

## **Management Policy**

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

Panasonic has operated business under the basic management philosophy since its establishment in 1918, 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 business activities, thereby offering better quality of life throughout the world. Continuing to pursue 'a better living' for customers, Panasonic will grow sustainably in its corporate value to satisfy shareholders, investors, customers, business partners and all other stakeholders.

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

Panasonic has been doing business prioritizing profit return to shareholders since the establishment. Returning on capital investment by shareholders, Panasonic, in principle distributes profit to shareholders based on business performance aiming for stable and continuous growth in dividends and targeting a dividend payout ratio of between 30% and 40% with respect to consolidated net income attributable to Panasonic Corporation. Panasonic repurchases its own shares to maximize shareholders' value per share and return on capital, taking comprehensively into consideration strategic investments and the company's financial condition.

In the fiscal 2013, since the company recorded a significant net loss for the second consecutive year, the company prioritized to urgently improve its financial position. It was with deep regret that the company did not distribute dividend for the fiscal 2013.

In the fiscal 2014, the company's financial position and business result were steadily improved by implementing company-wide measures such as improving profitability and generating free cash flow, and resuming dividend payment. The company paid an interim dividend of 5 yen per share on December 5, 2013 and plans to pay a year-end dividend of 8 yen per share, resulting in the annual cash dividend of 13 yen per share. Meanwhile, the company did not repurchase its own shares, except for acquiring fractions of a trading unit and other minor transactions.

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

In fiscal 2015, the global economy is expected to moderately grow overall, for steady economic recovery in Europe and the U.S., growth in emerging countries, and aggressive capital investment and public investment in Japan, despite concerns such as geopolitical risks, the impact of the U.S. tapering monetary easing, and the consumption tax rate hike in Japan.

Panasonic's fiscal 2015, the second year of the mid-term management plan "Cross-Value Innovation 2015 (CV2015)," is defined as a year to consolidate a foundation to achieve CV2015 and set growth strategy for a 'new Panasonic' in fiscal 2019, and make further progress in the plan.

To consolidate a foundation to achieve CV2015, Panasonic will complete its business restructuring, defining its business divisions as a core of business and accelerate reforms to achieve the target of operating profit ratios of more than 5% in each business division.

Panasonic has accelerated business restructuring to complete restructuring on its major challenges in fiscal 2014. In fiscal 2015, Panasonic will work toward its future, reforming to create a strong business structure.

As part of change to Business Division-based management started in fiscal 2014 with 49 business divisions, Panasonic assessed a future of every business and took measures on underperforming businesses, resulting in the company starting fiscal 2015 with 43 business divisions. Panasonic will improve profitability, changing and evolving through initiatives such as business focus shifting into new business areas.

To set growth strategy for 'new Panasonic', Panasonic has set sales target in fiscal 2019: 2 trillion yen each in consumer electronics business, housing business and automotive business respectively, 2.5 trillion yen in B to B solutions business and 1.5 trillion yen in device business, to grow with profitability, including unconventional measures in five business areas. Panasonic group-wide sales target is at the scale of 10 trillion yen, summing up contribution from all these businesses.

#### 1) Consumer electronics business

Consumer electronics business of Appliances Company and AVC Networks Company will be integrated to bring together their strengths, the capability in Appliances Company to adapt products appropriate for global customer lifestyle, and the global development and digital technology in AVC Networks Company. As a result, a new and more competitive consumer electronics business will be created.

#### 2) Housing business

In Japan, Panasonic will aggressively capture home remodeling market, where the expansion is expected. Panasonic will work to acquire new customers by revamping nationwide showrooms handling remodeling, and strengthen its ability to propose directly to home owners through PanaHome Reform Corporation established in fiscal 2014.

Panasonic will expand housing business overseas especially in Turkey, CIS and the Middle East through the sales channels obtained by Viko Elektrik ve Elektronik Endüstri Sanayi ve Ticaret Anonim Şirketi, a Turkish manufacturer of electrical equipment and materials.

#### 3) Automotive business

In automotive battery business, Panasonic will vigorously expand business by making appropriate investment in both cylindrical li-ion batteries for U.S. electric vehicle manufacturers and prismatic li-ion batteries, and other types. In infotainment business, Panasonic will differentiate its products from competitors' with head-up displays and cockpit systems equipped with the company's cutting-edge digital AV and IT technology.

#### 4) B to B solutions business

Panasonic will focus on sectors where significant growth is expected and establish customer-centered businesses like its Avionics business where the development, manufacturing and sales are integrated. Panasonic will also set up engineering companies in various geographical areas and develop new businesses, putting together all products in each geographical area and each customer to provide optimal solutions.

5) Device business (excluding automotive-use devices)

Panasonic will make use of strength of its core technology in energy devices and other fields based on its capability to propose solutions in a wide range of business area. This will enable Panasonic to expand this business with more focused efforts to capture business opportunities in industrial fields where miniaturization, integration, and module system introduction are required.

In order to achieve the sales target at the scale of 10 trillion yen in fiscal 2019, Panasonic will further evolve its operation from business focused to region focused approach, thus bringing it closer to customer perspective. Panasonic will define its operation into five businesses, combining them into three regional categories: Japan, Europe and the Americas (including Central and South America), and strategic regions including Asia, China, the Middle East and Africa. Panasonic will set growth strategy assessing where its business resources should be allocated. To capture business opportunities in overseas strategic regions particularly where the growth potential exists, Panasonic established the Strategic Regions Business Promotion Division as of April 2014, to grow in the market as part of its post-Japan strategy.

In fiscal 2015, not only focusing on the mid-term management plan of CV2015 and targeting towards fiscal 2019, Panasonic will also consolidate its foundations for a new Panasonic with growth potential and strengthen its group-wide strategic efforts.