

## **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 attributable to Panasonic Corporation. 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.

In fiscal 2012, the company posted the largest-ever losses due mainly to the Great East Japan Earthquake, the flooding in Thailand and significant business restructuring expenses. In light of the company's policy emphasizing its stable rewards to its shareholders, the company paid an interim dividend of 5 yen per share on November 30, 2011 and plans to pay a year-end dividend of 5 yen per share, making an annual cash dividend 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 environment, the company will strive to improve its performance and distribute earnings to shareholders.

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

Panasonic expects the global economy in fiscal 2013 to show modest growth despite remaining risk factors: slowed down yet continuous growth in emerging markets and positive growth in developed countries based on the robust consumption in U.S. except some part of Europe.

In fiscal 2013, the first year after completing the major restructuring, Panasonic strives to surely return to profitability. Although all the results in fiscal 2012 indicate that Panasonic is forced to give up its target numbers of GT12, the company has built its foundation toward a "Green Innovation Company," achieving V-shaped recovery in its new business structure.

Targeting at sales of 8,100.0 billion yen, operating profit of 260.0 billion yen and net income attributable to Panasonic Corporation of 50.0 billion yen in fiscal 2013, Panasonic will strive along with its three basic guidelines of 'Focus on profitability,' 'Strengthen products' and 'Take initiatives to change itself and make changes.'

#### 1. Focus on Profitability:

TV and semiconductor businesses were substantially unprofitable offsetting all profit from other profitable business. To change this situation:

- Restructure unprofitable business:

Panasonic expects approximately 130.0 billion yen of operating profit increase in its TV business based on all the effort, drastically improving cost structure, reducing unprofitable models in set business and expanding panel usage for non-TV products with the company's high quality panels.

- Increase profitability in growing businesses:

In energy related business such as solar panel and lithium-ion battery, and appliance businesses, Panasonic increases profitability based on sales increase, expanding solar panel related system business with highly-efficient HIT, maximizing production capacity and improving product quality of automotive lithium-ion batteries, and accelerating global expansion of appliance business.

- Establish solution business:

Panasonic establishes small yet highly profitable business based on its solution business model, offering optimal and sustainable value to customers of corporations and local governments in device and system business.

- Establish comprehensive business models:

In its comprehensive solution business based on the concept of individual competitive products, combination & link, and maintenance & service, Panasonic builds a new profitable business model shifting from its past model of individual products-oriented. Right now, the company promotes the project to create 100 businesses and targeting at sales of 170.0 billion yen in fiscal 2013 with 25 businesses, and promoting further expansion.

- Strengthen business structure:

Panasonic improves its group-wide cost structure, securing optimal material procurement, and benefit from its major restructuring and fixed cost reduction with a group-wide emergency management action.

#### 2. Strengthen Products:

Panasonic improves its products, combining locally-oriented R&D and marketing and its cutting-edge technologies in consumer business, and strengthening product planning tied to customers together with its technologies and marketing adding to product combination and linkage promotion to individual product enhancement in devices business.

#### 3. Take Initiatives to Make Changes:

Panasonic encourages each employee to overcome challenges, maximizing benefit from its business reorganization. For example, each of local sales company which is the frontline of business should lead the projects in India or Brazil, or local business creation. Meantime, the head office should be reformed and simplified in its functions, and rebuilt as a group-wide management system, aiming at a small head office focusing on strategy and investment.