

## **Management Policy**

### **(1) Basic Policy for Corporate Management**

Since the company's establishment in 1918, Panasonic has operated its businesses under its basic management philosophy, which sets forth that the mission as a business enterprise is to contribute to progress and development of society and well-being of people through its business activities, thereby offering better quality of life throughout the world. To become a global excellent company contributing to resolve global environmental issues, Panasonic will work to grow sustainably in corporate value to satisfy its shareholders, investors, customers, business partners and all other stakeholders.

### **(2) Basic Policy for Providing Return to Shareholders**

Since its establishment, Panasonic has managed its businesses under the concept that returning profits to shareholders is one of its most important policies. The company has implemented a proactive and comprehensive profit return to shareholders through dividend payments and own share repurchases, upon careful consideration of its consolidated business performance.

From the perspective of return on the capital investment made by shareholders, Panasonic, in principle, distributes profits to shareholders based on its business performance and is aiming for stable and continuous growth in dividends, targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income. Regarding share buybacks, the company is repurchasing its own shares as it considers appropriate, taking comprehensively into consideration strategic investments and the company's financial condition, with the aim of increasing shareholder value per share and return on capital.

The company recorded net loss for the second year running in fiscal 2010. In order to quickly improve its performance and grow in years ahead, Panasonic is working urgently to strengthen its management structures from its business and financial perspective. In light of the company's circumstances and to emphasize its stable rewards to its shareholders, the company paid an interim dividend of 5 yen per share on November 30, 2009 and plans to pay a year-end dividend of 5 yen per share, making an annual cash dividend of 10 yen per share. Panasonic plans total cash dividends for fiscal 2011 of 10 yen per share. Meanwhile, the company did not repurchase its own shares, except for acquiring fractions of a trading unit and other minor transactions. Although Panasonic expects severe business conditions to continue, the company will strive to improve its performance as soon as possible and distribute earnings to shareholders.

### **(3) Corporate Management Strategies and Challenges**

The world has drastically shifted to a sustainable multipolarized society with serious environmental issues, resource depletion, and the growth of emerging countries. A worldwide recession started in the fall of 2008 accelerated this shift. Although the company continuously anticipates uncertainties in the global economy in fiscal 2011, the company expects a gradual recovery trend and greater demand of emerging markets. Panasonic also expects greater presence of businesses, products, services, which are based on a new sense of values such as 'environmental awareness' and 'conscientious consumption.'

The company has started a new three-year midterm management plan in fiscal 2011. Toward its vision looking to the 100<sup>th</sup> Anniversary of its founding, 'No.1 Green Innovation Company in the Electronics Industry,' the company contributes to environment and business growth to build new Panasonic with 'Paradigm shift for growth' and 'Lay a foundation to be a Green Innovation Company' establishing a 'Panasonic Group with strong potential growth.'

To convert paradigm for growth, the company will shift its business: 1) from existing to new fields such as energy, 2) from Japan centric to globally oriented, and 3) from individual product to solutions & systems oriented. To lay its foundation to be a Green Innovation Company, the company targets: 1) to increase profitability based on growth and 2) to contribute to the environment, using indexes respectively.

The company also accelerates global human resources development and strengthens cash flow-oriented management. Regarding to cash flow-oriented management, the company develops well-controlled business strategies dividing all businesses into four categories in terms of growth and profitability. The company also enhances its capability of generating cash flow in operating sites through 'Midterm Enhanced Cash Flow Management Project,' strengthening management of large-scaled investments and applying theoretical inventory control throughout all group companies.

Based on its basic management philosophy, Panasonic believes today's mission is to make its all business activities 'environment' centered and take a leadership to offer life innovation with decisive actions. Having added SANYO and its consolidated subsidiaries to the Panasonic group, in the next three years of new midterm management plan, Panasonic will take initiatives to change ourselves to fill Panasonic with innovation and growth potential to carry out our mission. In fiscal 2011, the company starts into the first phase of innovation and targets our profitability positive and furthermore.