

PANASONIC HOME & ENVIRONMENT COMPANY

MINIMUM ADVERTISED PRICE POLICY

Panasonic Home & Environment Company, Unit of Panasonic Consumer Electronics Company, Division of Panasonic Corporation of North America (“Panasonic”), has unilaterally adopted a minimum advertised price policy (the “Policy”) applicable to all Panasonic distributors, dealers and resellers (collectively, the “Resellers”) as of May 15, 2007 for the products designated by Panasonic from time to time (the “Products”). The Policy is being implemented to help insure the long-term viability of the Panasonic brand and the innovation of Panasonic’s ventilation fans and to protect the investment of the Resellers that provide valuable sales and product assistance and support to their customers.

Panasonic shall from time to time unilaterally establish a minimum advertised price for the Products (“MAP”). The Resellers are free to advertise, promote or sell the Products at any price they choose in their sole and absolute discretion. Pursuant to the Policy, the Resellers may not advertise or otherwise promote the Products using the Internet at a net price less than MAP and may not sell the Products to any other person or entity which advertises or otherwise promotes the Products using the Internet at a net price less than MAP. Panasonic will cancel all orders and refuse to accept any new orders from any Reseller for the Products immediately following verification by Panasonic to its reasonable satisfaction that the Reseller has advertised or otherwise promoted a Product or the Products using the Internet at a net price less than MAP or the Reseller has sold a Product or the Products to a person or entity which advertised or otherwise promoted a Product or the Products using the Internet at a net price less than MAP. Once Panasonic has decided to cancel all orders for the Products and not to accept new orders for the Products, Panasonic will never again sell the Products to the Reseller while the Policy remains in effect.

For purposes of the Policy, the “net price” shall mean the published or advertised price that the Reseller makes the Product available to its customers taking into account all discounts, deductions, rebates, allowances, credits, charges, trade-ins, the separate price of products bundled with the Products by the Reseller, coupons, premiums, promotions, free goods and services and gifts offered with the Product. Customer paid taxes shall not be included in the determination of the “net price.”

The Policy is subject to change or cancellation at any time by Panasonic. Panasonic will provide the Resellers at least thirty (30) days notice of any change or cancellation of the Policy.

The Policy does not apply to close out, discontinued or non-current Products. The Policy also does not apply to prices that appear on Internet site “checkout” pages where the customer makes its final purchase.

The Resellers are not required to list prices in advertising. If a price is listed in an Internet advertisement or promotion, the net price must be at or above MAP. Statements such as “call for price,” “call for quote,” “click for price” or “add to cart for price” are acceptable.

Panasonic shall communicate to the Resellers the list of Products subject to the Policy. MAP shall be communicated to the Resellers on the Panasonic price list.

Each Reseller is free to independently decide whether or not to follow the Policy. Panasonic does not ask for, nor will it accept any assurance of compliance or agreement from a Reseller regarding the Policy nor will Panasonic discuss any conditions on acceptance related to the Policy. Notwithstanding anything to the contrary which may be expressed or implied in or by one or more agreements between the Reseller and Panasonic, nothing in those agreements shall constitute an agreement by the Reseller to comply with the Policy. A Reseller's decision to sell at or above MAP is not communicating acceptance or agreement to comply with the Policy.

The only person authorized to answer questions regarding the Policy and to comment on the Policy and to whom all questions regarding the Policy must be addressed is the Panasonic MAP Administrator. Inquiries should be addressed as follows:

1. E-mail Address: building-imap@us.panasonic.com

or

2. MAP Administrator
Panasonic Home & Environment Company,
Unit of Panasonic Consumer Electronics
Company, Division of Panasonic
Corporation of North America
One Panasonic Way, 1H-3
Secaucus, New Jersey 07094

No Panasonic employee or representative shall seek or accept any Reseller's agreement, nor solicit any Reseller's understanding, to sell or advertise at or above MAP. No Panasonic employee or representative has authority to modify or alter the Policy. Should a Reseller learn of any modification or alteration of the Policy or any attempt to do so, the Reseller should immediately notify the Panasonic contact set forth above.

Panasonic's Commitment to Distribution & Our Industry

The Building Supply Industry has evolved in all segments in the last ten (10) years, however Panasonic's standards have remained the same: dedication to our Wholesale Partners; innovative products; support of our Industry Associations; working for Improved Product Standards; and commitment to education.

Manufacturers usually focus their efforts on competitive product differentiation. Panasonic does this through our product literature and online media. This letter will help you understand that we, at Panasonic, continue to support our channel partners for our mutual growth in this changing economy.

Sales through wholesale and value-added distribution

We continue to emphasize sales through authorized stocking Panasonic ventilation fan channel partners who "add value" to our product offerings: electrical distributors; plumbing distributors; HVAC distributors; kitchen & bath showrooms and lighting showrooms. This ensures that our end users receive professional guidance in sizing and are aware of local regulations. Additionally, profit margins remain stable without the pressures from big box stores offering the same products only on the basis of price.

Implementation & Enforcement of an "IMAP" Policy

Providing the advice and training required for the optimum performance of our products costs our "brick and mortar" channel partners real money. Consequently, we recently implemented an Internet Minimum Advertised Pricing (iMAP) Policy as part of our effort to protect the investment of these channel partners who provide such valuable product assistance and support. We stand ready to take further actions if the situation does not improve as expected.

Superior Warranty and Exceeding Industry Standards

All of Panasonic's ventilation products are ENERGY STAR qualified (there is no ENERGY STAR specification for WhisperWarm and WhisperComfort so it is not possible to qualify). However, we don't stop at the minimum requirements. All of our products comfortably exceed the product guidelines of the ENERGY STAR Program. In the case of reliability, our product warranties of 3 years and 6 years of continuous operation – which are based on *real* Mean Time to Failure analyses – exceed the ENERGY STAR product guidelines by a factor of 3 for our standard products and by a factor of 6 for our WhisperGreen DC motor series.

Industry and Association Support & Sponsorship

Panasonic remains firm with its commitment to education of our channel partners sales staff, contractors, and end users about the importance of indoor air quality (IAQ). Among ventilation manufacturers, we are the leader in the effort to tighten up the building codes to require close attention to IAQ. We financially support the following organizations in the pursuit of our goals to improve our society:

- EEBA (Energy & Environment Building Association),
- EPA ENERGY STAR Partner (Environmental Protection Agency): Panasonic has been named partner of the year more than 6 times.
- HVI (Home Ventilating Institute),
- HTW (Houses that Work)
- NAHB (National Association of Home Builders),
- NKBA (National Kitchen & Bath Association)
- DPHA (Decorative Plumbing & Hardware Association),
- NAED (National Association of Electrical Distributors),
- CABA (Continental Automated Building Association Board Member),
- IHA-RC (Internet Home Alliance Research Council),
- IHA "Going Green" Project Member
- NARI (National Association of the Remodeling Industry).

When you think about ventilation , think of Panasonic and our value added benefits to ensure your effort will be rewarded.