

Management Policy for Fiscal 2010

January 9, 2009
Panasonic Corporation
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Note: The fiscal year 2010 refers to the year ending March 31, 2010.

- This presentation outlines the Panasonic Group's annual management policy for fiscal 2010.

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- 1. Review of fiscal 2009 results and current business situation**
- 2. Initiatives for fiscal 2010**
 - **Rebuild management structure**
 - **Prepare and take action for growth**
 - **Strengthen environmental management**
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- Today, I would like to explain three points shown on the slide.

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- First, the review of fiscal 2009 results and current situation.

Review of Key Themes

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Growth in overseas sales	<ul style="list-style-type: none">• Double-digit growth is not expected to be achieved (1H: +9%)*• Focus on the “Upper-income” customers in BRICs + V* <p>* Consumer & systems sales, V: Vietnam</p>
Four strategic businesses	<ul style="list-style-type: none">• Target for each business is not expected to be achieved• Implement various projects for sales increase
Manufacturing-oriented innovation	<ul style="list-style-type: none">• Make steady progress in the collaborative activities of subcommittees, such as “Itakona” application• Establish and strengthen activities of “New Business Promotion Subcommittee”
‘eco ideas’ strategy	<ul style="list-style-type: none">• CO₂ emissions have been reduced as scheduled• Global promotion of ‘eco ideas’ for Everybody, Everywhere

●Fiscal 2009 was a historical year for Panasonic with a corporate name change and unification of brand names. We achieved a successful launch of Panasonic Group.

●Meanwhile, in the “once-in-a-century” world financial crisis, the Company’s business performance has been deteriorating sharply in the second half of fiscal 2009. Accordingly, on November 27, 2008, Panasonic announced a significant downward revision of the consolidated financial forecast for fiscal 2009.

●This slide shows the review of key themes of the GP3 plan.

●As for growth in overseas sales and the four strategic businesses, each initiative showed a steady progress, although the results may not be able to achieve their targets.

●The Company will continue to promote proactively these initiatives further in the next fiscal year as essential actions for achieving global excellence.

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Current Business Environment

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“Recession & shrinking demand”
triggered by the financial crisis

“Changes in market structure”
expanding emerging markets
and a shift to lower-priced products

These two trends are simultaneous

● Regarding current business environment, we are not only facing an economic downturn, but 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.

● Accordingly, it will take time for the economy to hit bottom and get back to recovery. Also, the trend of change in market structure will continue even after the market recovers.

Position of fiscal 2010

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Under severe circumstances, past restructuring effects have disappeared

Strengthen management structure and make preparations for the next phase of development and growth

Keep striving for the targets of GP3 plan

Leap ahead when the market recovers

- Under such severe circumstances, the positive effects in growth and profitability as a result of restructuring since 2001 have totally disappeared by the end of the first half of fiscal 2009.
- With this in mind, in fiscal 2010, the Company will reform and strengthen its management structure thoroughly, as well as make preparations for the next phase of development and growth.
- Panasonic will not change the direction of the GP3 plan. Although achievement of all the targets of the plan has become very difficult, the Company strives to keep moving forward as close to the targets as possible by implementing all initiatives quickly.
- Through these efforts, Panasonic aims to be in a stronger position than its competitors when the market recovers.

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● The first point of the initiatives for fiscal 2010 is rebuilding management structure.

Bold “Business Selection & Concentration”

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Clarifying “which businesses to expand”
and “which businesses to withdraw from”

Business/product
categories

Continuous negative earnings since fiscal 2007

Streamlining with strong
possibility of withdrawal

Overseas operating
sites

Falling under the criteria for withdrawal

Withdraw in principle

- For the next phase of development, the Company aims to build a strong business structure through bold business selection and concentration, and strategic placement of overseas sites.
- This can be achieved by reviewing the businesses from various perspectives and clarifying “which businesses to expand” and “which businesses to withdraw from” more strictly.
- Specifically, the Company will streamline its operations with the strong possibility of withdrawing businesses and products which have had negative earnings since fiscal 2007. The Company will close down its overseas operating sites which fall under the criteria for withdrawal. On this basis, Panasonic will shift its management resources to “businesses to expand.”

Head Office Reform for Strengthening Corporate Governance

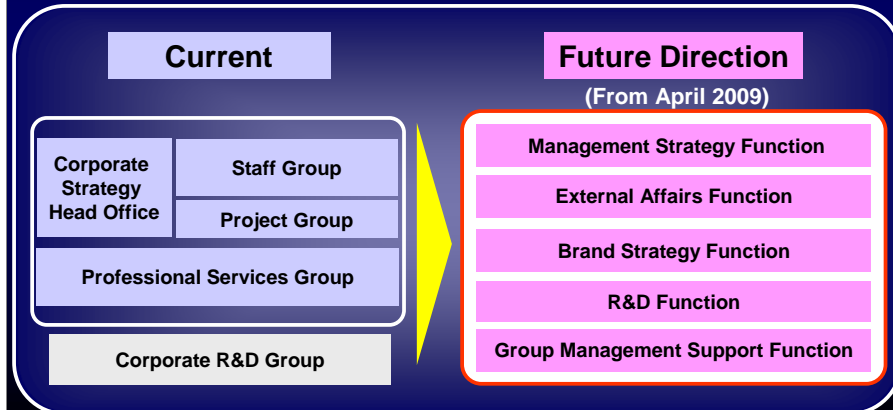
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Contributing to enhance corporate value

Simple & easy
to understand

Strategic investment
for the future

Streamlining and
continuously improving
productivity



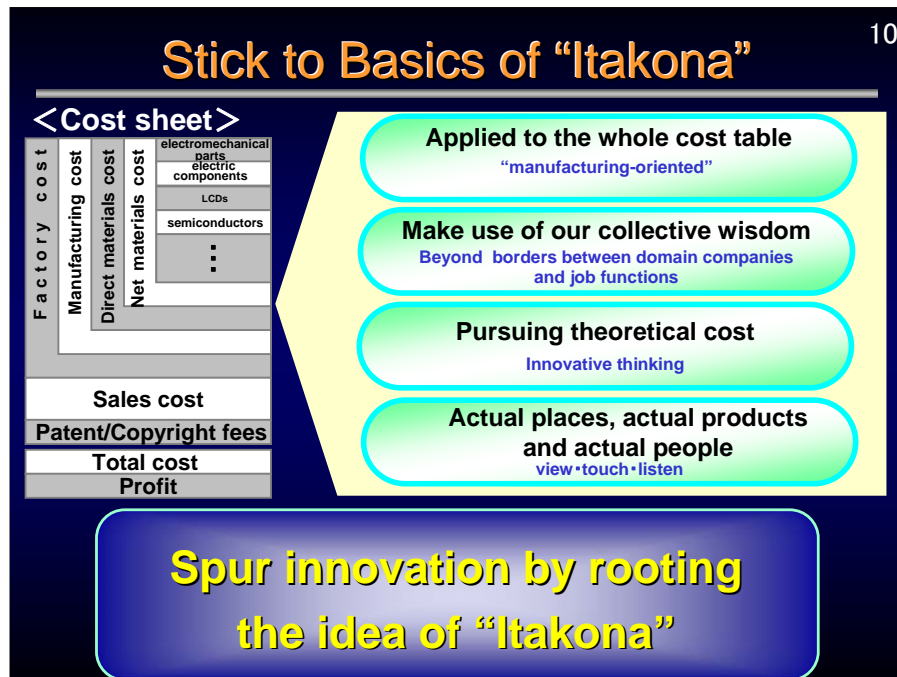
●Panasonic also plans to reform the organization of its head office, so that the head office will contribute to enhance corporate value.

- Simple and easy to understand,
- Promoting strategic investment for the future,
- Streamlining and continuously improving productivity,

With these aims in mind, the Company will reorganize its functions this April, as shown on the slide.

●The Company regards all of these as important governance functions of the group's head office and aims to strengthen them firmly.

●In addition, Panasonic aims to promote further cost reductions with this reform and return the savings to the business domain companies and divisions. At the same time, the Company will make investments focused on new businesses and markets, and strive for mid- and long-term growth.



- Panasonic will thoroughly implement the basics of Itakona cost analysis which have been promoted in the entire group.

- Itakona is an activity to pursue theoretical cost by visualizing cost factors at the level of smallest structural unit, literally the plates "ita" and the powder "kona." The cost for every activity in manufacturing process is reviewed here.

- Therefore, it is not an activity limited to certain job functions such as design and procurement. We need to make use of the collective wisdom beyond borders between all job functions and domain companies.

- It is not merely cost reduction activities from the current level. It is important to pursue a theoretical cost by accumulating knowledge at actual places, for actual products and by actual people.

- The Company aims to spur innovation in all processes in manufacturing by rooting the idea of "Itakona."

Careful Decisions on Capital Investment ¹¹

Selection of projects

Thoroughly examine from the perspective of recovering investment, regardless of project size

Maximum effect with minimum investment

Achieve target results at minimum cost

- Next, capital investment.
- Panasonic is going to make careful decisions regarding capital investment of the whole group, including the possibilities of cessation or postponement of ongoing projects.
- In selecting an investment project, the Company will thoroughly examine it from the perspective of recovering the investment, regardless of the project size.
- Regarding the selected projects after the review, the Company will strive to achieve maximum effect with minimum investment.

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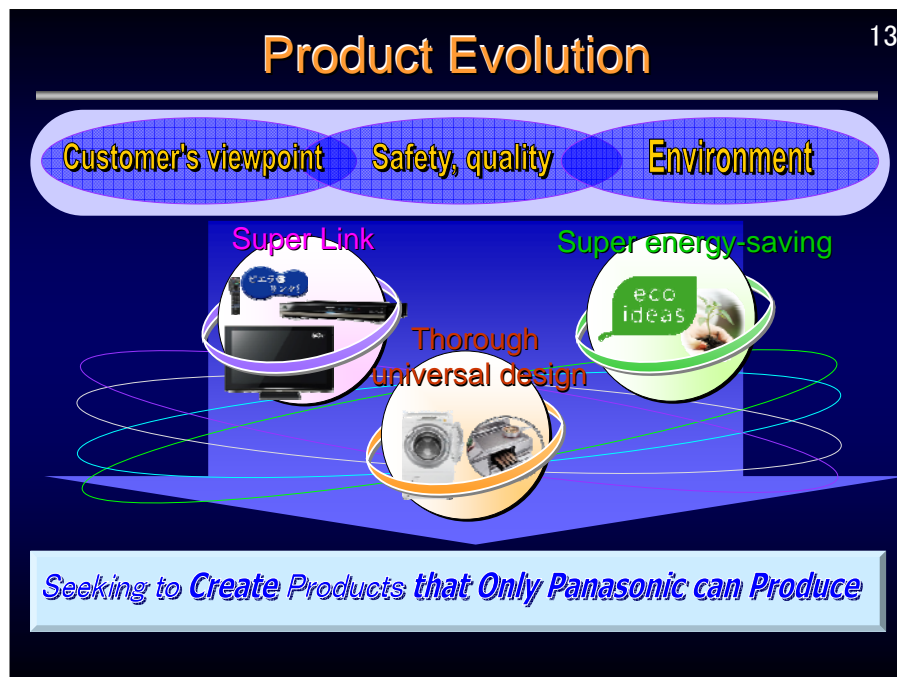
• Rebuild management restructure

• **Prepare and take action for growth**

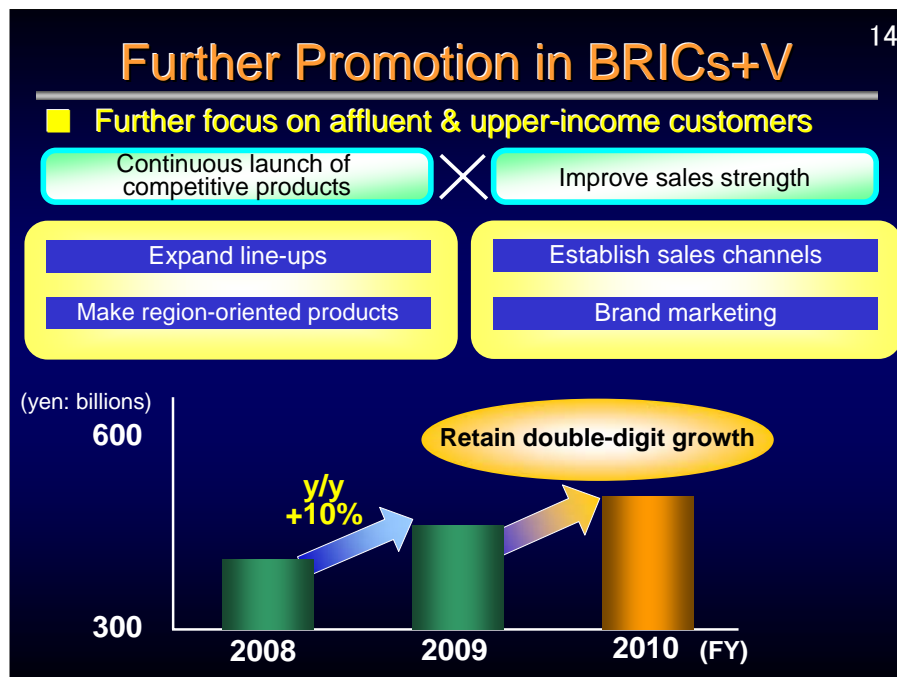
• Strengthen environmental management

3. Final remarks

- Next, prepare and take action for growth.



- For a manufacturing company, the product is the key to growth and development. Sustainable growth can not be realized without evolution of products.
- The essentials for manufacturing are to have customer's viewpoint, secure safety and quality, and pursue environment-friendliness.
- In addition to these fundamentals, the Company aims to add the value such as super link seen in VIERA Link, super energy-saving, and thorough universal design, seeking to create products that only Panasonic can produce.



- The driving force for the global growth will continue to be BRICs and Vietnam.

- Although the economic situation will remain severe in fiscal 2010, relatively high rates of economic growth are expected to continue in these markets.

- Panasonic aims to retain double-digit growth by strengthening initiatives and maintain higher growth than its competitors.

- In these markets, the Company will focus on affluent and upper-income customers with the continuous launch of competitive products and improving sales strength.

- Regarding products, we will focus on expanding the line-ups of our competitive products and creating region-oriented products.

- As for strengthening sales capabilities, we aim to establish sales channels and strengthen brand marketing for each market.

- In the future, Panasonic will also aggressively promote sales in the growing emerging markets other than BRICs and Vietnam.

Flat-panel TV Business

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Aiming to achieve growth above the industrial average,
as well as taking measures to deal with sluggish market conditions

Review of capital investment plan

(yen: billions)

	Total investment (~2012)	
	<original>	<revised>
5 th domestic PDP plant in Amagasaki	280	⇒ 210
IPS Alpha plant in Himeji	300	⇒ 235
Total	580	⇒ 445 (-135)

- Regarding each business, Panasonic will continue to accelerate the growth of flat-panel TV business.
- Our basic stance for fiscal 2010 is “aiming to achieve growth above the industrial average, as well as taking measures to deal with sluggish market conditions.”
- According to the latest forecast, the demand expansion is expected to slow down. The market growth rate for fiscal 2009 and 2010 will be 19% and 21%, respectively.
- Responding to this forecast, Panasonic will change the total investment through 2012 for the fifth domestic PDP plant in Amagasaki and the IPS Alpha plant in Himeji, Japan, from 580 billion yen to 445 billion yen, a decrease of 135 billion yen from the original plan.

Flat-panel TV Business

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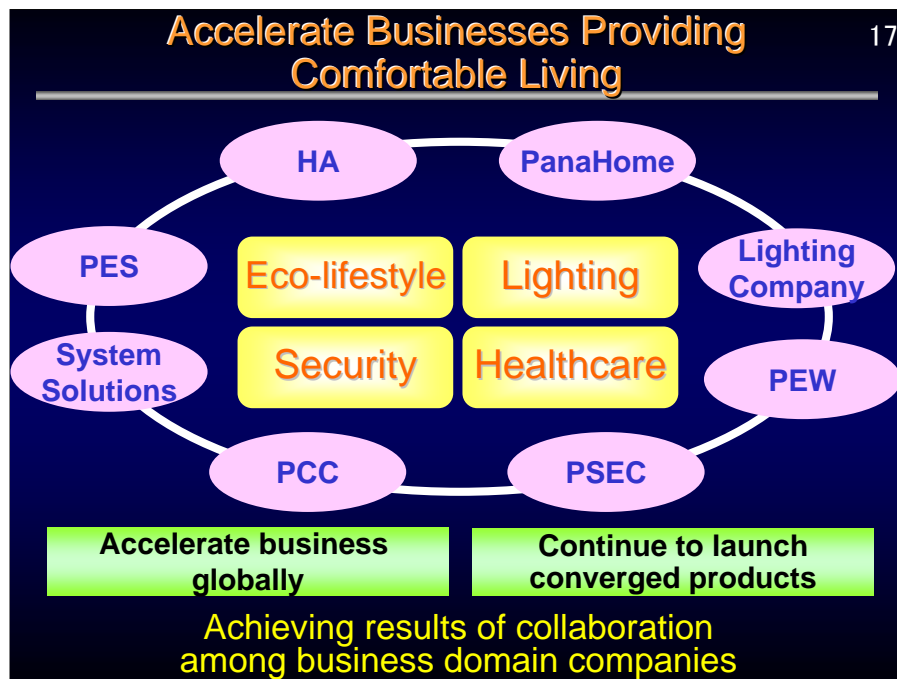
Aiming to achieve growth above the industrial average,
as well as taking measures to deal with sluggish market conditions

**FY2010 sales target: 15.5 million units
(+50% y/y)**



Improve basic performance	•NeoPDPs & IPS α panels improve energy saving & moving picture quality
Increase line-ups	•Doubling basic models (4 \rightarrow 8), boosting product line-ups
Expand sales channels	•Focusing on “growing retailers” in Europe & U.S., expanding sales in emerging markets

- On the other hand, the Company aims for sales of 15.5 million units in fiscal 2010, up 50% from last fiscal year, exceeding the industrial average.
- To achieve this target, the Company strives to boost basic functions such as energy saving and moving picture quality by use of NeoPDPs and IPS Alpha panels as announced last year.
- In addition, the Company will expand the line-ups by doubling basic models from 4 to 8, and focus on growing retailers such as so-called hyper retailers and warehouse club retailers in Europe and U.S.
- For emerging markets, the Company will increase the number of models by 50% to strengthen sales.
- By responding carefully to market trends, Panasonic aims to win in the face of severe global competition.



●Next, businesses providing comfortable living. In order to create new products and businesses, the Company is currently developing strategic subcommittees in the four themes, eco-lifestyle, security, lighting and healthcare.

●In fiscal 2010, the Company will strive to achieve the results of collaboration among the business domain companies, focusing on accelerating business globally and launching converged products.



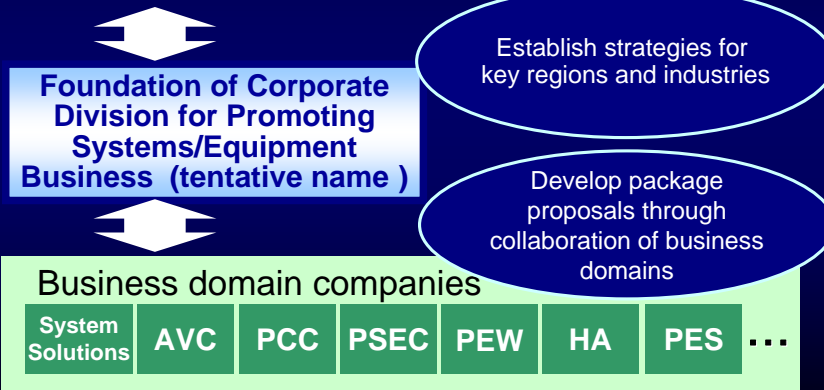
- Next, global launch of white goods.
- This March, the Company will start the introduction of refrigerators and washing machines in Europe.
- Sales of these products will initially commence in 17 countries in fiscal 2010 and will be extended to other countries subsequently. The Company strives to get its white goods business on track in Europe by promoting its eco-friendliness, design and innovative features in every opportunity such as shops, media and websites.
- In Asia, in cooperation with manufacturing and sales units, we aim to achieve undisputed top share in the market by expanding product line-ups, strengthening manufacturing capability within Asia and strengthening shop front promotion for eco products.
- We aim to increase our presence in Europe and Asia, which will lead to further global expansion.

Overseas Systems/Equipment Business

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Strengthening business foundation globally

Corporate regional management divisions, Regional sales companies

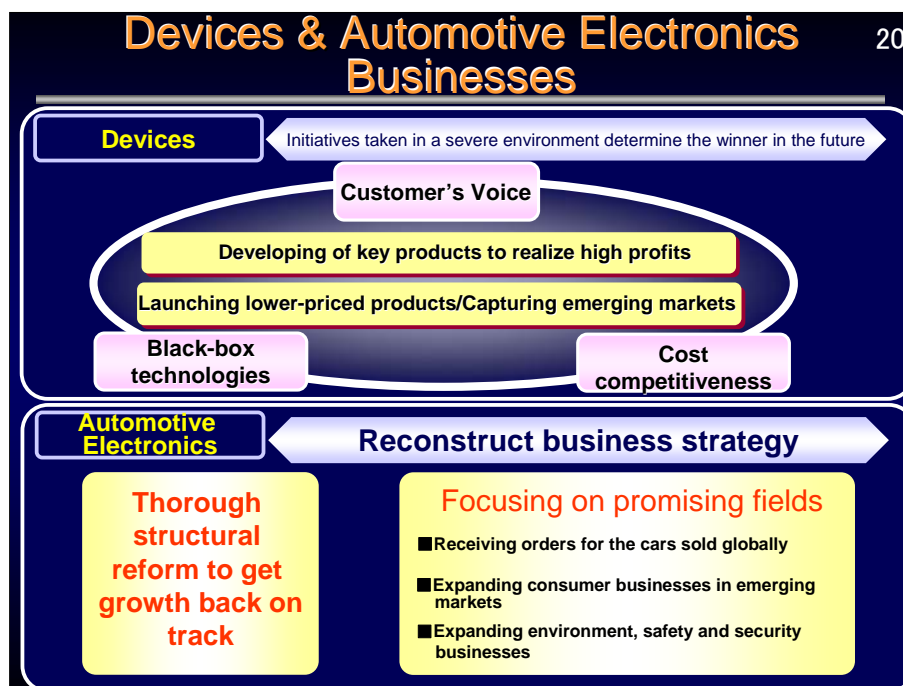


●The Company will also strengthen its foundation of systems and equipment business globally.

●In the overseas systems and equipment business, product development and sales promotion have been operated mainly by each domain company. In the future, in addition to current activities, the Company will strive to develop package proposals through the collaboration of business domains and provide them mainly in key regions and industries toward the global expansion of business.

●In order to realize it, the Company will establish Corporate Division for Promoting Systems/Equipment Business in cooperation with domain companies and Corporate Regional Management Divisions this April for supporting growth in overseas sales. The promotion structure will be expanded in line with the progress of development of business.

●The Company will accelerate the initiatives in a whole group to foster the businesses into the driving force of the growth in the future.



● Devices and automotive electronics businesses are in a severe situation as a result of the decline of the entire market.

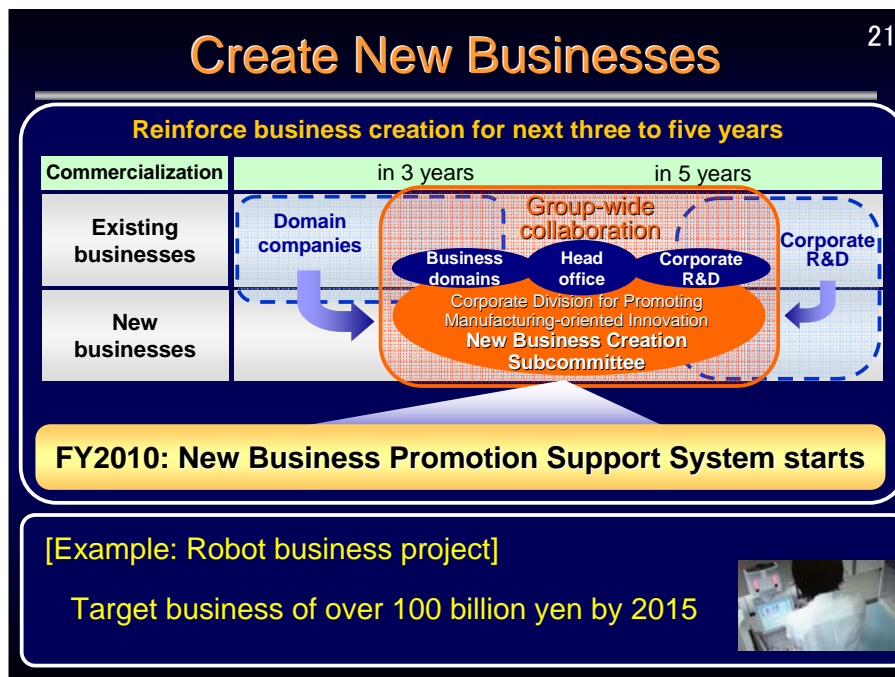
● Besides making all-out efforts to increase sales and profit, in the current situation, it is important to return to the basics and prepare for the next competition.

● In the devices business, we will return to the basics such as increasing opportunities to meet customers, creating more black-box technologies and collecting wisdom for strengthening cost competitiveness. Based on this, the Company will promote the development of key products to realize high profits, the launch of lower-priced products and the capture of emerging markets. This will enable the Company to prepare for the proactive approach at the first sign of market recovery.

● In automotive electronics business, Panasonic will focus on promising fields while implementing thorough structural reform. Specifically, the Company will promote receiving orders for the cars sold globally, expanding consumer businesses in emerging markets, and expanding environment, safety and security businesses.

Create New Businesses

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- Next, creating new businesses.

- Currently, Panasonic is promoting initiatives for creating new businesses for the next three to five years ahead throughout the entire company, centered on New Business Creation Subcommittee in Corporate Division for Promoting Manufacturing-oriented Innovation.

- To accelerate this, in fiscal 2010, Panasonic will launch New Business Promotion Support System. The head office supports bringing prioritized projects of the domain companies or companywide projects into business from the point of funds, technologies and human resources.

- Some projects have already been brought into business. One example is the robot business project. The Company plans to develop it in three businesses in the work and labor, medical welfare and comfortable living areas. The project will be developed in line with the Company's concept that robots should play an assisting role for people. We aim to accelerate this project and bring it into the business with over 100 billion yen sales by 2015.

Capital & Business Alliance with SANYO ²²

TOB of SANYO shares ▶

- Acquiring the majority of the voting rights
- Forming a close alliance

Aiming to become a global leading company in energy & ecology fields

**Establishment of “Collaboration Committee”
(24 December, 2008)**

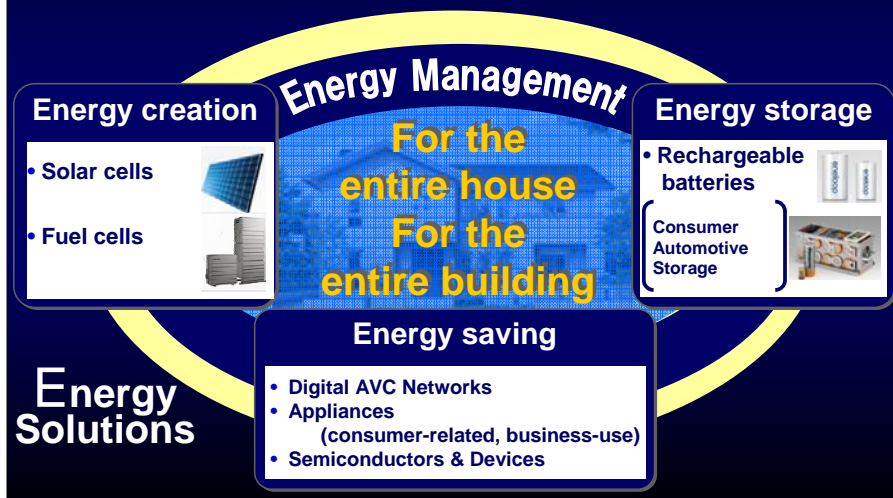
**Synergy target : Profit increase by 80 billion yen in FY2013
(operating profit basis)**

- The last initiative for driving growth is a capital and business alliance with SANYO Electric Co., Ltd. (SANYO).
- As announced on December 19, 2008, Panasonic officially entered into a capital and business alliance agreement with SANYO. The Company aims to acquire the majority of its voting rights by means of a public tender offer bid.
- Panasonic aims to become a global leading company in the energy and ecology fields by integrating the competitive advantages of the two companies.
- In order to form a close alliance in business with the prospect of organizational restructuring of both companies, Panasonic and SANYO have already set up a Collaboration Committee and started considering a wide range of themes. The Company will accelerate its initiatives with the synergy target of an operating profit increase by 80 billion yen in fiscal 2013.

New Strategic Business

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4 strategic businesses + Energy business



● The core business of creating synergy is the energy business. This is a field with a very high growth potential and the Company will position it as a companywide strategic business.

● Panasonic aims to add the energy solutions business to the four strategic businesses promoted in the GP3 plan and expand the businesses to drive the Company's future growth.

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- Next, strengthening environmental management.

Strengthen Environmental Management ²⁵

		FY2009	FY2010 targets
'eco ideas' for Products	No.1 in energy-saving	150 models (forecast)	200 models
	Energy- saving catalog (Japan)	Increase % of No.1 ranking models (2007 winter 16%) → 17%	30%
		Eliminate low- ranking models (2007 winter 13%) → 19%	0%
'eco ideas' for Manufacturing	Reduce total CO ₂ emissions <vs.FY2007>	-200,000 tons (forecast)	-300,000 tons
'eco ideas' for Everybody, Everywhere	Actively carry out initiatives globally	Panasonic eco relay HA factory Europe Environmental Declaration	Enhancing "Love the Earth Citizens' campaign" Expanding activities in each region

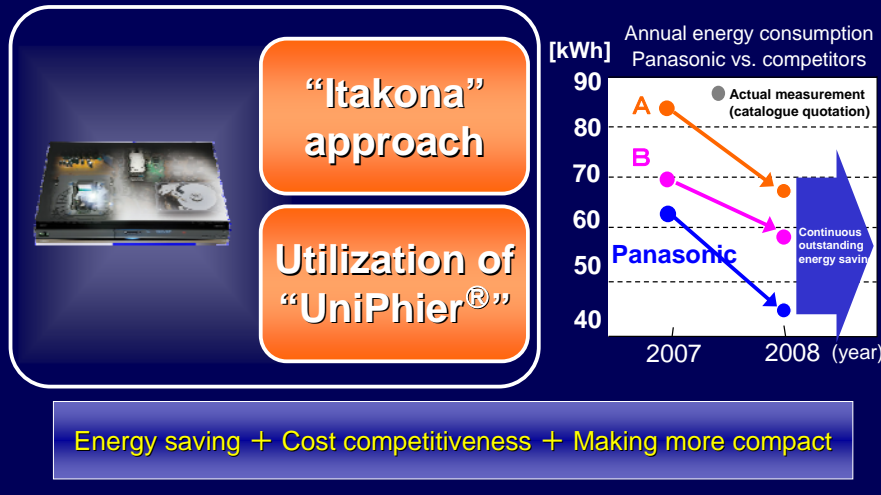
● Panasonic is currently promoting environmental management based on three 'eco ideas'- 'eco ideas' for Products, 'eco ideas' for Manufacturing and 'eco ideas' for Everybody, Everywhere.

● As for 'eco ideas' for Products, the Company aims to increase the number of product models with the highest energy saving in the industry to 200 models. Moreover, regarding 9 items listed in the energy-saving catalog in Japan, such as TVs and refrigerators, the Company aims to boost the percentage of top level models to 30%, while eliminating low ranking models.

● With regards to 'eco ideas' for Manufacturing, the reduction of total CO₂ emissions has been achieved favorably, partly owing to a decrease in production levels caused by the economic recession. In fiscal 2010, the Company will manage it strictly also by basic unit so that this activity will lead to strengthening management without fail.

● Regarding 'eco ideas' for Everybody, Everywhere, the Company strives to enhance the "Love the Earth Citizens' Campaign" and expand activities in each region.

【Example】 Blu-ray Disc Recorders



Energy saving + Cost competitiveness + Making more compact

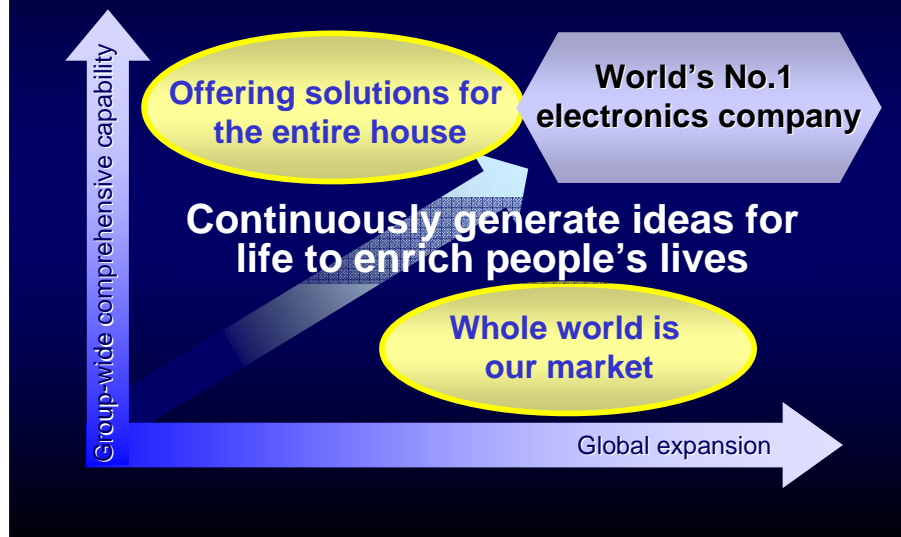
- Blu-ray disc recorders are a successful example of products which combine energy saving and product competitiveness.
- By adopting “Itakona” approach and utilizing system LSI UniPhier®, the Company pursued the reduction of cost and power consumption while improving product performance at the same time.
- Panasonic realized a 27% energy saving compared with its competitors and cost competitiveness, while making the products more compact. As a result, the blu-ray disc recorders were well-received in the market.
- The Company strives to increase such examples in the future.

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● Finally, let me explain what we expect from Panasonic in the future and our slogan for 2009.

Post GP3 Plan

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- In order to keep contributing to society in the new age to come, Panasonic needs further evolution.

- There are two aspects - one is maximizing group power, and another is expanding into global markets.

- The Company strives for further growth by continuously generating ideas for life to enrich people's lives. Offering solutions for the entire house and considering the whole world as our market, we aim to become world's No.1 electronics company towards the 100th anniversary of the Company's founding.

Management Slogan for 2009

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Difficult times provide a precious opportunity for further progress.
Let us take up the challenge working in unison with a positive attitude.



- The year 2009 will be a very challenging year. However, Panasonic considers it as the time to prepare for significant growth in the future and the chance to strengthen management capability. I think paving the way ahead is the most important.
- Hoping that everyone of Panasonic group has this in mind and that we all pull together to meet the challenges in these difficult times, this year's management slogan is the same as last year : "Rise to the Challenge!"
- I consider that the difficult times provide a precious opportunity for further progress, the Company strives to rise to the challenge.
- I appreciate your continued support.

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