

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 2015, taking into consideration this basic policy and its financial position, Panasonic declared an annual dividend of 18.0 yen per share. The company paid an interim dividend of 8.0 yen per share on December 4, 2014 and plans to pay a year-end dividend of 10.0 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 2016, the global economy is expected to moderately grow, with a strong U.S. economy as well as expectations for a gradual recovery in Japanese consumption, despite some uncertainties such as volatile resource prices, geopolitical risks, a direction of the U.S. monetary policy and possible slowdown in

China.

Fiscal 2016 is the year to make a major change towards generating profit from sales growth and Panasonic will therefore accelerate its initiatives to achieve sustainable growth. The company expanded profitability by business restructuring benefits and fixed cost reduction for the past two years, and will change its structure that sales will drive earnings growth. Panasonic will focus on improving net sales and profitability primarily in six Business Divisions which largely contribute to company-wide sales and profit increase: Air-Conditioner, Lighting, Housing Systems, Automotive Infotainment Systems, Rechargeable Battery and PanaHome.

Towards its sustainable growth, Panasonic has set its sales targets for fiscal 2016, 2017 and 2018 to indicate its path to achieve sales target of 10 trillion yen in fiscal 2019.

1) Consumer electronics business

Panasonic established Panasonic Appliances Asia Pacific and Panasonic Appliances Company of China in April 2015 where they concentrate development, manufacturing and sales functions to launch products and services in strategic regions in a timely manner to meet their needs and expand the business. Management responsibility in these companies has been largely ceded from Japan and they have their own management control to establish their prestigious products.

2) Housing business

Panasonic will take advantage of its strength having consumer electronics, equipment and housing businesses to provide 'new lifestyle value' to customers. In its domestic home equipment and services business, the company will expand its logistics business and further accelerate development of 'Age-free' (elderly care) business. In the domestic housing business mainly with PanaHome Corporation, Panasonic will strive to become No. 1 in the house remodeling business industry.

Meanwhile, the company will fully develop its housing business in Taiwan and the ASEAN region.

3) Automotive business

Promoting aggressively its business activity in fiscal 2015, Panasonic has confirmed already receiving 70% of orders towards 2.0 trillion yen sales target in fiscal 2019. In fiscal 2016, the company will further promote its activity to receive more orders by developing and launching new products and expanding sales channels in the business areas of 'comfort,' 'safety' and 'environment.' Panasonic will aim to achieve 2.1 trillion yen sales in fiscal 2019, including non-continuous measures.

4) BtoB solutions business

Panasonic will focus on business for factories and food distribution following its airline industry business. The company will also take advantage of its various technologies and knowledge with a range of collaborative partners to expand business related to the 2020 Tokyo Olympics and Paralympics.

5) Devices business

Panasonic will create business with core devices related to its competitive consumer electronics, housing, automotive and BtoB solutions businesses, and expand its business along with changes in the markets to contribute company-wide profitability.

Panasonic will concentrate its business resources into six key areas where substantial growth is expected out of 15 areas in its '5 x 3 matrix' which shows breakdown of 10 trillion yen sales target in FY2019 into 5 businesses times 3 regions: 'consumer electronics x strategic regions,' 'housing x Japan,' 'automotive x Japan,' 'automotive x Europe/Americas,' 'BtoB solutions x Japan' and 'BtoB solutions x Europe/Americas.'

A president of AVC Networks Company, the divisional company mainly in charge of BtoB solutions business, will work based in the U.S. from fiscal 2016 and beyond to further promote 'BtoB solutions x Europe/Americas.' Having the

president of AVC Networks Company in the U.S., the largest market in the world where many corporations globally expand their business, the company will expand business in a timely manner being away from Japan.

Panasonic plans to strategically spend approximately 1 trillion yen towards its 10 trillion yen sales target adding to its ordinary capital expenditure. This additional strategic capital expenditure includes M&A investment for non-continuous growth and part of R&D and advertising investments. The company plans to spend around 200.0 billion yen for strategic investment in fiscal 2016.

Panasonic will promote its business activity to achieve 10 trillion sales target surely progressing each year towards fiscal 2019.

Basic Policy of Adoption of Financial Reporting Standards

Panasonic's Board of Directors resolved on April 28, 2015 to voluntarily adopt International Financial Reporting Standards (IFRS) for its consolidated financial statements and documents in place of U.S. Generally Accepted Accounting Principles (U.S. GAAP). The change will be implemented from its year-end financial results for fiscal 2017.

By adopting group-wide common accounting rules, the company will achieve high standardization of measures to control group companies, enhance corporate governance, and increase the corporate value by focusing on the cash flows.