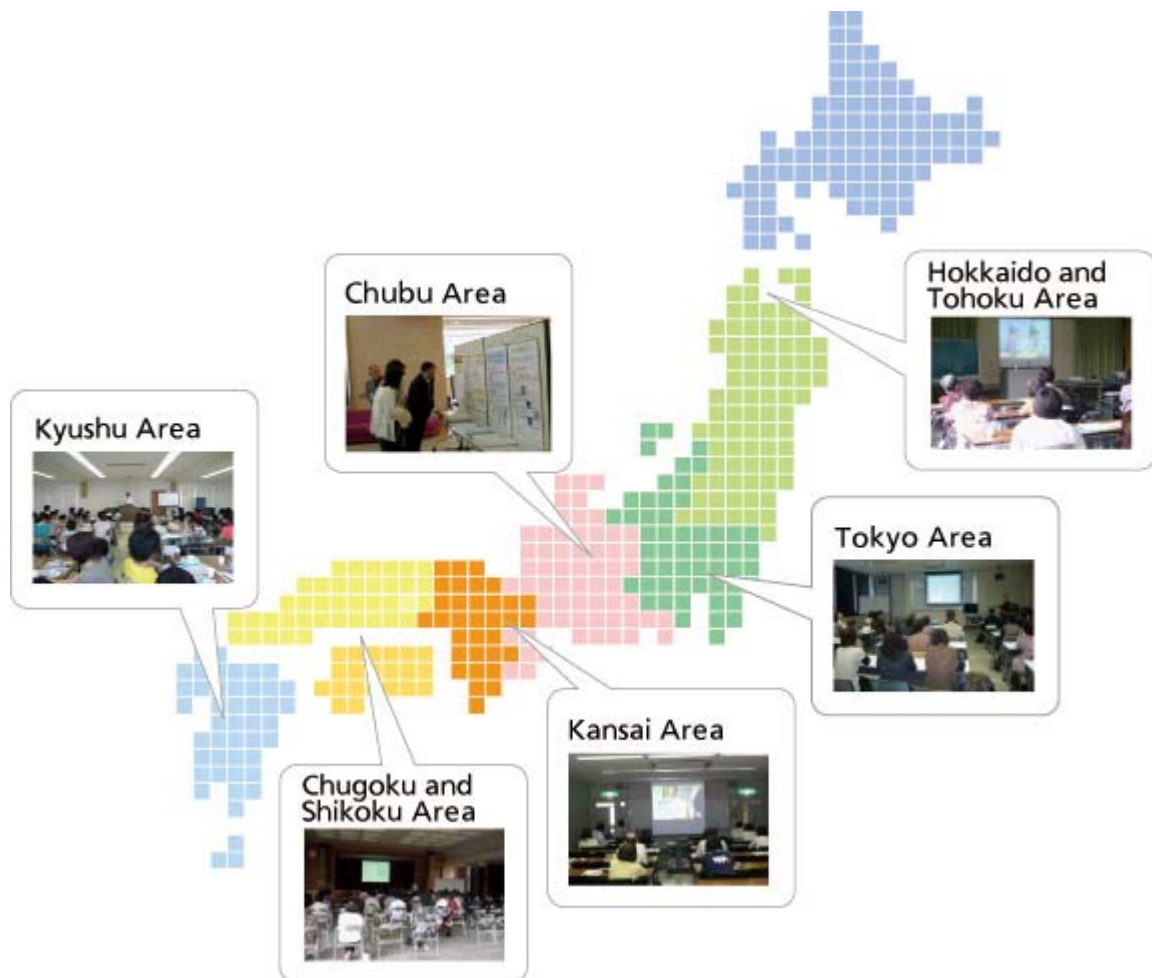
Panasonic has diverse and high-profile awareness raising activities to tell the public how to use its environmentally responsible products. In Japan, we hold informative and enjoyable educational seminars with the cooperation of local governments and consumer associations nationwide. Fun and easy-to-follow, the seminars answer customers' questions and other needs associated with the theme of using home appliance wisely. Recent seminars have focused on the following subjects.

1. A quick introduction to terrestrial digital broadcasts
2. The ABCs of home appliance
3. Have fun learning about the environment and energy conservation



Brochures as a part of awareness raising activities

[125 seminars were held throughout Japan]



Panasonic web sites also provide access to the educational materials. We aim to create environments to disseminate information about using our products in a format that is easy to access and understand.

Toward a consumer-oriented society: Contributing to consumer policy

Panasonic Chairman of the Board Kunio Nakamura, participates in the Prime Minister's Consumer Policy Council, which aims to realize the creation of a society that puts consumers at center stage. The council discusses issues such as the authority required to promote consistent and integrated consumer policy, delineation of duties and organizational formation (including the permanent institution of a minister for consumer affairs), and a contact point that will be easy for consumers to understand. Based on these deliberations, the council compiled a report recommending a establishment of a Consumer Affairs Bureau. Going forward, Panasonic will continue to work to put consumers first and ensure product safety, while cooperating with the government and other companies to help create a consumer-oriented society.

Quality and CS Management Systems

Basic approach to quality

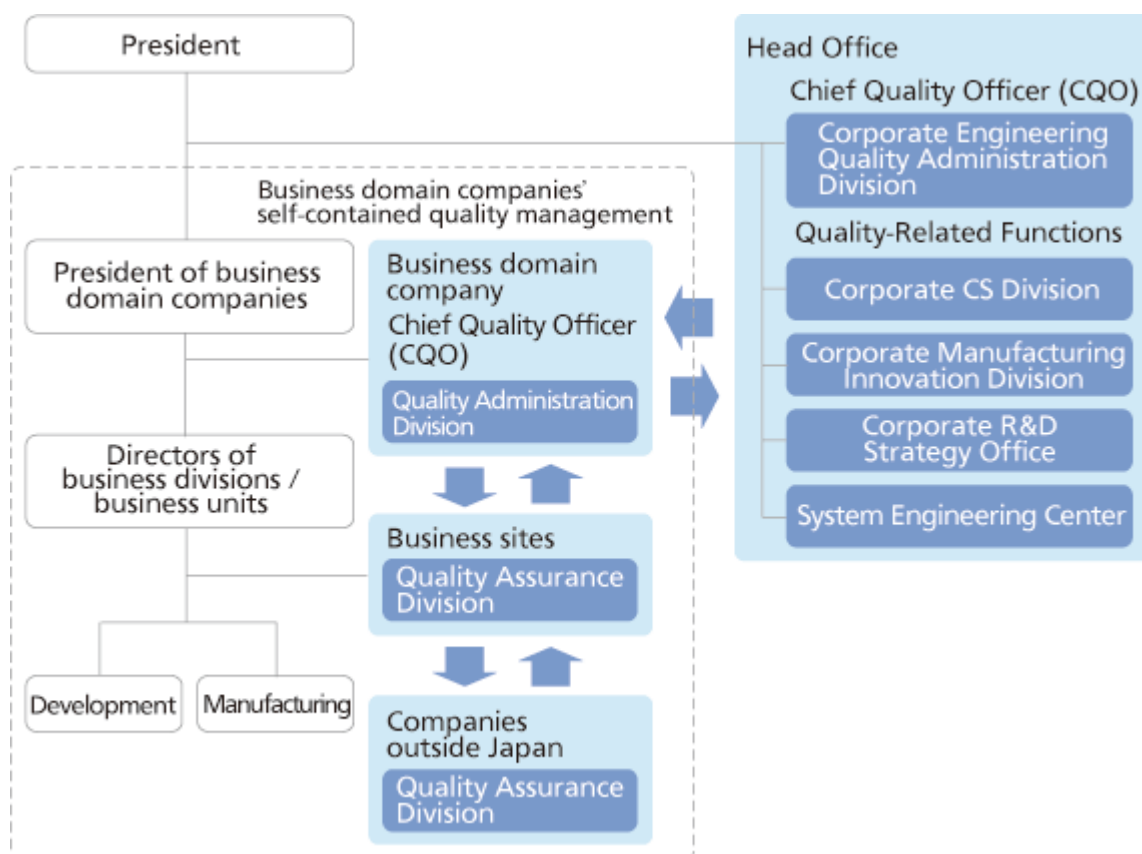
To translate the Basic Business Philosophy into a specific guideline, Panasonic has established the following policy for the quality of its products: "Be of true service to customers at all times, by supplying products and services that satisfy their needs and reflect the demands of customers and society."

In line with our quality policy, we have established the following core objectives.

1. Provide quality that precisely matches the demands of customers and society.
2. Improve quality through a group-wide effort together to use quality management systems that cover the entire product life cycle, from planning and design through manufacture, use and disposal.
3. Foster the development of employees with an uncompromising dedication to providing benefits to customers and society. These employees must have the drive, knowledge of technologies and skills to identify the true demands of customers and society sensitively and accurately and then transform those demands into products.
4. Comply with laws, regulations and rules associated with product quality.

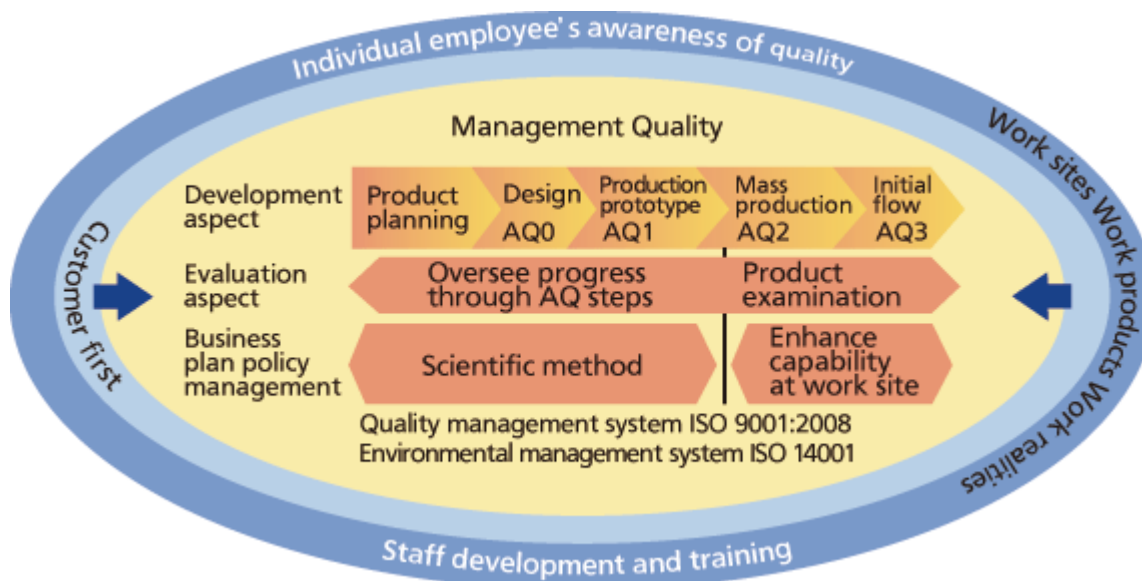
Quality promotion system

Panasonic is establishing a self-responsible management framework for business domain companies enabling them to conduct business activities in a self-contained manner.



The quality management system

We have prepared a publication called Guidelines for Establishing Quality Management Systems so that all group companies throughout Panasonic can build their own self-contained quality assurance programs. The Panasonic Quality Management System (P-QMS) backs up the quality of products and services on a global scale. Together, these guidelines and the P-QMS create a powerful platform for constant quality improvements, the prevention of quality problems and reducing variations in quality.



Basic approach to customer satisfaction

Speaking on the subject of service, our founder, Konosuke Matsushita said, "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 ... 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." These words form our basic customer service philosophy at Panasonic.

Panasonic is working to realize this basic philosophy by providing service that will impress customers by exceeding their expectations, following our basic policy for customer service, below.

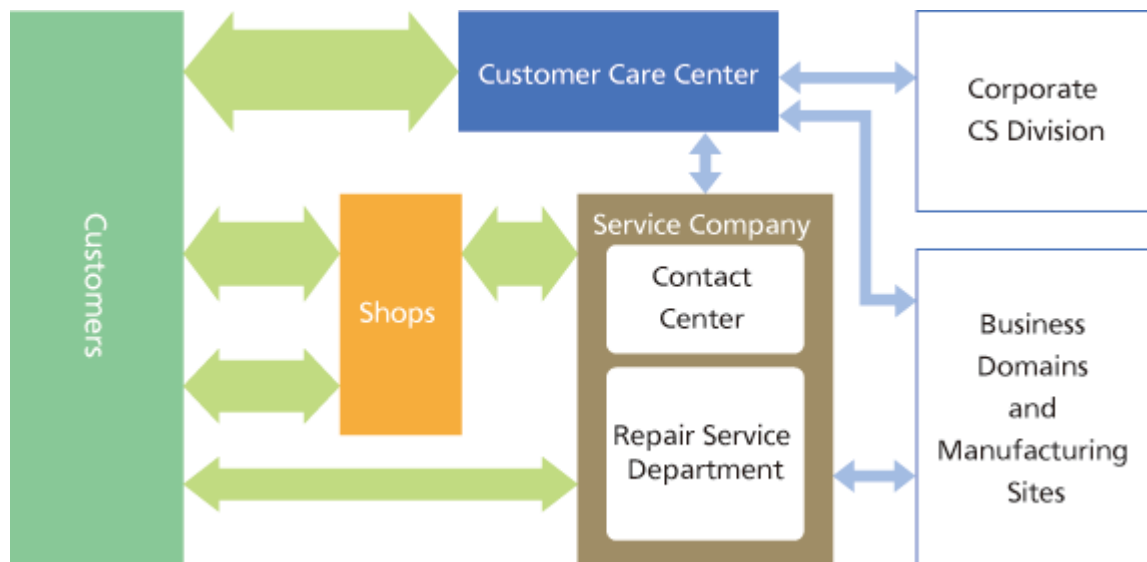
Basic policy for customer service

Timely service delivered anytime, anywhere, quickly and reliably.

CS Promotion System in Japan

The Customer Care Center is responsible for providing customers with information to help decide on a purchase and information about how to use a product following a purchase. For assistance involving repairs, customers can call a store or the contact center of a Panasonic service company. Business domain companies and factories at Panasonic assist the Customer Care Center and service companies in responding to inquiries that demand specialized knowledge. Furthermore, these companies and factories utilize valuable customer feedback and information from repair activities to make Panasonic products even better.

[Framework for customer service (repair services)]

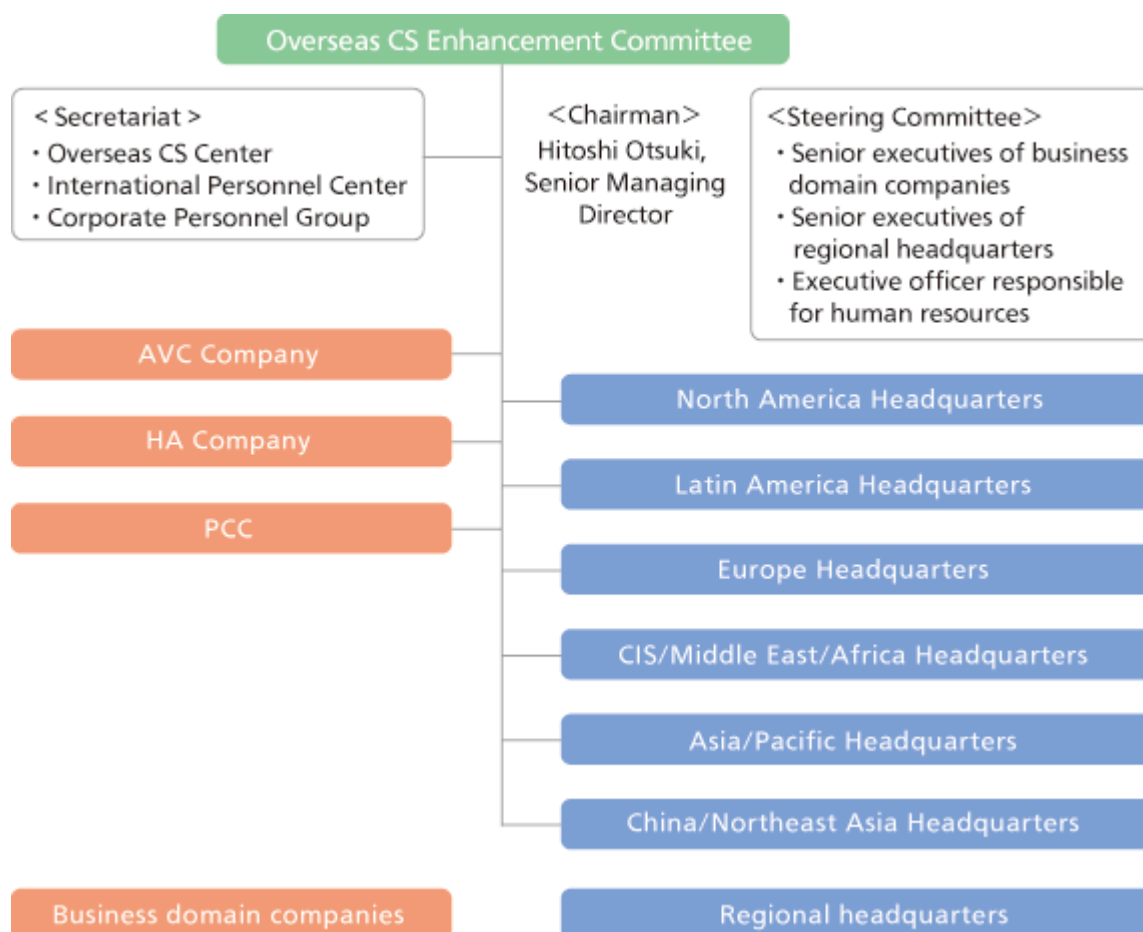


Overseas CS Promotion System

A New Approach to Meet the High Expectations of Customers Worldwide

The Customer Value Enhancement Committee, which was established in July 2003, meets four times each year and is made up of the company president and many other senior executives. Members of the committee share information on all types of issues associated with customer contact points and determine actions that can create more value for customers. At the 17th meeting of this committee in August 2007, the central theme was issues and initiatives concerning customer satisfaction outside Japan. This meeting underscored the need to strengthen our activities in this area at the corporate level. In April 2008, we established an Overseas CS Center and an Overseas CS Enhancement Committee under the leadership of Hitoshi Otsuki, who is now a senior managing director. This gives us a new framework for meeting the diverse expectations of our customers outside Japan. As the number of Panasonic customers worldwide continues to climb, we have a strong commitment to providing quality services at any time and any location. This is precisely the objective of our global CS enhancement activities, which encompass sales companies, business domain companies and every other part of our organization.

[Overseas CS Enhancement Committee]



KPI (Key Performance Indicators) for Overseas CS

Uniform Evaluation Standards for CS outside of Japan

Panasonic has established Standard KPI for evaluating customer satisfaction in overseas markets. Achieving CS excellence outside Japan is the goal. Evaluations incorporate four numerical indicators: the percentage of 24-hour prompt parts supply; the percentage of repairs completed within 48 hours; and, at call centers, the percentage of abandon calls and calls answered within 30 seconds. Individual countries and regions use additional items to suit differences in their operations. We re-examine evaluation standards every fiscal year and establish new ones as needed. At sales companies outside Japan, executive committees and other management units monitor the progress of CS initiatives, create new measures and take other actions. These activities provide a powerful PDCA cycle for customer satisfaction.

Creating an Excellent Workplace

Basic Approach

"People are the foundation of business. Develop people before making products." Throughout its history, Panasonic has consistently placed priority on human resource development based on this philosophy. The core element of our human resources policy is building win-win relationships between the company and employees through a variety of activities based the principles of participative management, evaluations based on performance, and respect for employees. In essence, this approach means that we are simultaneously pursuing two objectives: sustaining growth in sales and earnings and allowing employees to achieve their goals through their work.

Our GP3 Plan, a mid-term management plan that started in fiscal 2008, includes a number of goals, such as expanding on a global scale and making Panasonic a manufacturing-oriented company. Within this context, the Corporate Personnel Group is concentrating on two themes: giving employees a global perspective and moving faster to make the workforce more diverse. We want to recruit and train people who can upgrade our front-line operations worldwide and drive growth. We are also taking measures to make even greater use of diverse personnel including women, young people, non-Japanese workers and many other employee categories. Our goal is to earn a reputation for Panasonic as an organization with pleasant workplaces and rewarding jobs.

[Basic approach to human resources]

~ "People are the foundation of business.
Develop people before making products" ~



Why Diversity is Essential to Becoming More Competitive

Panasonic wants to grow even faster on a global scale. We cannot accomplish this without upgrading our workforce. Panasonic employees must have the skills to succeed and grow as part of businesses that operate worldwide. Furthermore, we must enable these individuals to leverage their respective strengths in order to make contributions in each step of our product creation process, regardless of their age, gender, race and nationality. Only by drawing on the skills of everyone can we build an organization for core business activities that can realize its full potential.

In the past, Japanese employees and men formed the core of the Panasonic Group. But now we need to work harder at tapping the expertise and energy of women, non-Japanese workers and young people. We view programs to increase diversity as one key to accomplishing this goal. This is why we have numerous activities aimed at providing a broad spectrum of motivated and skilled workers with opportunities in many fields. Ensuring that employees have pleasant and productive working environments is another important goal.

[Percentage of Employees by Region]



The total number of our
employees : 292,250
(as of March 31, 2009)

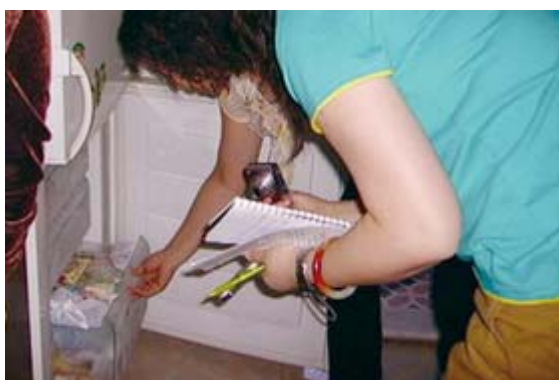
Many human resources work together for production

Giving Employees a Global Perspective

A Greater Role in Product Planning for International Employees

Global operations at Panasonic for home appliances like refrigerators and washing machines are expanding at an increasing speed. But meeting different user needs linked to life styles and cultures of the various regions of the world poses a challenge. Success requires gaining a thorough understanding of these differences to supply products that reflect regional characteristics.

The Beijing-based China Lifestyle Research Center was established by Panasonic Corporation of China in 2005. The center has a staff of eight Chinese researchers who visit about 300 households in all areas of the country each year. This survey aims to gain a detailed understanding of consumers' lifestyles and their needs involving major appliances. We use this information in conjunction with the market knowledge of the center's local staff to create products that precisely match the Chinese market. Combining the input from market surveys with Panasonic's advanced technologies has yielded a number of highly successful products in China. One is the Washing Machine with AG (silver) Hygiene Active System, which sterilizes clothes while doing a wash. Another is a slim refrigerator with a slender profile to fit in smaller kitchens with no sacrifice in storage volume.



A local employee conducting a survey on need in the household in China(refrigerator)



A local employee conducting a survey on need in the household in China(washing machine)

Framework and Global Activities for Training Manufacturing Professionals

Panasonic has operated internal schools in Japan for about five decades that train individuals to become leaders in the field of manufacturing technology. Due to the shift of manufacturing activity to other countries and more prominent role of factories outside of Japan, there is an increasing need to develop personnel to be production leaders at our companies in other countries too. To conduct training in China, the Manufacturing Technical College(China) was established in the city of Hangzhou, in Zhejiang Province, in April 2009. The aim is to accelerate the localization of operations in this country by increasing the number of local managers. In Vietnam, we established the Institute of Manufacturing(Vietnam). Located in Hanoi, the college trains leaders and sub-leaders who can take responsibility for operating and improving Panasonic factories. Both of these learning facilities take advantage of knowledge gained from Panasonic's schools in Japan. The curriculum is tailored to target education levels and is designed to develop employees into well-rounded leaders with skills in management, manufacturing technology and driving innovation.



Opening ceremony of the Institute of Manufacturing (Vietnam)

Accelerating the Expansion of Global Training Programs

"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 systematic series of programs that include on the job training as well as special training programs off the job.

Panasonic employees worldwide have access to a diverse range of training programs. Leadership and

management training gives individuals the skills to assume management and senior management positions. Other programs include management philosophy and a number of courses for core business activities like product development, manufacturing and sales. Of course, classes cover a variety of technologies and specialized skills, too. With this carefully structured training program, we can equip employees with the knowledge needed to function effectively in positions extending from entry-level positions to senior executives. We want all group employees to have the opportunity to upgrade skills during their careers at Panasonic and realize their full potential over the mid- to long-term.



Japanese and non-Japanese participants at an executive training seminar

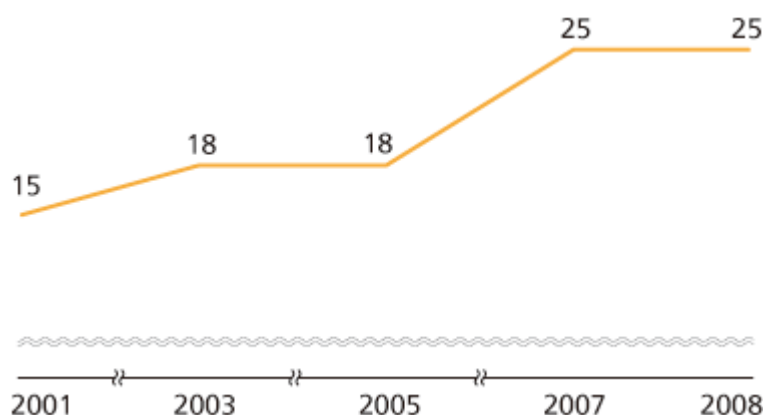
Employees at Panasonic companies outside Japan can also benefit from many educational programs. For example, we hold Senior Executive Management Seminars (SMS) and Executive Management Seminars (EMS) to train individuals to become senior executives at group companies outside Japan. Employees at sales companies overseas attend GP3 Marketing Seminars, which cover the Panasonic management philosophy and sales policies as well as marketing techniques. Our Management of Technology (MOT) program is structured to develop technology leaders who can help accomplish business goals from a management perspective. These are just some of the training programs that Panasonic runs to enhance staff development by giving employees anywhere in the world the chance to refine skills in many fields.

Furthermore, we have been working to create an organization that enables people from different countries, cultures and languages to mix together and enrich each other. As part of this effort, since 2008 we have developed and established the Working in Japan program, which provides long- 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 facilitating the placement of personnel in management positions.

In addition to this group-wide education, we also implement a number of training programs tailored for the needs and staff development requirements in each business field. We also carry out training at all our Human Resource Development Center around the world.

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

[Ratio of local employees occupying CEO roles in group companies outside Japan]



Recruiting People for Success on a Global Stage

Panasonic seeks people who can take on global challenges. We want individuals with the traits required to succeed: strong motivation along with a global perspective; specialized skills and other outstanding strengths; and the perseverance to stick with a project to its conclusion. Panasonic welcomes these kinds of

people anywhere in the world regardless of their age, gender, race and nationality.

Our recruiting process places the highest priority on respecting the basic human rights of each applicant. Final decisions are based on an individual's skills and suitability for the job. All departments associated with recruiting have training programs to be certain that hiring practices are fair throughout the Panasonic organization. We hold corporate recruiting conferences as one more way to thoroughly prevent discrimination when processing application forms, conducting interviews and performing other steps of the selection process.

Skill Evaluations to Speed Global Skill Refinement and Switch Activities

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 uncovers existing skills objectively and quantitatively, and then actively supports employees in finding vigorous and exciting challenges in their work through effective communication with senior staff.

This skill evaluation system creates a true merit-based human resources framework that completely eliminates the old approach that was based on an employee's age and seniority. Using this system provides the groundwork for making Panasonic a lean and swift customer-driven organization where people of diverse backgrounds find active enjoyment in their jobs.

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



Increasing the Pace of Diversity

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.

In conjunction with this program, from 2008 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, on entering the company, 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 Corporate Personnel Group 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" ("to mix with each other") 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.



Non-Japanese employees exchanging opinions about "work at Panasonic" at the "Irimajiro Networking forum"

In January 2009, Panasonic held Irimajiro Networking, a forum that brought together about 70 foreign workers of all ages from many Panasonic business domains to meet and exchange opinions. At the event, participants reaffirmed Panasonic's expectations about them as foreign workers in Japan. The forum included discussions as well as presentations by older workers about their experience working in Japan. For younger workers, the forum was a valuable opportunity to answer questions and solve problems they encounter as foreigners living and working in Japan.

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

Initiatives to Appoint 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 Panasonic 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 - previously the crusade of the Corporate Personnel Group - was recognized as an engine of diversity for the entire organization. Subsequently, 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.



Participants sharing and discussing activities and issues on promoting diversity in each domain at Diversity Meeting

An advisory committee made up of the 10 top executives over the business domain companies was then established to implement the various activities originating from the Corporate Equal Partnership Division. Acting as leaders for promoting diversity in their domains, these executives promoted the appointment of

women to positions of responsibility, changing the corporate climate from the top down.

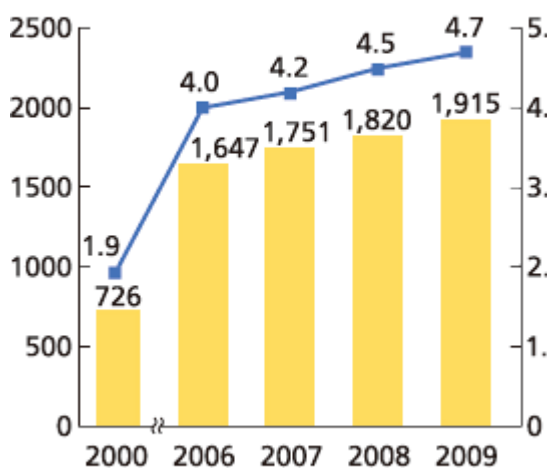
July has been declared Diversity Promotion Month, during which the Diversity Forum is held to provide an opportunity for the chairman and CEO, executives, managers, and divisional leaders to discuss the role of women within the company and issues relating to diversity.

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 123 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.

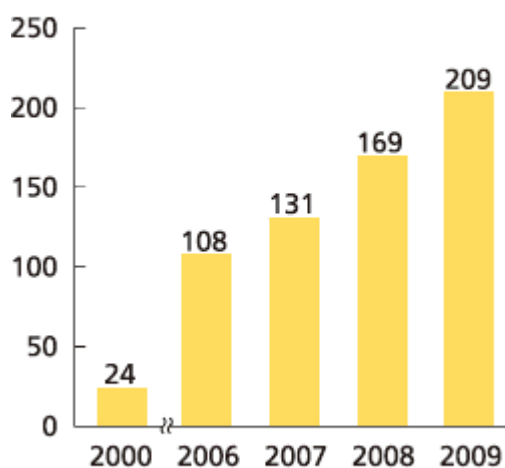
[Numbers and percentages of women in positions of responsibility]

■ Number of female employees in positions of responsibility
 ■ Percentage of total positions of responsibility occupied by female employees



* Total for Panasonic Corporation and related companies in Japan

[Number of female employees in managerial positions (Section leader or higher)]



* Total for Panasonic Corporation and related companies in Japan



Andrea Joosen, Managing Director, Panasonic Nordic AB (Panasonic regional sales company in Nordic countries)



Andrea Rinnerberger, Director Communications Europe, Panasonic Marketing Europe



Pamela Fandel, Manager CSR Promotion Office, Panasonic Europe Ltd. (founded in April 2009)

[Growth in appointments of women]

1986

The first year of initiatives for expanding the role for women in the workplace. In response to the enactment of the Equal Employment Opportunity Law, Panasonic set up a system for leave for childcare, and promoting women as a management strategy.

21.1
years

The average time that female employees continue working at Panasonic. Thanks to our fully developed "Work and Life Support Program," this number is growing each year. The figure for male employees is 22.5 years.

209

The number of female employees in managerial positions as of April 2009. Compared with 24 in April 2000, this number has grown nearly nine-fold in nine years. The number of female employees in positions of responsibility is 1,915; 2.6 times as high as eight years ago.



Managers responsible for promoting diversity in each domain Promoting initiatives introducing "irimajiro" in each domain

Promoting Diversity beyond Corporate Borders

Panasonic is also working with other companies to create a work environment that enables all employees to achieve their full potential regardless of gender, age, or nationality.

For example, in 2005, Panasonic joined other leading companies to encourage female employees through the Women's Networking Forum, an annual forum attended by about 550 people from 58 companies.

Panasonic is also a member of the Executive Committee of the Diversity West Japan Workshop (with 94 members from 42 companies), and is involved in planning and running the quarterly meetings of the group, whose members gather to share practical policies and know-how and thus increase the effectiveness of diversity initiatives at each company.

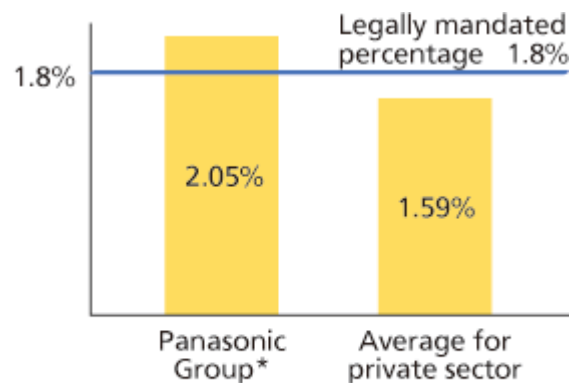
Through these attempts to effect diversity outside its own corporate framework, Panasonic aims to learn from other member companies as well as contribute to improving diversity throughout the entire society.

Employment Opportunities for People with Disabilities

Individuals with disabilities account for 2.05% of the workforce in Japan of Panasonic and major related companies. This is higher than both the legally mandated level of 1.8% and the average of 1.59% for all private-sector companies in Japan. In addition, in collaboration with communities and local governments, Panasonic operates four subsidiaries that are owned jointly with public-sector partners for the purpose of employing people with severe disabilities.

Panasonic has a number of programs that provide comfortable workplaces and fulfilling lives for people with disabilities. We have a strong commitment to helping these individuals enjoy the same life styles as people without disabilities in terms of social, economic, cultural and other activities. Sadahiro Kimura is an employee of Panasonic Kibi Co., Ltd. He has used a wheelchair for 23 years since losing the use of his legs in an automobile accident. Responsible for the assembly LCD of camcorder, he helps raise productivity by coming up with many innovative ideas for soldering and precision assembly. Sadahiro is a star athlete, too. At the Beijing 2008 Paralympic Games, he was part of Japan's first ever win in a paralympic wheelchair tennis quad event.

[Percentage of persons with disabilities hired (in Japan)]



* Total for Panasonic Corporation and major Group companies



Mr. Kimura at work, assembling LSD parts of a video camera



Mr. Kimura playing tennis (Participated in the Beijing Olympics in 2008)

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 culture of diversity and inclusion under the leadership of Chairman and CEO Yoshi Yamada. Its Diversity Campaign was launched in 2005 to create an awareness of PNA's multi-dimensional diversity. The campaign spotlighted the broad experiences and viewpoints of employees as a means to provide greater opportunities for employees to learn from each other. The goal of the campaign and all other diversity initiatives is to build a creative and innovative organization, rich in new and revolutionary ideas. The 2007 Diversity Campaign also prepared the way for the introduction of initiatives that endeavor to meet the many different needs of employees. Because, in addition to being good employees, we want individuals to be connected with their local communities and have a fulfilling home life. Also, in understanding that that work quality and productivity is enhanced by giving employees the ability to competently manage their personal and work responsibilities, it is our goal to make employees more autonomous and productive. Thus, in 2007, we launched the High-Performance Works Program, and provided an environment that enables people to work more flexibly. 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 PERKS@WORK, which offers a range of wellness, employee discounts and other welfare services to employees and their families. We believe that through these programs we can help enrich the lives of Panasonic employees and their families, and increase employee satisfaction and ultimately, customer satisfaction.

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.

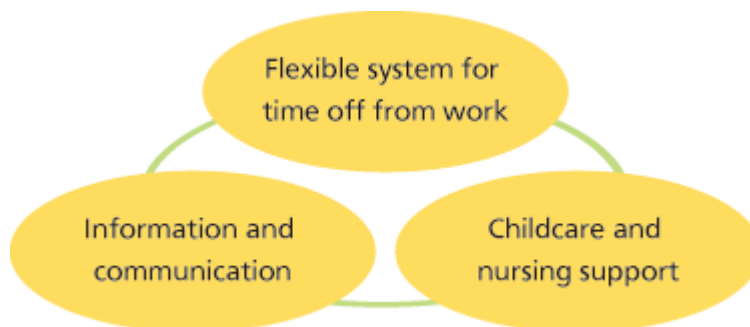
Initiatives to Maintain a Good Work-life Balance

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

Child Care Leave	A total of two years of leave is available until the end of April immediately after the child starts elementary school.
Work and Life Support duty	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 leave	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, to enable both parents to assist in raising a child, Panasonic has several programs that include measures complying with Japan's Law for Measures to Support the Development of the Next Generation. Examples include sections on the company intranet that supply information to help men who are raising children and provide useful information for maintaining the proper balance between job and household responsibilities. In recognition of these various initiatives for supporting work-life balance, Panasonic was awarded the Prime Minister's Prize at an award ceremony for the "Japan in Support of Children and Families" initiative.

[Supporting working care-givers]



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 in full form for 30,000 employees. During the year to the end of March 2009, there were about 5,000 people working from home either once a month or one or two times a week, or who had used the e-Work@home system more than once to work from home during a trial period. A survey of the people on this program showed that many felt it was effective in terms of how they performed their duties: 53% percent felt that their fatigue was alleviated by not having to commute, 40% felt that the program allowed them better contact and communication with their families, and 18% were able to secure time for child care or nursing. In addition, 50% of them felt their work efficiency improved, and 31% found that using the system provided an opportunity to review the way they did their jobs. Panasonic also established "spot offices"- places where employees can work when traveling on business - at 13 locations, and over 5,000 people a month have been using them. The spot offices have reduced travel time and sped up customer service, and we plan to continue our efforts to create a working environment that allows people to work even more efficiently. Panasonic will increase productivity and improve the work-life balance for its employees by accelerating the implementation of a number of flexible work styles.

Respect for Human Rights

Basic approach to employment and labor 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.

[Respect for Human Rights]



Occupational Health and Safety Management

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.

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

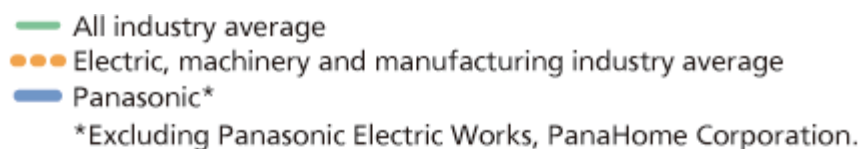
Panasonic established an Occupational Health and Safety Committee with members from both labor and management at each business location to investigate and deliberate safety and health management issues that affect all the employees. An Occupational Health and Safety Committee was established for the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

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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Work-related Accidents and Injuries

In 2008, there were 47 incidents worldwide according to reports of serious work-related accidents received last year at the headquarters: 15 accidents in Japan, 22 in China, 2 in Malaysia, 2 in the Philippines, 1 in Singapore, 1 in Indonesia, 1 in Thailand, 1 in India, 1 in Poland and 1 in Peru. Accordingly, we will distribute a global report on the more serious accidents, address the issues companywide, and press for health and safety assessments.

[Incidence rate of work-related accidents]



[Working days lost]

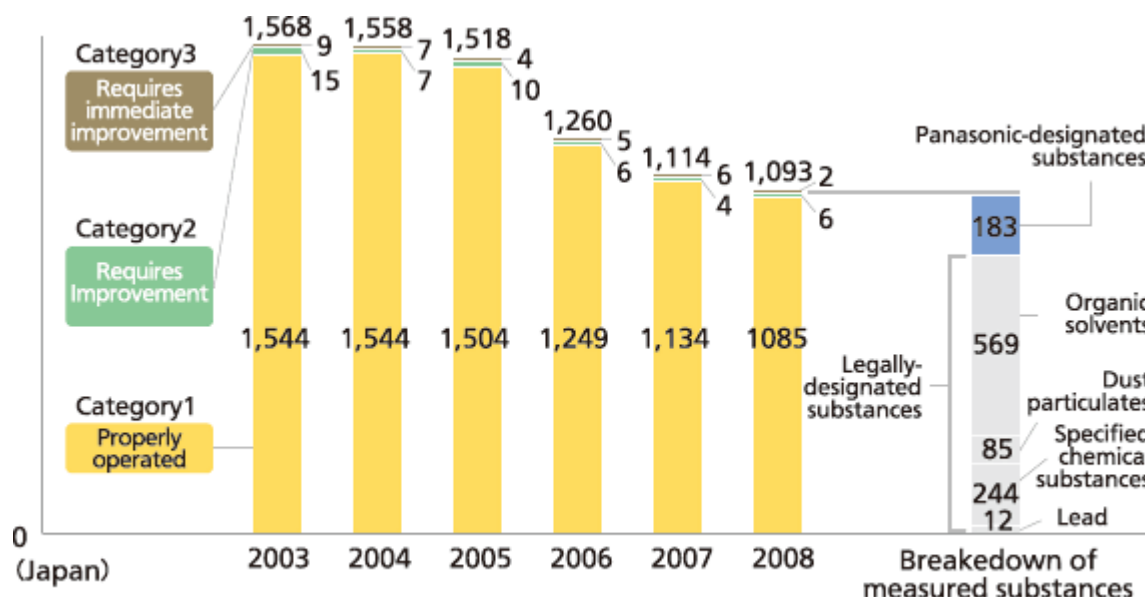
	2002	2003	2004	2005	2006	2007	2008
Time-lost	1,059	7,358	409	1,762	584	368	4,269
Severity-rate	0.008	0.055	0.003	0.014	0.005	0.003	0.039

* 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	<p>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.</p> <p>[Important aspects of sanitation management]</p> <ul style="list-style-type: none"> ▪ Achieve a comfortable working environment ▪ Strengthen management of chemical substances ▪ Promote anti-asbestos measures
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[Number of workplaces by Management Category and Breakdown of Measured Substances]



* Data collected from January to December

Employee Health Management Policies and Initiatives (Fiscal 2010)

Health Management

We are implementing initiatives to achieve "greater health for employees" through health management measures for those working long hours, a higher level of worksite communication, and activities to promote and maintain health.

[Important aspects of health management]

- Promote measures to combat lifestyle illness
- Promote measures to discourage smoking
- Activities to promote mental health

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 HR & 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 (including observance of legally mandated working hours and minimum wages, for example), 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.

Measures to Prevent Sexual Harassment

Sexual harassment is harmful in many ways. Victims suffer undeserved embarrassment and are unable to perform their jobs well. Companies are hurt by the loss of public order of the workplace, job efficiency and even damage to their reputations.

Panasonic is dedicated to maintaining working environments where people from diverse backgrounds in terms of age, gender, race and nationality can easily work together in a spirit of mutual respect, treating each other as valued partners. We therefore will not tolerate gender discrimination or sexual harassment and use the following measures to prevent these problems.

- Establishment of sexual harassment policies and programs to explain these policies to employees
- Distribution of sexual harassment leaflets and manuals
- Operation of an equal partnership consultation office
- Sexual harassment seminars and training sessions



Leaflet on sexual harassment in Japan

Establishment of an Equal Employment Opportunity Office

Panasonic established Equal Employment Opportunity 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.

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 2008, about 2,150 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.

Healthy Labor Management Relations

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.

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 2009, 29 employee representatives from 13 countries gathered together for a three-day course in the Czech Republic, 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.

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 active efforts to hold labor-management talks and joint labor-management recreation activities every couple of months. At the time of the Sichuan earthquake in 2008, labor and management made a combined effort to donate 190 million yen in relief money and supplies. They also carried out activities in support including asking for several volunteers from labor and management to carry supplies to the affected area. Through initiatives such as these, Panasonic is striving to build good labor relations as a foundation to business growth.



A poster for donation produced by labor-management, and a donating employee in the workplace

Coexistence with the Global Environment

Contributing to the society through business operation based on environmental issues
Accelerating Environmental Sustainability Management with 'eco ideas' Strategy



Masashi Makino

Executive Officer

In charge of: Manufacturing Innovation; Facility Management; Quality Administration; FF Customer Support & Management; Environmental Affairs; Recycling Business Promotion

A critical turning point in resolving a crisis that threatens our survival

Industrial progress during the past two centuries has dramatically improved living standards in terms of material goods. However, it is also evident that this progress has produced many serious environmental problems, such as climate change and the destruction of ecosystems caused by global warming. These issues would become even worse in the 21st century if immediate and thorough actions were not taken. No one can deny that the world today faces a crisis of an unprecedented magnitude.

In particular, climate change is drawing much attention. At the G8 Summit held in Toyako, Japan in July 2008, world leaders shared the goal of cutting global greenhouse gas (GHG) emissions in half by 2050. And at the 15th United Nations Climate Change Conference (COP15), which will be held in December 2009 in Copenhagen, an international agreement is expected to be reached for medium-term targets effective from 2013 to reduce global GHG emissions. Even in the midst of global financial crisis, so-called Green New Deal initiatives are accelerating a shift of the industrial sectors to the environment and energy fields. Toward establishment of the sustainable society, the entire world is now facing a critical turning point to change a conventional industrial structure and a direction technological innovation as well as a lifestyle of each person.

Panasonic's environmental sustainability management

As one of our business visions, Panasonic is committed to contribute to the Coexistence with the global environment. We are group-widely promoting through initiatives to achieve numerical targets set in Green Plan 2010, our environmental action plan, which shows clear guidelines for our environmental sustainability management. Based on this, we announced 'eco ideas' Strategy in October 2007, which focuses on rapid implementation of measures to prevent global warming and global promotion of environmental sustainability management. In this strategy, we placed particular importance on reduction of CO₂ emission from manufacturing sites and have committed to a target of reducing CO₂ emissions by 300,000 tons compared with fiscal 2007 levels by fiscal 2010. Additionally, we added an amount of CO₂ emissions to our key management indicators and engage in CO₂ reduction activities globally.

Promoting 'eco ideas' Strategy with three pillars

As for 'eco ideas' for Products, we pursue the improvement of products' energy-saving performance along with resource conservation and recycling initiatives. And we aim to reduce environmental impacts in an entire house by connecting products with energy-creating and energy-storing equipment and home energy management systems.

In April 2009, we unveiled the 'eco ideas' HOUSE on the premise of our showroom, Panasonic Center Tokyo in order to show these activities to the public in an easy-to-understand manner. At this house, we

propose a lifestyle with virtually zero CO₂ emissions, which is expected to be realized within three to five years.

For 'eco ideas' for Manufacturing, we have achieved our goal of CO₂ emissions reduction by 300,000 tons one year earlier than the plan. This achievement was largely realized by group-wide CO₂ reduction initiatives that have taken firm root while part of it was derived from a decrease in production.

As for 'eco ideas' for Everybody, Everywhere, we are aiming to promote eco activities jointly with stakeholders. In Panasonic Eco Relay held in October 2008, about 200,000 people participated in total in 39 countries and regions, and engaged in a number of eco activities. Furthermore, this third pillar includes corporate citizenship programs in which biodiversity protection projects and environmental education for children are promoted in partnership with NPOs and NGOs.

In addition to these activities, we are steadily managing environmental risks and striving for transparent information disclosure. Our entire group is firmly dedicated to lead the way with 'eco ideas.'

Global Warming Prevention

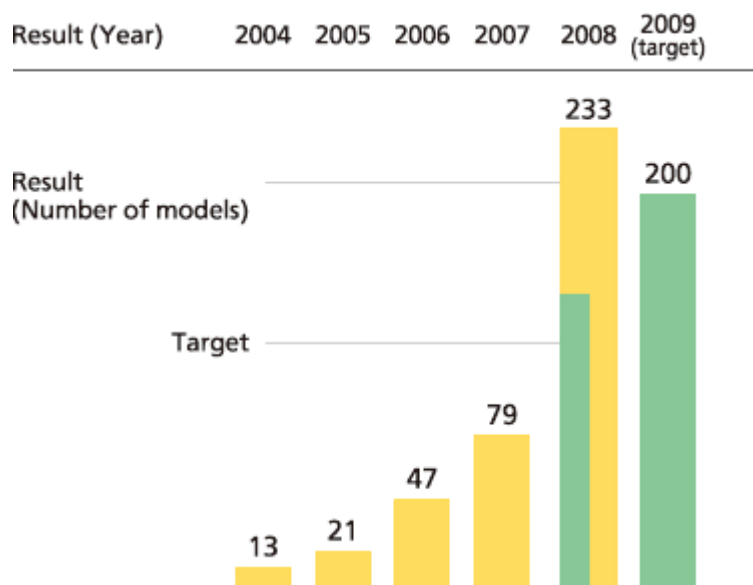
Initiatives on products

Increasing products with industry-leading energy efficiency performance

Panasonic produces products worldwide that are environmentally-conscious in three respects: prevention of global warming, effective utilization of resources and management of chemical substances. Among these environmental features, we are accelerating the development of products with industry-leading energy-efficiency performance to contribute to the spread of energy-saving products, which leads to CO₂ emissions reduction from household sector.

In fiscal 2009, we developed and marketed 233 models, far exceeding a target of 150. Our initiatives are accelerating even outside Japan, and we have received recognition for such energy-efficiency products, including regional label certifications and awards. While we develop fewer products in fiscal 2010 in the midst of the recession, we will continue to work on improving the energy efficiency performance and introducing more than 200 industry-leading products in energy efficiency.

[The number of Number-one energy-efficiency/Superior Green Product models by year]



Leadership in increasing the use of energy-efficient products

Panasonic is participating in Asia-Pacific Partnership on Clean Development and Climate (APP), a voluntary partnership of seven major CO₂-emitting nations. Our goal is to reduce greenhouse gas emissions associated with the use of electrical products by advocating the use of energy-efficient products worldwide. In the Market Transformation Project, Japan is taking a lead and helping individual countries establish energy efficiency standards, through initiatives like the Top Runner Program. The project also includes dissemination of information to each country about successful measures to improve their energy standards. Panasonic takes part in many international symposiums to explain the importance of energy-efficient electrical products as a means of preventing global warming. This participation gives other countries information and a deeper understanding of Japan's environmental programs and environmental management at Panasonic.

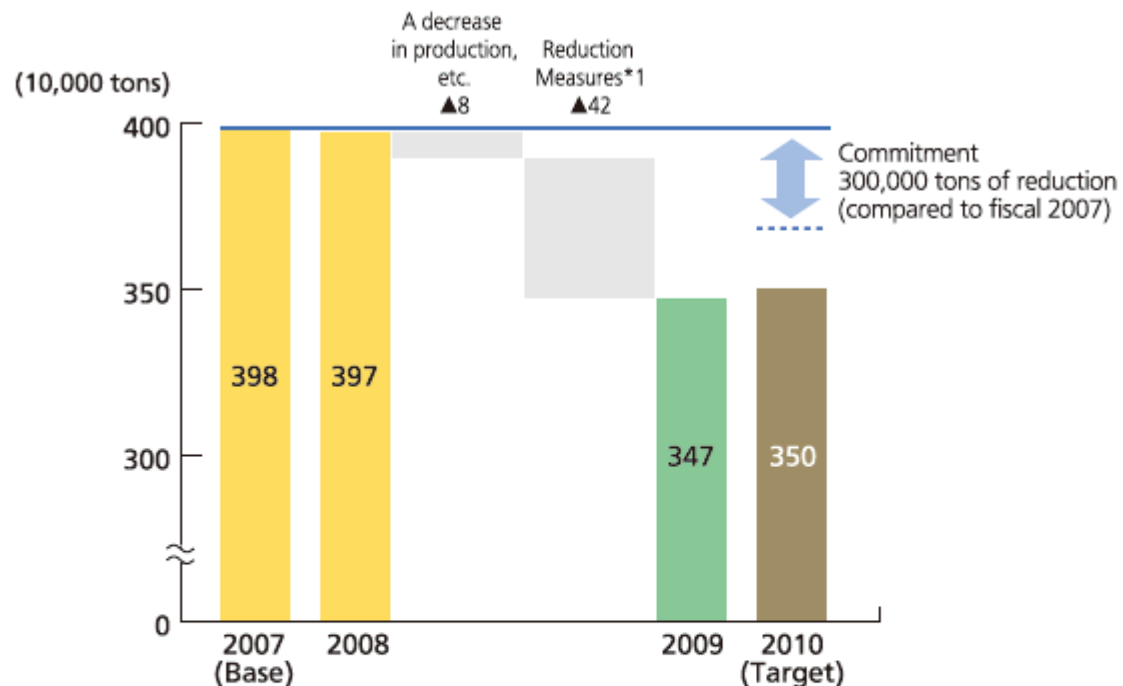
Initiatives at Factories

Reducing CO₂ emissions from production activities

Panasonic is reducing CO₂ emissions in all of its business activities. In particular, aiming to reduce emissions from its production activities in an absolute term, we have set a goal of reducing our global CO₂ emissions by 300,000 tons during the current three-year mid-term management plan. In fiscal 2009, we have reduced 510,000 tons of CO₂ emissions and achieved the target one year ahead of the plan. This

achievement was largely realized by group-wide CO₂ reduction initiatives that have taken firm root while part of it was derived from a decrease in production. In fiscal 2010, we are targeting to reduce 480,000 tons of CO₂ emissions compared to fiscal 2007 while increasing production, and promote the improvement of energy-saving manufacturing structure preparing for market recovery.

[Global CO₂ emissions from production activities]



(Note) CO₂ emissions factors of purchased electricity in Japan used for individual fiscal years are:
 0.425kgCO₂/kWh (fiscal 2007) and 0.410kgCO₂/kWh (after fiscal 2008) due to the difference of time between public announcement of CO₂ emissions factors and Panasonic's formulation of the reduction plan.
 An amount of CO₂ emissions in fiscal 2007 in case of using 0.410kgCO₂/kWh for a CO₂ emissions factor is 3.93 million tons.
 The GHG protocol's CO₂ emissions factors for each country are used for those outside Japan.

*1 An estimated value compared to a business-as-usual case

Establishing Corporate CO₂ Emission Reduction Promoting Committee

Panasonic established the Corporate CO₂ Emission Reduction Promoting Committee in April 2008, which is chaired by the director for environmental affairs and made up of executives in charge of manufacturing at business domain companies. The committee implements monitoring monthly progress, studying problems and overseeing various reduction projects. Similar committees, which are also formulated at business domain companies facilitate the rapid provision of information to Panasonic factories worldwide and the effective implementation of CO₂ reduction measures. The Corporate CO₂ Emission Reduction Promoting Committee has an Energy Conservation Technical Support Team made up of representatives of departments that have energy conservation technologies. This team helps tackle issues that are common to all Panasonic factories.

Promoting the METAGEJI initiatives at all factories

It is vital to visualize an amount of power consumption of each production equipment and CO₂ reduction effect of countermeasures in order to steadily make progress in CO₂ reduction. To make them numerically visible, Panasonic has started the uniquely-named METAGEJI (Meter and Gauge) initiative on a group-wide basis, in which we visualize an amount of energy use and implement reduction measures discovered through visualization.

In fiscal 2009, Panasonic accelerate the introduction of measuring equipment to all manufacturing sites and established energy management systems. In addition, we prepared a METAGEJI Utilization Manual based on the accomplishments at a model factory. We plan to continue using this initiative to identify wasted energy and strive CO₂ reduction activities.

Discovering CO₂ reduction measures through Energy Conservation Diagnosis

Panasonic uses an Energy Conservation Diagnosis performed by internal energy-efficiency specialists in order to select the most effective measures to cut energy use at factories. Business domain companies solve problems through the joint efforts of factory managers and engineers who have an extensive knowledge of each product's manufacturing processes. Furthermore, we formulate task forces made up primarily of members of the Energy Conservation Technical Support Team, which performs diagnoses that uncover themes that the entire company can apply. By using this diagnosis system, we came up with 350 energy-saving ideas that would lower CO₂ emissions by 28,000 tons at 15 factories in fiscal 2009.

Accelerating emission reduction by Process innovation

To achieve the CO₂ reduction targets, we are aggressively pursuing energy-conservation themes that were beyond the reach of conventional methodology due to technological issues or quality assurance problems. The internal research divisions, the Corporate Manufacturing Innovation Division, Production Engineering Laboratory, are taking the lead in developing energy-conservation technologies by using simulations and other advanced techniques. They help business domain companies upgrade their manufacturing technologies. We have significantly reduced energy consumption at semiconductor plant clean rooms and dry air supply systems for rechargeable batteries, both of which require large amounts of power. Another initiative of the research divisions is the Energy-efficient Manufacturing Technology Seminar which is being promoted across the group. Each factory brings issues to the seminar and various activities are recommended to tackle them, including training of engineers.



Makoto Uenoyama

Director

In charge of: Accounting, Finance; Information Systems;

Associate Director, Corporate IT Innovation Division

Using "Green IT" Innovation at Offices to Upgrade Environmental Sustainability Management and Improve Productivity

With the Company President as Director, Panasonic's Corporate IT Innovation Division was established in 2000 with the goal of maximizing value for customers by leveraging IT to spearhead management reforms. We have a strong conviction that "without IT innovation, there is no management innovation." This is why Panasonic has assembled a global management infrastructure based on IT linked to many aspects of management innovation reform. Reforms targets include the structure of our businesses, our business processes, organization, corporate culture and many other items.

IT equipment is expected to account for 15% to 20% of electricity used worldwide by 2025 according to the Green IT Promotion Council of Japan's Ministry of Economy, Trade and Industry. We are well aware of the urgent need to reduce the environmental impact of the IT infrastructure used by our approximately 300,000 employees as one way to fulfill our responsibilities to society.

We are building an extensive system for conserving energy use associated with IT. This includes supervision of approximately 180,000 PCs using a global management system covering 24 countries. Our system also covers data centers and many other operations. Another initiative of ours is an IT-driven innovation in office working style (Work Style Innovation). Our innovation in this field produces the dual benefits of higher productivity and a lower environmental impact, such as cutting CO₂ emissions. Other benefits include reduced travel time and expenses, flexible working styles and other advantages. The next step is playing a part in the transition to a society that recycles all resources. Accomplishing this will require a broader scope of activities that include recycling discarded IT equipment and an environmentally conscious approach to materials.

We are determined to drive IT innovation by using the unique strengths of Panasonic, as a company aiming to be the world leader in electronics. Our own technologies and expertise for making offices green will be combined with the resources of the Green IT Promotion Council and other organizations. By taking this approach, I am confident that Panasonic will play a prominent role in reducing the burden that our IT-dependent society places on the environment.

Panasonic's triplet 'Green IT' strategy

We promote our Green IT initiatives through 'Green of IT', 'Green by IT' and 'Green Data Center'

Reducing CO₂ emissions by reviewing the way of use of IT equipments (Green of IT)

"Green of IT" encompasses many initiatives across the entire group to fulfill our mission as a manufacturer. Selling products that use less power and consume no power in standby mode is one way. Another aim is implementing ways of using IT products that can help lower CO₂ emissions throughout our group.

One illustration is making use of power management functions of PCs. We plan to set all PCs at our group to automatically switch to a reduced-power mode if a computer is not used for a certain period of time, such as during a meeting or conference. Power saved is small for each computer. But since Panasonic has about 180,000 PCs group-wide, this technology cuts electricity consumption that is equivalent to 1,800 tons of CO₂ emissions (the annual emissions from electricity used by about 350 households). A second goal is reducing standby mode power consumption by IT equipment. We want employees to unplug projectors, electronic white boards, telephone rechargers and other devices when not in use. We are also installing switches to allow turning off all power at a particular outlet. Using the latest energy-conserving Panasonic all-in-one printer/copier/scanner/fax units, and replacing older units with these state-of-the-art devices, is another significant source of power savings. Every employee must embrace these initiatives at our offices. We want this to lead to the widespread use of energy conservation practices at home and elsewhere. Conservation on this scale can make a difference in environmental protection worldwide.

Reducing energy consumption by optimizing the use of IT solutions (Green by IT)

These initiatives reduce energy consumption by utilizing the core IT systems that are vital to making companies more competitive. We employ these systems to create highly efficient manufacturing support systems and logistics systems. In offices, the aim is to create e-Work systems that take full advantage of the potential of IT.

Working at home is one example. At present, roughly 5,000 Panasonic employees are working from home and we plan to increase this number. A second illustration is our "travel-less" initiative to eliminate the need to move from place to place. We are conducting exhaustive studies to identify ways to allow employees to use cars and other forms of transportation less frequently. For instance, we want to increase the use of remote conferencing systems by using different levels of screen resolution to match each requirement. In another energy-saving move, Panasonic has established common-use office spaces that employees from anywhere in the country can use when traveling on business. Currently, about 5,200 individuals use these spaces at 13 locations nationwide. Another innovation is a system that allows employees to bypass the office and go directly to and from other locations or return directly home when visiting clients, attending meetings and perform other tasks. A third example is "paper-less"-our campaign to lower the use of paper. Employees now receive salary information electronically, eliminating approximately 900,000 pay slips that used to be sent to all Panasonic employees each year. Paperless meetings are another element of this drive. Here, we distribute materials electronically prior to meetings and display information at meetings using projectors. A fourth example are measures to boost productivity of administrative activities. Goals include increasing the use of electronic work flows, having people share information more frequently, and reaping more benefits from the use of e-mail. By making administrative tasks faster and more efficient, these measures will cut our use of paper and conserve energy.

Reducing CO₂ emissions by consolidating the server architecture (Green Data Center)

At data centers, we are lowering CO₂ emissions by consolidating activities into a smaller number of servers. A prime example is the Panasonic Group's e-mail server, which serves about 120,000 employees and is one of the largest in Japan. We have succeeded in cutting the number of servers needed from 40 to only two. Over the five-year life cycle of this system, this reduction translates into a reduction of 2,530 tons of CO₂ emissions. Our goal is to use a variety of initiatives to cut CO₂ emissions corresponding to data center operations by 33% compared to levels in fiscal 2006 by the end of



fiscal 2009. By the end of fiscal 2008, we had already lowered the data center CO₂ emission equivalent by 2,000 tons compared with fiscal 2006, the same as emissions corresponding to power used by about 380 households.

Energy conservation is not the only advantage of using fewer servers at data centers. Consolidating server use also makes our operations less vulnerable to natural disasters and epidemics. With an infrastructure that has greater safety and reliability, we can also minimize problems for customers in the event of an emergency.

Resource Conservation

Recycling Activities

Basic Approach

In order to use resources responsibly and prevent pollution, countries around the world have established legal frameworks and mechanisms for recycling. Examples include Japan's Law for Recycling of Specified Kinds of Home Appliances (Home Appliance Recycling Law) and Law for the Promotion of Effective Utilization of Resources, the European Union's Directive on Waste Electrical and Electronic Equipment (WEEE Directive), and similar laws enacted by U.S. states. In February 2009, China also established a legal framework for recycling. Panasonic not only complies with all laws and regulations involving recycling in each country, but when establishing systems to collect and recycle our products, we also take into consideration the recycling infrastructures in each country. Our aim is to create the best possible systems from the standpoint of environmental and economic considerations as well as systems that are feasible and sustainable.

[Fiscal 2009 Accomplishments]

Japan	recycled approximately 78,000 tons of home appliances *1
Europe	collected approximately 37,000 tons *2 of discarded electronic products
United States	collected approximately 1,600 tons *3 of discarded electronic products

*1 air-conditioners, televisions, refrigerators and washing machines

*2 Calculated by the following formula:

Weight of collected products by each collection system x Share of sales by weight defined by the system

*3 Collection complying with the state laws and voluntary collection.

Promoting the Recycling of Products in Five Regions

In order to reflect regional needs, Panasonic divides recycling activities into five regions: Japan, Europe, North America, China and Asia-Oceania. In Japan, we used existing recycling facilities to establish a dispersed regional processing system following Japan's 2001 enactment of the Home Appliance Recycling Law, which covers four types of home appliances. We played a leading role in establishing Ecology Net Co., Ltd., a company that provides a full range of recycling services to Japan's Group A manufacturers (24 companies including Panasonic) and other manufacturers with 190 designated collection sites and 35 recycling facilities. In April 2009, the company started building new systems in response to the addition of flat-screen televisions and clothes dryers to the list of products covered by the Home Appliance Recycling Law.



Sven Grieger, a manager at ENE, is involved in joint projects with other recycling companies

In Europe, there have been a number of unfortunate violations of environmental laws, including companies that release of fluorocarbons (CFCs and others) to cut recycling expenses. ENE EcologyNet Europe GmbH (ENE), which we established in Germany in April 2005, has not recorded a single violation since beginning operations. Maintaining this spotless record has earned ENE a reputation as one of Europe's leading recycling management companies.

The U.S. state of Minnesota enacted a recycling law in July 2007. The following September, Panasonic was a major participant in the establishment of Electronic Manufacturers Recycling Management Company, LLC (MRM), which recycles TVs, PCs and other products. MRM also started operations in other states that enacted their own recycling laws. In November 2008, Panasonic launched a National Voluntary Program

operated by MRM.

To prepare for the enactment of a recycling law in China January 2011, Panasonic is working actively with the Chinese government as a member of the Executive Committee of Foreign Investment Companies (ECFIC) to establish the necessary systems.

Through these types of initiatives, Panasonic is working to meet our legal and social obligations as a manufacturer in five regions of the world. We are dedicated to continue fulfilling these obligations in the most efficient manner through the proper division of responsibilities based on discussions with all stakeholders.

Measures to Collect More Reusable Resources for Use in Manufacturing

Our exclusive plastic recycling technology without pelletizing to utilize for production

Recycling plastics normally requires melting and forming pellets to remove foreign matter. We have devised a way to recycle plastics without pelletizing using an exclusive impurity removal technology that makes it possible to recycle plastics without heating and melting. Eliminating these steps cuts CO₂ emissions from the plastic recycling process by about 50% compared with conventional pelletizing method. Plastic recovered from items like refrigerators can then be recycled into new materials of refrigerators.



Refrigerator parts made of recycled plastic

Development of technology to decompose organic matter for recycling

Panasonic has developed a technology for extracting inorganic substances from recycled materials through a catalytic reaction that decomposes organic matter into a harmless gas. Using this technology, we can recover metal from plastic-coated wires and resins containing metallic materials. Because it uses the heat generated from the catalytic reaction, the process requires a very small amount of energy. At present, we are using this process for removing the copper wires from the demagnetizing coils of cathode-ray TVs and other components.



Thermal catalytic reaction decomposer operated at Panasonic Eco Technology Center (PETEC)

Initiatives for products

As an approach for promoting effective resource utilization of products, we work on reduction of the amount of materials such as a lower mass and other consumable materials in customers' daily lives, and utilization of circulated materials such as introducing recycled materials and biological resources. In fiscal 2009, the number of models with industry-leading effective resource utilization performance was 129, a 126% increase from the previous year, and we used approx. 3,000 tons of recycled plastics and approx. 150 tons of biological plastics. To design products that can be easily recycled, we have a program in which design engineers dismantle products by themselves. This yields first-hand insights into ways to improve the ease of product recycling and the separation of materials for reuse.



DVD-LS84

Potable DVD player

DVD-LS84 (Markets: Europe, Latin America, Asia and others)

- Realized a light body mass of 866g with an 8-inch LSD built in
- Reduced by approximately 15% in the body unit mass compared with our 2005 model

Reducing an amount of waste from factories

Factory-generated wastes and revenue-generating waste from our factories can be divided into three major categories. The first category is a recycled amount, which can be recycled. This includes all materials that can be recycled whether they are sold, given away at no cost, or require a payment for disposal. The second category is reduced amount that can be made smaller and/or lighter by either incineration or dehydration. The third category is a final disposal amount. Our waste material reduction programs aim for not only lowering the volume of waste for final disposal, but also the category 1 and 2 materials that are recycled or reused.

We aim to achieve zero waste emissions*1, as part of our efforts to reduce the mass of final disposal to close to zero through recycling. In fiscal 2009, we achieved a target of reducing total waste arisings per unit of sales by 16% with a result of 43% reduction. In a total volume, we have reduced by 17.1% compared to the previous fiscal year. Since we have already surpassed fiscal 2011 target, we have newly set a target based on per basic unit*2 without Bank of Japan's corporate goods price index, and aim for reducing by 14% in fiscal 2010 and 16% in fiscal 2011.

Our fiscal 2009 recycling rate in Japan is 99.7%. In fiscal 2008, all 138 business sites in Japan*3 achieved zero waste emissions and in fiscal 2009, all business sites except one in Japan, a total of 134, reached at this level. Outside Japan, our fiscal 2009 recycling rate was 91.7% against a target of 90%. We plan to raise the average recycling rate for the entire group outside of Japan to at least 95% in fiscal 2011.

*1 Definition: A recycling rate of at least 99%.

Recycling rate = Waste materials recycled / (Waste materials recycled + final disposal)

*2 Total waste arisings / (consolidated sales / Bank of Japan's corporate goods price index (electrical machinery and equipment))

*3 Total waste arisings / consolidated sales

(Achievements in fiscal 2009 by the above calculation was lower by 12% than that in fiscal 2001)

Initiatives for water conservation

Effective use of water resources

In response to serious water shortages worldwide, Panasonic endeavors to reduce water consumption. Our target for fiscal 2009 was to reduce water consumption per unit of sales*1 by 8% from the fiscal 2001 level and the result was a reduction of 48%. Since we have already surpassed fiscal 2011 target, we have newly set a target based on per basic unit*2 without Bank of Japan's corporate goods price index, and aim for reducing by 22% in fiscal 2010 and 24% in fiscal 2011.

In terms of an amount of global water consumption, we have reduced by 12% compared to fiscal 2008. In China, where water shortage is a serious problem, effective utilization of water resources is a mandatory

requirement under Panasonic's internal factory accreditation system. While per basic unit of water consumption*3 in China in fiscal 2009 was down 2.7% from the previous year worldwide, the value of factories participating in the China Eco Project was an average of 5.1% at. We plan to continue to lower water consumption by setting targets that reflect the characteristics of each region of the world.

*1 Water consumption / (consolidated sales/Bank of Japan's corporate goods price index (electrical machinery and equipment))

*2 Water used / Consolidated sales (Achievements in fiscal 2009 by the above calculation was lower by 20% than that in fiscal 2001)

*3 Water used / Production volume

Management of Chemical Substances

Basic Approach

Panasonic manufactures products based on the fundamental policy of minimizing the use of any chemical substances that may be harmful to people and the environment over products' entire life cycle.

We manage chemicals based on our Panasonic Group Chemical Substances Management Rank Guidelines that were first published in 1999. In this guideline, substances that are prohibited by law in any region are classified as Level 1 Prohibited Substances and we prohibit the use of these substances worldwide. Furthermore, even for substances not currently prohibited, we classify them in Managed Substance category if they may adversely affect the environment. In this case, we check our use of these substances. And for substances with particular concerns are categorized in Level 2 Prohibited Substances and prohibits its use for certain applications.

New guidelines aiming at precautionary approach

As represented by the enforcement of the REACH regulations in the EU, the world is moving toward the achievement of the targets agreed at the World Summit on Sustainable Development (WSSD), held in September 2002. Specifically, the world aims to produce and use all chemical substances in a manner that minimizes their impact on human health and the environment by 2020.

Panasonic supports precautionary approach advocated in Rio Declaration in 1992 and revised Panasonic Group Chemical Substances Management Rank Guidelines to version 6 in March 2009 in order to strengthen our chemical substance management. Concretely, we collect information about chemical substances contained in our products and discontinue and reduce the use of those with high concern based on a result of assessment.

Information on chemical content - Participation in cross-industrial programs

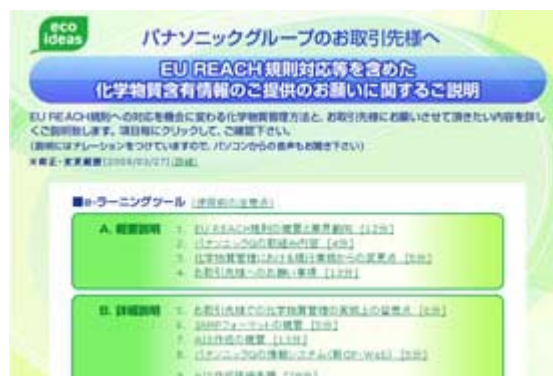
The electric and electronics products produced by Panasonic are at the end of a long supply chain originating from producers of raw materials and a number of parts and components suppliers. In order to accomplish the WSSD goal, it is vital to smoothly disclose and communicate information about chemical substance used in products. To realize this aim, cross-industrial approach to establish a system and spread it plays an crucially important role.

Panasonic is a member of the Joint Article Management Promotion-consortium (JAMP), a cross-industrial organization along with approx. 300 major companies whose sectors are ranging from chemical, component and industrial equipment. We establish and utilize the structure of chemical substance management standards and distributing information to have more companies adopt these standards.

Information on chemical content - Partnership with suppliers

Panasonic has been using the GP-Web, chemical substance management system since fiscal 2005. This system allows suppliers to provide us with chemical content data for their materials and parts. To efficiently comply with the EU REACH Regulation, we plan to revise GP-Web in July 2009 to incorporate items proposed by Joint Article Management Promotion Consortium (JAMP). With these revisions, GP-Web will allow dissemination of information using a common format for producers of raw materials as well as suppliers of parts.

In conjunction with the GP-Web upgrade, we started an e-learning course (in Japanese, English and Chinese) for the management of chemical substances. Panasonic suppliers as well as upstream companies having no direct relationship with Panasonic can access this course. Participants can learn about our requests concerning the provision of information and read explanations of other topics. Through programs like this, we are committed to increasing the use of chemical substance management in the supply chain.

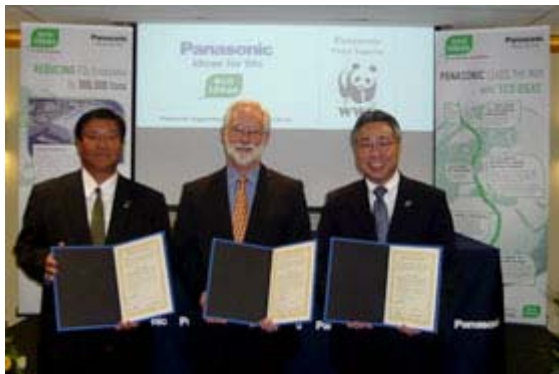


e-learning system provided to our suppliers (available in Japanese, English and Chinese)

Approach to Biodiversity

Panasonic sponsors the WWF's Arctic Programme

In October 2008, Panasonic has signed up to become one of the first corporate sponsors of WWF's work on the Arctic. The Arctic, which plays a vital role as a global temperature regulator is now facing challenges from both climate change and increased human use. The WWF International Arctic Programme's goal is to help protect Arctic ecosystems and support continued well-being of key arctic species, as well as to catalyze a new approach to understanding the Arctic through researching and monitoring.



Signing ceremony in Bracknell, UK



Panasonic supports WWF's work in the Arctic.

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Planting trees at eco schools with our customers

Panasonic and its customers have been jointly taking part in an eco campaign that began in 2003 as an initiative to promote greenery. Through this campaign, we have continued hands-on planting activities, as well as have disclosed information about environmental features of our products and importance of using these products via web sites, advertisements and in-store materials.

In fiscal 2009, we started so-called 'eco ideas' campaign that plants one tree for every eligible Panasonic product purchased. A total number of trees in total will reach approx. 700,000 in this campaign, and a number of trees planted since 2003 will come to about 1.2 million trees. With the cooperation of the Foundation for Environmental Education (FEE), an international nongovernmental organization, we plant trees at 32 kindergarten and elementary schools in Japan and 743 eco schools in 31 other countries. We will continue to promote greenery by planting more trees as well as encourage our consumers to use energy-efficient products.



Outdoor LEAF (Learning about Forests) activity in Norway / outdoor educational activity at an eco-school, Kirkekretsen skole, Norway



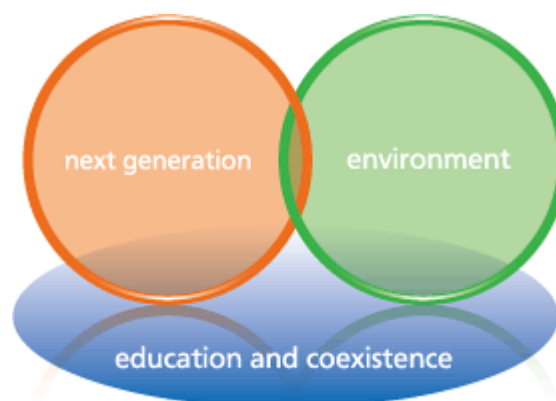
The Eco-Schools program is an environmental educational program organized by an international non-governmental and non-profit organization, FEE (Foundation for Environmental Education).

Corporate Citizenship (partnering with local communities)

Basic Approach

The corporate citizenship activities of Panasonic are based on the philosophy of "education and coexistence." We are dedicated to tackling social issues with particular emphasis on the important global issues of the next generation and the environment. To help achieve a sustainable society, companies must strike the proper balance between business growth and citizenship activities while adapting to changes in the social climate.

We believe that building more robust community infrastructures is vital to solving issues involving the next generation and the environment. These activities must be conducted on a global scale and in a sustainable manner. With this goal in mind, Panasonic is moving even faster while focusing on citizenship programs that can strengthen society's foundations.



Panasonic has established the following Global Policy to guide the citizenship activities of group companies around the world.

[Global policy for the Panasonic Group's citizenship activities]

Positioning	Social investment should be an integral element business strategy and top management must take the lead in making these investments.
Activities	The highest priorities are the next generation and the environment.
Vision	The head office will establish global strategies and oversee activities that are carried out across regions. Regional companies will spearhead regional strategies and activities.

We will retain a firm commitment to adhering to this policy and communicating it. As a global organization, we will focus the energy of our workforce on solving social issues that affect the entire world.

Corporate Citizenship Key Areas

The next generation

Panasonic uses its resources to conduct a number of unique programs that support the next generation. Activities include sending instructors to hold classes at schools, providing support for educational programs, an international scholarship program and other efforts. All of these programs have gained recognition as activities that make a big contribution to enhancing the educational infrastructure of society.

In Japan, Panasonic instructors visited mostly elementary schools during fiscal 2009 to conduct classes in a number of subjects: manufacturing, careers, science and mathematics, and the environment. A total of about 20,000 students attended these classes. We plan to further upgrade this program in fiscal 2010 by working with the Hyogo prefectural government to start a program based on education for sustainable development (ESD). The program is to be a comprehensive, systematic, environmental education model that will rank among the most advanced in the world. In implementing it, Hyogo aims to become Japan's most advanced prefecture for environmental initiatives.

Panasonic has conducted the global Kid Witness News (KWN) video production program for 20 years. Producing videos fosters the creativity and communication skills of elementary and junior high school students. Children also learn the importance of teamwork. In fiscal 2009, approximately 8,000 students at 617 schools in 25 countries and regions around the world took part in this program.

In Japan, Panasonic has a program called Panasonic Kids School. The environmental and sports activities that took place in fiscal 2009 will be taken to other countries in fiscal 2010.



Children working on a video program "Kid Witness News" in New Zealand



Panasonic Kids School in Hokkaido : Hands-on activity to generate and use the power from the windmill

The environment

Panasonic is involved with climate change, CO₂ emissions and other environmental issues. Environmentally responsible products and 'eco-ideas' are two examples. Furthermore, as part of our 'eco-ideas' for Everybody, Everywhere, we have added biodiversity conservation as one of the central themes of our environmental activities.

We are one of the first corporate sponsors of WWF (World Wide Fund for Nature) International's Arctic Programme, having signed a sponsorship agreement in October 2008. We are investing 450,000 euros over a three-year period in this project, which aims to maintain and restore the Arctic environment and conserve biodiversity.

WWF and research organizations in China, Korea and Japan are currently working with private-sector organizations that are active in the coastal areas of the Yellow Sea, in the Yellow Sea Ecoregion Support Project (YSESP). The objective is to protect biodiversity in the Yellow Sea. The first corporate sponsor from Asia, Panasonic has been supporting this project since September 2007 and will provide a total of ¥170 million over seven years. In January 2009, the eight grant recipient organizations participating in YSESP held their first conference in Beijing to announce accomplishments thus far. Presentations included reports on activities to make the public more aware of environmental issues. For example, children were taken on trips to study marine life and migratory birds in order to gain a better understanding of the environment. For the general public, festivals with an environmental theme were held. Another benefit of the conference was a deeper mutual understanding among national marine agencies, government fishing bureaus and the United Nations Development Programme of their respective activities. All participants at the Beijing conference agreed to increase cooperation among regions, local governments, government agencies and companies. In fiscal 2010, we plan to involve volunteers from our Chinese companies as we invite employees to participate in the activities of the YSESP.



Priority areas of the Yellow Sea Ecoregion Support Project
(C) WWF/KORDI/KEI



An environmental class held in Qinhuangdao, Hebei Province China, by the first participating organization in the Yellow Sea Ecoregion Support Project

Taking Corporate Citizenship to a Higher Level

Identification of Global Needs

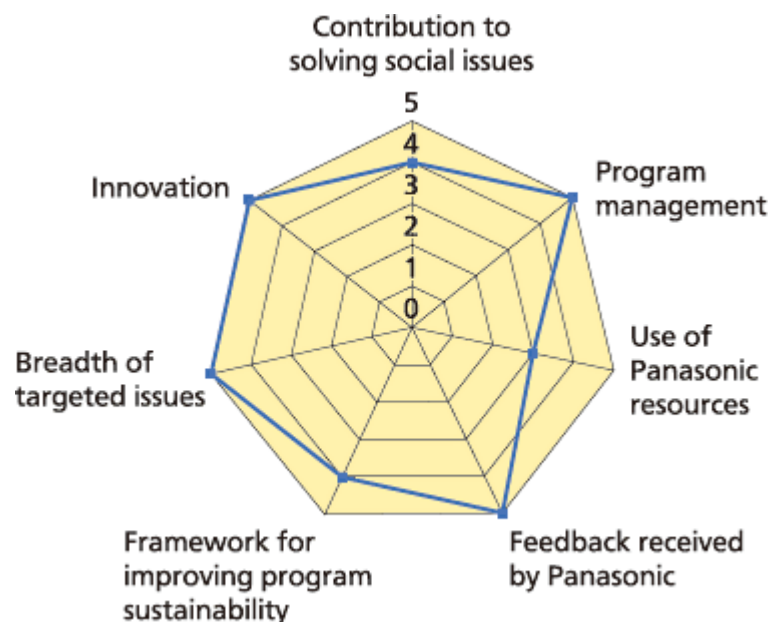
Identifying social issues

Engaging in conversation with stakeholders is the most important way in which Panasonic identifies pressing social issues. This is why the cooperation of communities, governments, NPOs, educational institutions and other organizations is a key element of our programs supporting the next generation and the environment.

Method for evaluating citizenship activities

We use seven parameters to evaluate our citizenship activities based on a process that includes the input of external organizations. The seven parameters are: 1) contribution to solving social issues, 2) program management, 3) degree to which Panasonic resources are used, 4) feedback received by Panasonic, 5) framework for improving program sustainability, 6) Breadth of targeted issues, and 7) innovative nature of programs. Using these evaluations makes it possible to improve programs and channel resources to activities producing the greatest benefits.

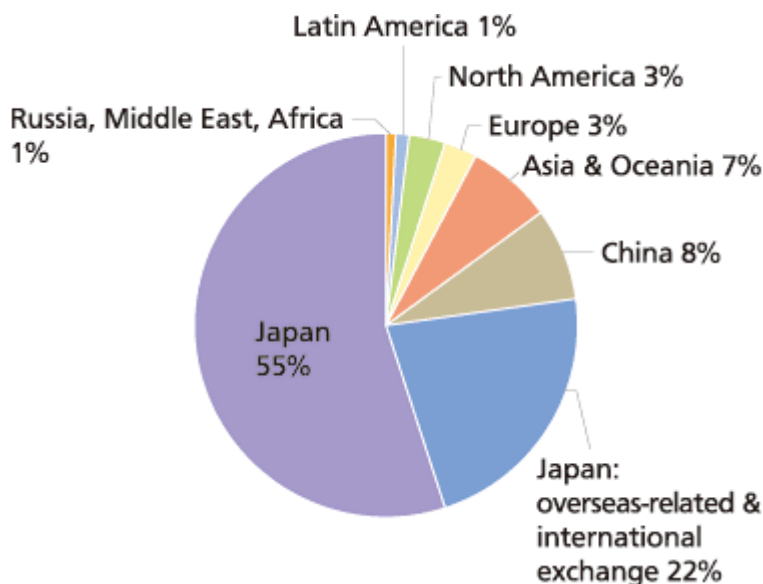
[Example of evaluations using the seven-point system (for NPO Support Fund)]



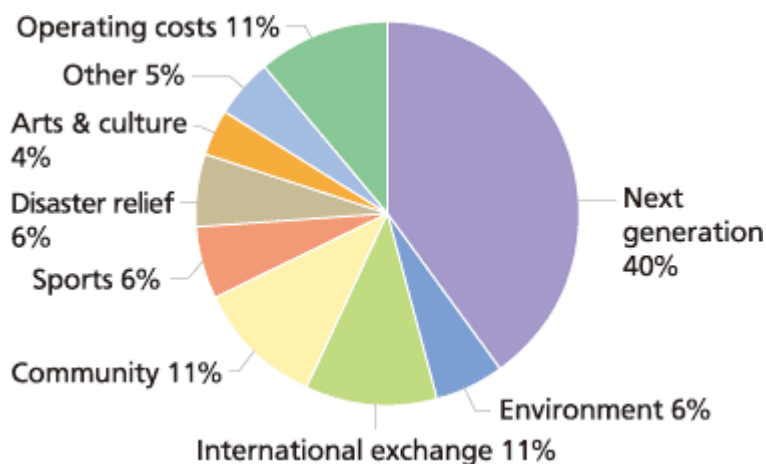
Corporate Citizenship Expenditure and Benefits

With globalization and diversification progressing rapidly, various types of social issues now coexist in different areas. Tackling them requires a worldwide perspective in some cases and a local perspective in others. To achieve the best allocation of our resources at the global level, we started a corporate citizenship survey that encompasses the entire Panasonic group. Since fiscal 2008, we have been collecting citizenship data from sales companies once every year for six regions: Europe, North America, Latin America, Asia/Oceania, China/Northeast Asia and Russia/Middle East/Africa.

[Corporate citizenship expenditure throughout the Panasonic Group]



[Corporate citizenship expenditure by activity area]



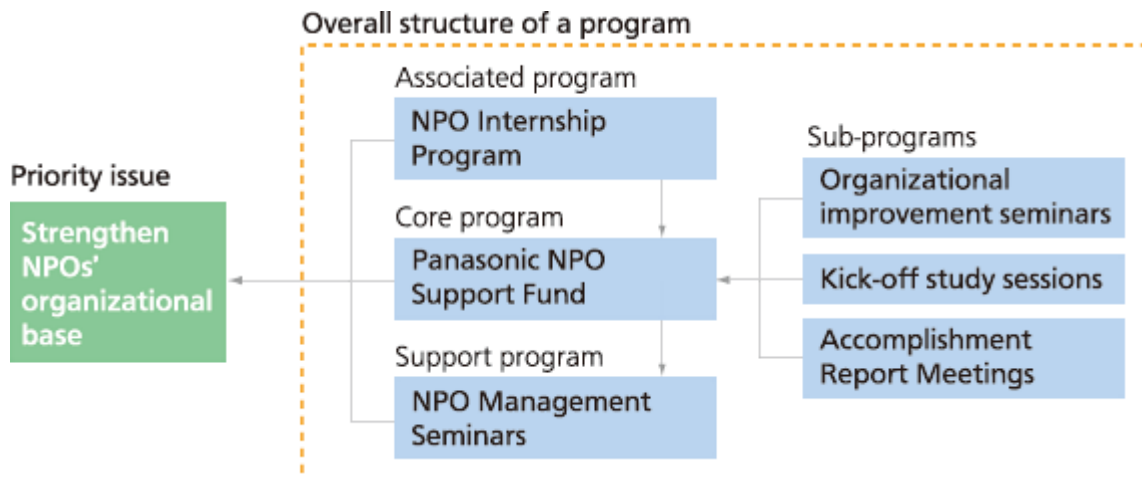
We plan to increase the share of corporate citizenship expenditure outside Japan from 45% in fiscal 2009 to more than 50% in the following fiscal year and 70% in fiscal 2013. Location, size and timing of these expenditures will be in line with our overseas business strategy. 'Next generation' is the largest category, accounting for 40% of expenditure. 'Environment' accounts for only 6%. This is a result of our 'global Eco Relay' which mainly involves volunteerism rather than financial contributions, as a part of our 'eco ideas' for Everybody, Everywhere. We plan to increase our commitment to environmental programs, including environmental education on a global scale.

In Japan, our corporate citizenship expenditure is normally equivalent to at least 1% of pretax earnings. In the coming years, our goal is to raise our global corporate citizenship expenditure to an even higher level.

Framework for Promoting Priority Programs

To facilitate focusing resources on priority programs, we divide them into three categories: core programs, associated programs and support programs. Core programs are the primary activities used to target a priority issue. Associated programs are activities involving important themes related to core programs. Support programs are activities that can contribute to the success of core programs. Using this scheme provides a more powerful framework for solving issues that have our highest priority.

[Example]



Panasonic Corporate Citizenship News

Panasonic started publishing a corporate citizenship newsletter in fiscal 2009 that is electronically distributed to group companies worldwide. The publication serves as a platform for the global dissemination of information about corporate citizenship programs. In prior years, most news about local activities did not reach other parts of the world. With this newsletter, Panasonic Group companies everywhere have access to useful information about the successful activities of other group members. Our goal in this is to encourage the uptake of best practice from each region across other regions.

Panasonic Corporate Citizenship News is distributed to Panasonic Group companies worldwide.



Global newsletter to promote company-wide communication

Panasonic Scholarship

Objectives



Panasonic Corporation was established in 1918 when Konosuke Matsushita, the founder, started a small workshop to make an improved attachment plug. Today, Panasonic Group is the most comprehensive electrical and electronic manufacturer in the world. Throughout its corporate history, we at Panasonic have believed that our mission as a manufacturer is to devote ourselves to the progress and development of society and the well-being of people, thereby contributing to the growth of human civilization. Traditionally,

Panasonic has a strong conviction that the development of human resources is the most important issue that management has to deal with. The Panasonic Scholarship Program was established in 1998 in commemoration of the company's 80th anniversary as a way for the company to express its appreciation to society. Its aim is to provide scholarship opportunities to privately financed students from Asian countries who wish to pursue a master's course in Japan, to offer financial assistance to foster highly educated experts who can contribute to the development of their countries in the 21st century, and to promote mutual friendship between their home countries and Japan.

Events and Activities

Award Ceremony and Orientation

2009 Panasonic Scholarship Award Ceremony was held on April 3, 2009 at Panasonic Corporation Head Quarters. 23 new scholars were handed over the certificates by Panasonic Corporation President Mr. Fumio Ohtsubo.

Panasonic Scholarship welcomed the first scholar from India in this past April and the number of the new scholars from Vietnam was increased from two to three. Award Ceremony was attended by Panasonic Corporation President Mr. Ohtsubo, Panasonic Corporation Top Management and President of Panasonic Scholarship Co., Ltd. Mr. Tadaharu Taguchi.

Congratulatory Address of President Mr. Ohtsubo

The ceremony started with the congratulatory address of President Mr. Ohtsubo. He advised to the new scholars, "In the coming years, you will see Japanese cultures and sense of value while researching in Japan. But please mingle with different values and cultures and contribute to the societies in global stages. I hope that you will start the new life with this in mind."



Congratulatory Address of President Mr. Ohtsubo



The scholars are listening to President Mr. Ohtsubo.

In response to the congratulatory speech of President Mr. Ohtsubo, the new scholars who had just arrived in Japan gave self-introductions and expressed their determination in Japanese language. After that, Mr. Ohtsubo handed over Panasonic Scholarship Certificate to each of the new scholars. Including the new scholars for this year, the number of Panasonic Scholarship Students has become 278 in total.



Self-introduction and ambition by Ms. Novriana from Indonesia



Determination by Ms. Xiao Yana from China



Mr. Firdaus from Malaysia is receiving the certificate from Mr. Ohtsubo.



Mr. Kung Yi-Heng from Taiwan is receiving the certificate from Mr. Ohtsubo.



Mr. Isarun from Thailand is receiving the certificate from Ohtsubo.



Group Photo with President Mr. Ohtsubo and the top management of Panasonic

Welcome Lunch Party with President Mr. Ohtsubo

After the ceremony, President Mr. Ohtsubo joined "Welcome Lunch Party" and had a friendly communication with each of the new scholars. The scholars were touched with the warm words by President Mr. Ohtsubo.



Lunch party with President Mr. Ohtsubo

Orientation for New Scholars

Before Award Ceremony, 23 new scholars had an orientation on April 2. They studied the objectives, rules and annual activities of Panasonic Scholarship. They were also explained about a few tips for entrance exams and the needs of learning Japanese language.



The scholars are learning scholarship contents at Orientation.

Study at Panasonic Konosuke Matsushita Museum

In order to know about Panasonic, the new scholars learned about the story of the early life of the founder, Konosuke Matsushita and the history of Panasonic at Panasonic Konosuke Matsushita Museum. Especially, the founder's life philosophy became a good lesson or teaching in leading the future life for the scholars who were just starting the new life in Japan.



Learning the histories of Panasonic



The scholars in front of Panasonic Konosuke Matsushita Museum

Guidance for Future Plans

Panasonic Scholarship Co., Ltd. organized the guidance of future plans for the scholars who are scheduled to complete master's courses in September of 2009 or in March of 2010. This guidance is offered for the purpose of providing the scholars with the information or advice on their future plans to find jobs or seek Ph.D. in Japan or abroad. Especially, they will be advised on when they should make a decision and how they prepare and act for the approach to the process.

The scholars were explained that the students have to start the job-hunting process more than one year before they finish the master course, according to the Japan's recruiting schedule. Panasonic Scholarship alumni, who are currently hired by Japanese companies or enrolled at graduate schools for Ph.D., were invited to this guidance, too. They shared the experiences of recruiting or preparing the research for Ph.D. with successful tips.

After the guidance, the casual reception party was held, and the attendants were satisfied with sharing information on their future plans.

Kansai Area



The scholars are listening to the alumni's experiences.



The alumni are explaining the experiences to the current scholars.



Casual Reception Party

Kanto Area



The scholars are questioning the recruiting process.



The alumni are answering the questions raised by the scholars.



The scholars are learning the Japan's recruiting system and the Ph.D. scholarship.

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 eight countries and regions throughout Asia (China, Indonesia, Malaysia, Philippines, Thailand, Taiwan, Vietnam and India) 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.

For more information, please visit the following web sites:
The 10th Anniversary of Panasonic Scholarship :
http://panasonic.net/scholarship/evets_activities/2008/anniversary/

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

Panasonic 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.

K. Matsushita Foundation of 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 K. Matsushita Foundation of 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.

Panasonic 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)



The objective of the Panasonic Trust is to encourage and support the professional development and retraining of engineers in the UK. It achieves this objective by providing funding for individuals to study courses which are designed to develop or update their knowledge and skills in new or emerging technologies and the various fields of engineering, manufacturing, materials science, environmental technology and IT. From its inception in November 1984, the Trust has supported 1426 engineers and provided supporting funds to the value of GBP 1.8 million. 2009 marks the 25th anniversary of the Trust.

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.

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 16 cities across Japan, introducing the plays to more than 17,000 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

Costa Rica



The 2009 Costa Rica earthquake took tens of lives and destroyed many homes. Panasonic Centroamericana sympathized with the victims of this tragedy by collecting groceries for families and donating \$2,250. This amount was doubled by the Banco de Costa Rica.

Brazil



Panasonic do Brasil Limitada donated 480 lanterns, 1,152 batteries, and BRL12.271,75 collected through an internal campaign to the Brazilian Red Cross to help the victims of widespread destruction caused by heavy rains in the state of Santa Catarina in November 2008.

China

After the major earthquake in Sichuan, China in May 2008, the Panasonic Group provided support amounting to approximately 195 million yen. This includes donations to the Red Cross Society of China, relief efforts by employees and product donations.



On May 12, 2008, a deadly earthquake occurred in Sichuan province of China, causing many casualties and damage. Employees of Panasonic China decided to take action and voluntarily started raising funds. Started at Panasonic China's head office in Beijing, the movement spread to other Panasonic sites in China. 1680 employees helped collecting money. On May 29, Panasonic China vice president Ma Yunfei handed the amount of 423,437.82 Chinese yuan to the Red Cross Society of China on behalf of all employees, to help the victims and rebuild the affected areas.

Panasonic China employees had already donated the amount of 500,000 yuan through the labor union.

Myanmar

In response to the devastating cyclone that struck Myanmar in May 2008, Panasonic Corporation donated 10 million yen to Japan Platform, to benefit the victims and affected areas.

Timeline

Panasonic has a long history of carrying out corporate citizenship activities across the world.

2000s

2000 | Panasonic Tour of Shakespeare for Children Series Launched



Panasonic launched the Panasonic Tour of the Shakespeare for Children series, providing children and their families a chance to enjoy the famous playwright's works.

2000 | Beach Cleanup Activities Begin in US



Panasonic employees began volunteering at a local beach cleanup events, collecting and analyzing trash and debris that has washed ashore.

2001 | Panasonic NPO Supporting Fund Established in Japan



Panasonic established this fund, which currently provides support to youth-related and environmental organizations for projects aimed at strengthening their infrastructures.

2002 | Women's Vocational School Completed in Iran



Panasonic funded all expenses to establish a vocational training school for women in Iran.

2003 | Kid Witness News Goes Global



Panasonic launches this hands-on video education program in seven countries across the globe in addition to the US where it originally started.

2003 | Construction of 75 Schools Finished in Thailand



After twelve years, Panasonic completed the construction of 75 elementary schools in Thailand, bring education to over 30,000 children in remote areas.

2006 | Support for Schools in Central America



To celebrate our 40th anniversary in Central America, Panasonic donated TVs, VCRs and other AV products to schools in Costa Rica, El Salvador, Guatemala and Panama.

CSR Procurement (in cooperation with our suppliers)

"Companies committed to CSR do business only with companies that have the same commitment."



Koji Itazaki
Executive Officer
Director, Corporate Procurement Division;
Director, Corporate Global Logistics Division;
In charge of: Trading Company

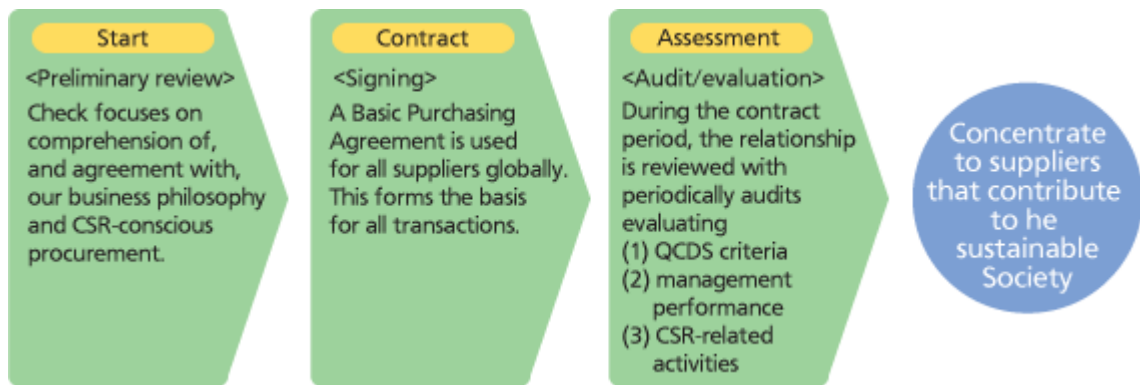
Partnerships with our suppliers play a central role in our ability to make CSR part of our procurement activities. This fundamental approach of ours is based on three components. First is our own procurement policy. Second is our request to suppliers to comply with our CSR requirements. Third is our Clean Procurement Declaration, in which we pledge to conduct fair and impartial procurement activities. We ask our suppliers to assume responsibility for adhering to these same principles.

Since 2007, we have held CSR-Conscious Procurement Conferences around the world to give suppliers a thorough understanding of our policy. In November 2008, we held the Panasonic Excellent Partners Meeting, a new incarnation of the Conference of Presidents of Key Manufacturers we have held in prior years. At the meeting, also participated in by top Panasonic executives, we explained our CSR commitment to the presidents of many suppliers and listened to their reports about their activities and suggestions. The meeting helped all participants to enhance CSR programs, serving as a forum for the sharing of best practices.

We want to be certain that customers everywhere can buy our products with confidence. This is why Panasonic departments involved in procurement, which are instrumental to our manufacturing operations, will continue to reinforce our partnerships with suppliers. We will work hand in hand with suppliers to ensure that the Panasonic management philosophy that a company is a public entity of society is deeply ingrained in our business activities.

The CSR-conscious procurement evaluation system and Panasonic initiatives

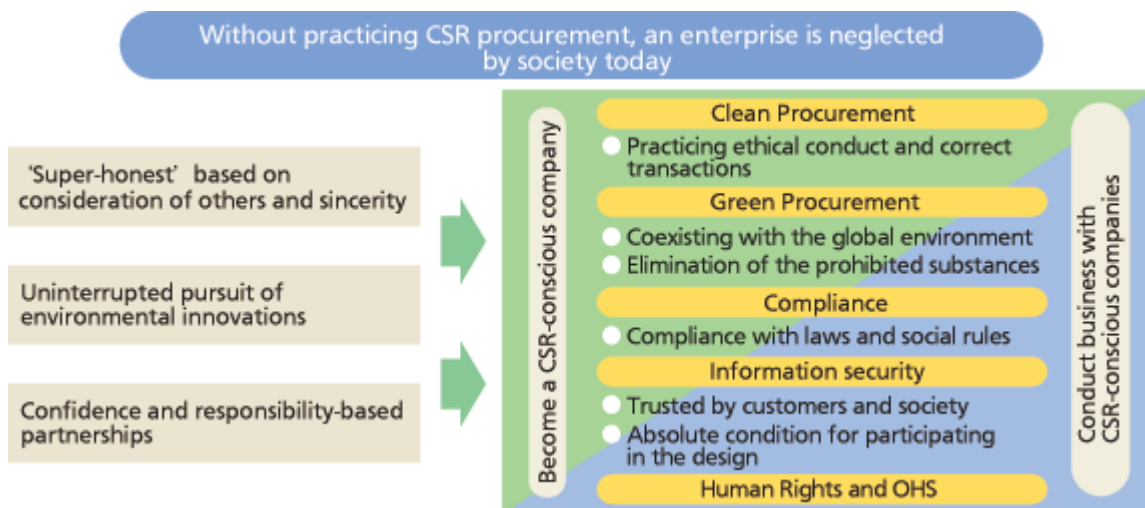
Panasonic concentrates business on suppliers that have outstanding technologies and quality along with a strong commitment to CSR. Currently, major suppliers account for more than 70% of our procurement activities. All new suppliers must comprehend and agree with the Panasonic management philosophy and CSR Procurement guidelines. New suppliers worldwide must also sign a Basic Purchasing Agreement before receiving the first order. Afterward, we review these business relationships periodically by performing audits that evaluate QCDS (Quality, Cost, Delivery and Service) criteria, the performance of management and CSR activities.



If a supplier violates the CSR requirements of the Basic Purchasing Agreement, we ask the company to take immediate actions to resolve the problem. For serious violations, we may reduce or even terminate purchases from that supplier.

In 2007, Panasonic held conferences in various regions of the world to provide suppliers a better understanding of CSR Procurement. Altogether, representatives of 4,366 companies participated in these conferences.

[CSR Procurement Concept]



As part of our Green Procurement activities, we have been performing Environmental Quality Assurance System Audits since fiscal 2005. These audits were instrumental to our completion of measures to comply with the RoHS Directive in October 2005, six months before compliance became mandatory. Currently, we are using these audits to comply with REACH.

The Clean Procurement Declaration describes our commitment to fair and equitable procurement activities. To explain our stance and give suppliers a better understanding of Clean Procurement, we once again sent information about this declaration to our approximately 5,000 suppliers in Japan in 2008.

Compliance is at the heart of all activities at Panasonic. We are dedicated to complying with Japan's Subcontracting Law, customs laws governing global procurement activities, and other laws, regulations and social standards around the world. We frequently conduct employee training events and audits in order to procure goods and services with emphasis on fair and unrestricted competition among suppliers.

Information security is essential to creating an environment for close cooperation with suppliers starting with the design and development of a new product. Security is particularly important for suppliers with access to confidential information. We require these suppliers to implement the same level of information security as Panasonic. Approximately 1,000 companies worldwide have access to highly sensitive information. By 2008, all of these suppliers in Japan had achieved the same security level as at Panasonic. We are now working with overseas suppliers to improve their security systems so they can meet our standards.

With regard to human rights, employment, and occupational health and safety, our Basic Purchasing

Agreement and other contracts require suppliers to respect the rights of employees in four areas: (1) equal opportunity employment, (2) prevention of discrimination, (3) respect for privacy and (4) sound relationships between the company and its employees. Panasonic suppliers must also provide workplaces that are safe and not harmful to employees' health. To meet this standard, suppliers must comply with all labor-related laws and regulations, including laws concerning forced labor, child labor and illegal workers.

Thoughts About CSR Procurement from a Supplier

Social contribution in cooperation with our business partners



Shingo Muramoto
Chairman, Muramoto Industry
Co., Ltd.

Muramoto Industry serves Panasonic with a global organization that can supply various parts to Panasonic factories from local production bases. For Panasonic, we primarily manufacture components for audio-visual and car audio products at factories in Japan, Southeast Asia, the United States and the Czech Republic.

We belong to the Panasonic Kyo-ei(co-prosperity suppliers) Association. This membership means that we base all operations on Panasonic's CSR Procurement policy. We use Green Procurement, maintain rigorous compliance and information security programs, and have activities for human rights, labor, and occupational health and safety.

You can see many examples of CSR Procurement in action in our group. For example, we have QC circles to improve quality and programs for cutting costs, streamlining operations, reducing CO₂ emissions, supervising occupational health and safety, and ensuring that we conform to CSR rules and standards. Muramoto earned a silver medal at an All-Panasonic QC Circle Competition. Furthermore, at the recent Panasonic Excellent Partners Meeting, we received an award for our contributions to supply chain management.

One major accomplishment of ours was the consolidation in 2008 of plasma TV back cover production from two locations in Japan to a single factory. The new factory, which is fully integrated, reduces the cost of making these covers and has a lower impact on the environment.

I hope that Panasonic continues to supply products embodying the innovative ideas, dreams and "eco" features that can make our lives more enjoyable and fulfilling. Everyone at the Muramoto Group looks forward to playing a part in helping Panasonic develop and manufacture these products.

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

For more information, please visit the following web sites:

Ensuring Information Security : <http://panasonic.net/procurement/security.html>

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 Panasonic, 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.

Procurement Activities

The Panasonic Excellent Partners Meeting

The Panasonic Excellent Partners Meeting took place on November 7, 2008, attended by 304 participants from 229 Panasonic suppliers, including 26 executives from 19 companies outside Japan. In prior years, we held a Conference of Presidents of Key Manufacturers that was attended by only representatives of companies that actually process various materials. The November 2008 meeting was expanded to include representatives of trading companies, logistics companies, and many other partner companies worldwide. Bringing these people together gave everyone a better understanding of our commitment to CSR Procurement. Furthermore, exchanges of ideas at the meeting allowed all participants to adopt a unified stance for contributing to society.

At the Panasonic Excellent Partners Meeting, company president Fumio Ohtsubo explained Panasonic's strategic goals and what is being done to accomplish these goals. He also discussed the company name change and the reasons for the decision to use a single brand for all businesses. Mr. Ohtsubo emphasized the need for the cooperation of suppliers to create new types of components and production processes for Panasonic products. Innovation in manufacturing is impossible without fresh ideas that incorporate the input of suppliers.

The next speech was by Koji Itazaki, director of Panasonic's Corporate Procurement Division, who explained the Panasonic Group's policy for procurement. He stated that the meeting was the most important announcement for suppliers, attended by executives from suppliers throughout the world, and that it helped improve understanding of Panasonic's dedication to responsible procurement, adding that the new format also served as an opportunity for two-way communication, allowing suppliers a chance to tell Panasonic about their issues and ideas.

As a new means of deepening partnerships with suppliers, Panasonic also gave awards to companies that made particularly significant contributions to CSR Procurement. These awards are intended to provide for periodic evaluations of the activities of suppliers and for information sharing to ensure the soundness of the "check" step of the PDCA cycle for building partnerships.

Grand prizes and other recognitions were awarded in five categories: new technologies, product quality, environmental activities, the supply chain and cost reductions. Companies making the greatest contribution in each of these areas were selected to receive Best Partner Prize. Starting in fiscal 2010, the Panasonic Excellent Partners Meeting will also include accomplishments of the ECO-VC (value creation) Initiative, a new campaign to protect the global environment and streamline business operations.

We plan to continue expanding the role of the Panasonic Excellent Partners Meeting. Holding this event reinforces partnerships with outstanding suppliers and provides a forum for sharing information about successful CSR Procurement activities. This cooperation creates a foundation for the joint pursuit of global excellence in procurement operations for the benefit of people around the world.



229 suppliers both domestic and overseas attended the Panasonic Excellent Partners Meeting



Best Partner Award presentation



At the award ceremony

Environment-friendly Initiatives

Cutting CO₂ Emissions and the ECO-VC Initiative

There is an urgent need to reduce CO₂ emissions in order to protect the global environment. The Panasonic Group is tackling this issue in many ways, including programs to lower these emissions in the supply chain.

In fiscal 2008, we started a trial CO₂ emission reduction program by asking for the participation of members of the Panasonic Kyo-ei(co-prosperity suppliers) Association, which consists of companies that we use for outsourcing. This program grew to include all 102 members of this association in fiscal 2009.

In fiscal 2010, Panasonic started the ECO-VC Initiative with the aim of having global suppliers work together to cut CO₂ emissions and make products more competitive. Suppliers concentrate on various improvements for materials and parts used in Panasonic products. Conserving resources and energy, recycling materials, developing new materials, and improving cargo transport methods are prime examples. We plan to use this initiative to make our products even more environmentally responsible.

Joint rail container cargo transport with other companies

Panasonic began a joint cargo transport program using 31-foot containers with Sumitomo Electric Industries, Ltd. in December 2008. The program takes advantage of the cargo transport capabilities of both companies.

Until the start of this program, LCD televisions from a Panasonic factory north of Tokyo in Utsunomiya were transported by truck to a distribution center in Osaka. Now, the televisions go to Osaka by rail and truck. On the return trip from Osaka, the same containers transport wires and cables made by Sumitomo Electric, which is one of our suppliers. By using this joint regularly scheduled transport system, we have cut CO₂ emissions by 100 tons in each direction without any increase in transportation expenses.



A truck leaving Sumitomo Electric Industries, Ltd. with wires and cables produced by the company loaded onto the container owned by Panasonic

This accomplishment is merely the first step. We plan to cooperate with more companies in other industries to expand the use of joint cargo transportation for lowering CO₂ emissions.

Compliance with REACH

The first phase of Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), a new European Union (EU) regulation requiring the registration of chemicals, was enacted in June 2007. REACH has a much broader scope than the Restriction of Hazardous Substances (RoHS), a European Directive already in force that prohibits the use of specified substances. REACH covers all chemicals and products that use chemicals. To ensure the safe use of chemicals, companies must track and monitor across the entire supply chain the amount of chemicals contained in products and materials and disseminate information on hazards posed by these chemicals. This requirement applies to everything from raw materials to finished products. For Substances of Very High Concern (SVHC), such as toxins, carcinogens and substances that accumulate in the human body, companies are required to submit declarations and disclose other information.

Our response goes beyond simply complying with REACH regulations. We are a participant in the Joint Article Management Promotion-consortium (JAMP), which aims to monitor levels of all substances classified as SVHC. We have started performing the necessary surveys. The Panasonic Group's Chemical Substances Management Rank Guidelines, which have been made public, already include all compounds that are candidates for classification as SVHC. Furthermore, we are advocating the monitoring of these compounds at upstream stages of the supply chain along with the dissemination of this information. Oversight of chemicals contained in our products also includes the collection of information and creation of a database by using GP-Web (Green Procurement Web), our extranet information system.

Report on Product Safety Issues

Progress Responding to Accidents Involving FF-type Kerosene Heaters

Panasonic would like to thank everyone involved for their support and cooperation with our efforts to respond to accidents caused by FF-type kerosene heaters.

Four winters have now passed since problems with FF-type kerosene heaters prompted an emergency order in 2005 and we instigated a Company-wide response. The Corporate FF Customer Support and Management Division continues to spearhead our ongoing efforts to prevent a similar incident from ever happening again.

In fiscal 2009, activities were extended to the whole of Japan, led by the staff of the Corporate FF Customer Support and Management Division. Local search activities sought to find products that had not yet been located, and they stepped up the recovery of products from customers who had their units inspected or repaired in the past, and inspected products before the winter arrived.

The local search activities focused on the following:

1. Surveys of disused schools
2. Surveys of disused ski fields and surrounding accommodations
3. Repeat surveys of the name list for products in circulation
4. Door-to-door surveys in specified regions with sparse populations and border settlements

In fiscal 2009, we visited approximately 120,000 places, found 73 products still in use, and confirmed the disposal of 886 units. In total, since the establishment of the Corporate FF Customer Support and Management Division in May 2006, approximately 1,050,000 site inspections have been conducted.

We also continued to run advertisements and notices, particularly at the beginning and the end of winter, which consisted of nationwide TV and radio commercials, public notices in newspapers, newspaper inserts, and notices in other media.

In fiscal 2009, we added 1,778 units to our name list of products sold, out of which we found 423 still in use, and confirmed that 1,355 have been discarded.

We are still finding products every month, some of which customers have continued to use un-repaired without realizing. With the help and cooperation of those involved, we will therefore continue our search activities without resting until we find every last unit.

The table below details our progress to date.

[Status of recalls, inspection and repairs (As of March 31, 2009)]

		(Units)
Date		March 31, 2009
Units sold		152,132
Units recorded		112,506
1. Replaced or discarded		35,677
2. Recovered or inspected/repaired		76,829
(1) Recovered		76,004
(2) Inspected/repaired		806
(3) Awaiting inspection		19

Percentage of units assessed and recorded as of March 31, 2009: 74.0%

USB Mobile Power Supply Company Recall Announcement Made to Prevent Accidents

Panasonic has recalled USB Mobile Power Supply units (product number: BQ-600) manufactured between June 2007 and January 2008 due to incidences of the units becoming hot. No incidents of burns or personal injury have been reported, but Panasonic is recalling the product as a precautionary measure and returned products will be replaced free of charge.

Panasonic discovered that a problem in the manufacturing process can result in the product becoming abnormally hot. In the manufacturing process, ceramic chip capacitors may be subject to excessive stress when being separated from the substrate. In some cases, this has caused fine cracks to appear, lessening the insulating capacity of the capacitor when in use and resulting in abnormal heating. Panasonic has determined that this heating could cause partial melting or deformation of the power supply unit's plastic case.

Having identified the cause of the problem and determined that it could re-occur, Panasonic made a company recall announcement to prevent an incident involving this product. Customers who have the affected product can return it to the shop where it was purchased or to a contact center for dealing with Panasonic USB mobile power supply products and exchange it free of charge.

We sincerely apologize for this inconvenience to our customers, and ask for your understanding and cooperation.

For inquiries contact

Panasonic USB Mobile Power Supply contact center (Free dial) 0120-660-648

Corporate Profile

Panasonic Corporation is one of the largest electronic product manufacturers in the world, comprised of over 540 companies. It manufactures and markets a wide range of products under the Panasonic brand to enhance and enrich lifestyles all around the globe.

Outline

Company Name	Panasonic Corporation
Head Office Location	1006, Oaza Kadoma, Kadoma-shi, Osaka 571-8501, Japan Tel. 81-6-6908-1121
President	Fumio Ohtsubo
Foundation	March, 1918 (incorporated in December, 1935)
Net Sales*	7,765.5 billion yen
Number of Employees*	292,250
Number of Consolidated Companies*	539 (including parent company)

*as of March 31, 2009

May 15, 2009

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ANNOUNCEMENT OF FINANCIAL RESULTS**PANASONIC REPORTS ANNUAL NET LOSS****- Sales declines and business restructuring expenses cause net loss -**

Osaka, Japan, May 15, 2009 -- Panasonic Corporation¹ (Panasonic [NYSE symbol: PC]) today reported its consolidated financial results for the year ended March 31, 2009 (fiscal 2009).

Consolidated Results

Consolidated group sales for fiscal 2009 decreased 14% to 7,765.5 billion yen, from 9,068.9 billion yen in the previous fiscal year. Of the consolidated group total, domestic sales amounted to 4,082.2 billion yen, down 10% from 4,544.8 billion yen a year ago. Overseas sales decreased 19% to 3,683.3 billion yen, from 4,524.1 billion yen in fiscal 2008, ended March 31, 2008.

¹ As of October 1, 2008, the company changed its name from "Matsushita Electric Industrial Co., Ltd." to "Panasonic Corporation."

During the year under review, the current financial crisis, which originated in the United States, spread across the world and the company's outlook of the business environment was extremely uncertain. The company's business conditions worsened considerably from last October, due mainly to the sharp appreciation of the yen, rapidly shrinking demand worldwide and ever-intensified price competition. Under these severe circumstances, in an attempt to get out of this difficult situation and get growth back on its original track, Panasonic implemented initiatives for achieving further progress and strengthening management structure. In particular, the company accelerated the business restructuring initiatives on the basis of business selection and concentration such as integration and closure of manufacturing sites, from the view point of global optimal production, withdrawal from unprofitable businesses, and reassigning and downsizing of workforce.

Regarding earnings, operating profit² for this fiscal year was down 86%, to 72.9 billion yen, from 519.5 billion yen in the previous year. Although the company implemented thorough streamlining of material and fixed costs, this result was due mainly to the effect of a sharp sales decline, rising prices for crude oil and other raw materials, and ever-intensified global price competition. In other income (deductions), the company incurred 367.4 billion yen as business restructuring expenses and 92.0 billion yen as a write-down of investment securities. As a result of these and other factors, the company regrettably incurred a pre-tax loss of 382.6 billion yen. Accordingly, net income turned to a loss of 379.0 billion yen.

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:

Digital AVC Networks³

Digital AVC Networks sales decreased 13% to 3,492.0 billion yen, from 4,001.8 billion yen in the previous year. Sales of video and audio equipment decreased 6% from the previous year, due mainly to sluggish sales in digital AV products such as

² For information about operating profit, see Note 2 of the Notes to consolidated financial statements on page 14.

³ From fiscal 2009, the name of "AVC Networks" was changed to "Digital AVC Networks."

plasma TVs and digital cameras. In information and communications equipment, weak sales of automotive electronics led to a 19% decrease overall from a year ago.

Home Appliances

Sales of Home Appliances decreased 9% to 1,166.3 billion yen, compared with 1,283.0 billion yen in the previous year, due mainly to a sales decline of air conditioners and compressors.

PEW and PanaHome⁴

Sales of PEW and PanaHome decreased 9% to 1,581.2 billion yen, from 1,730.7 billion yen a year ago. At Panasonic Electric Works Co., Ltd. (PEW)⁵ and its subsidiaries, sales decreased mainly in electronic materials, automation controls and health-enhancing products. At PanaHome Corporation and its subsidiaries, a rapid deterioration of housing market conditions after September 2008 led to a decrease in sales.

Components and Devices

Sales of Components and Devices were also down 21% to 907.6 billion yen, compared with 1,150.3 billion yen in the previous year, due mainly to a sales downturn of semiconductors and general electronic components.

Other

Sales of Other totaled 618.4 billion yen, down 14 % from 722.6 billion yen in the same period a year ago, due mainly to weak sales in factory automation equipment.

Consolidated Financial Condition

Net cash provided by operating activities in fiscal 2009 amounted to 116.6 billion yen. This was attributable primarily to depreciation and a decrease in trade receivables, despite a net loss and a decrease in trade payables. Net cash used in investing activities amounted to 469.4 billion yen. Despite having proceeds from

⁴ The name of "MEW and PanaHome" was changed to "PEW and PanaHome" as of October 1, 2008.

⁵ The name of Matsushita Electric Works, Ltd. (MEW) was changed to Panasonic Electric Works Co., Ltd. (PEW) as of October 1, 2008.

disposition of investments and advances, this was due primarily to capital expenditures for tangible fixed assets of 521.6 billion yen, mainly consisting of manufacturing facilities for priority business areas such as plasma and liquid crystal display panels, and semiconductors. Net cash provided by financing activities was 148.7 billion yen, due mainly to an increase in long-term debt by issuing unsecured straight bonds, despite 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 36.8 billion yen associated with the effect of exchange rate fluctuations, resulted in cash and cash equivalents of 973.9 billion yen at the end of fiscal 2009, down 240.9 billion yen, compared with the end of the last fiscal year.

The company's consolidated total assets as of March 31, 2009 decreased 1,040.3 billion yen to 6,403.3 billion yen, compared with 7,443.6 billion yen at the end of the last fiscal year (March 31, 2008). This was due mainly to a decrease on trade receivables and a reduction of inventories affected by deteriorated market conditions, and a decrease in investments and advances affected by a decline of stock price. Stockholders' equity decreased 958.3 billion yen, compared with the end of the last fiscal year, to 2,784.0 billion yen as of March 31, 2009. This result was due primarily to decreases in retained earnings and accumulated other comprehensive income.

Year-end Dividend

The company paid an interim dividend of ¥22.5 per share on November 28, 2008. However, the company regrettably plans to pay a year-end dividend of ¥7.5 per share, due mainly to the deterioration of consolidated financial results, making a total annual cash dividend of ¥30 per share.

Outlook for Fiscal 2010

Regarding the business environment for fiscal 2010 ending March 31, 2010, the company currently expects to encounter severe conditions because two trends are developing simultaneously. One is the world recession and shrinking demand, and the other is the changes in market structure such as the expanding emerging markets and a demand shift to lower-priced products. Under these environments, the company will rebuild its management structure thoroughly, as well as make preparations for the next phase of development and growth simultaneously, aiming

to be in a strong position when the market recovers. Although the management environment of the final year of the GP3 plan will be different from the conditions that we previously expected, the company will not change the direction of the GP3 plan. The company currently expects fiscal 2010 sales on a consolidated basis to total 7,000 billion yen, a decrease of 10% from the previous fiscal year. Consolidated operating profit is forecast to increase by 3% to 75 billion yen. Consolidated loss before income taxes⁶ is anticipated to be 95 billion yen, with net loss attributable to the company⁷ expected to be 195 billion yen.

Panasonic Corporation is one of the world's leading manufacturers of electronic and electric products for consumer, business and industrial use. Panasonic's shares are listed on the Tokyo, Osaka, Nagoya and New York stock exchanges.

For more information, please visit the following web sites:

Panasonic home page URL: <http://panasonic.net/>

Panasonic IR web site URL: <http://panasonic.net/ir/>

⁶ Factors affecting the forecast for other income (deductions) of 170 billion yen (the difference between operating profit and income before income taxes) include business restructuring expenses of 88 billion yen.

⁷ From fiscal 2010 onwards, in accordance with SFAS No.160, the term "net income (loss)" will change to "net income (loss) attributable to the company."

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 Panasonic and its Group companies (the Panasonic 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 Panasonic 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 Panasonic 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. Panasonic 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 Panasonic 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 Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the ability of the Panasonic 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 possibility of not achieving expected results on the alliances or mergers and acquisitions; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic 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 Panasonic Group; the possibility that the Panasonic 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 Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in Panasonic's latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission.

(Financial Tables and Additional Information Attached)

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In 1951, Panasonic launched its first washing machine. The washing machine was one of the three sacred treasures in the household at that time, which made a significant influence in liberating housewives from the heavy labor of housework, and in advancing them into the society.

After half a century since that time, the product now plays another important role in the society – contribution to the global environment.

Panasonic's washing machines are developed in the pursuit of saving water and energy consumption, in order to conserve such important resources on the earth.

We are committed to contribute to this irreplaceable global environment through providing our products widely to our customers all over the world, in Japan, China, Asia and Europe.

<Scope of this report>

Reporting period: The performance data are primarily from fiscal 2009 (April 1, 2008 to March 31, 2009). However, some activities from fiscal 2010 are included. The years shown in graphs are fiscal years.

Organization: Panasonic Corporation 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.