

Management Policy

(1) Basic Policy for Corporate Management

Since the Company's foundation, Panasonic has operated its businesses under its management philosophy, which sets forth that Panasonic's mission as a business enterprise is to contribute to the progress and development of society and the well-being of people through its business activities, thereby enhancing the quality of life throughout the world. While offering and pursuing a "better life" for an even wider range of customers, Panasonic will also work to sustainably grow its corporate value to satisfy shareholders, investors, customers, business partners, employees and all other stakeholders.

(2) Corporate Management Strategies and Challenges

The global economy in fiscal 2017 is expected to grow moderately overall, since the economy in the U.S. and Europe is expected to continue to recover, and personal consumption in Japan is expected to boost by improved employment and personal income environment, while some uncertainties such as volatile resource prices, geopolitical risks and economic slowdown in emerging countries are expected.

Panasonic's sales, however, fell short of the incremental annual target set for fiscal 2016 towards its sales target of 10 trillion yen in fiscal 2019 aiming sales growth. Under these circumstances, the Company revised its target of sales of 10 trillion yen in fiscal 2019, and decided to accelerate initiatives aiming profit growth, and to pursue its management philosophy, "Panasonic continues to create contributions to its customers."

Panasonic revisits its strategy with "5 x 3 matrix" indicating five major businesses in three regions, which has applied up until now. The framework will be four business areas of Consumer Electronics, Housing, Automotive, and B2B, with Devices allocated to these business areas. The Company expects new sales growth in the Consumer Electronics, Housing, and Automotive businesses through

delivering value widely to end customers. In the B2B business, Panasonic will aim developing a highly profitable business structure by defining industries to engage and core products and regions to proceed its strategy with the aim of assisting its customers to enhance their competitiveness.

In addition to steady profit expansion in the Consumer Electronics, Housing, and Automotive business areas where growth strategies are in steady progress, Panasonic will aim to achieve high profitability in B2B business to establish a structure for steady profit growth.

Individual businesses will be categorized into 1) low profitability business, 2) stable growth business, and 3) high-growth business, in accordance with the characteristics of businesses, such as business environment and competitiveness. The Company defines the best strategy for each business to execute.

“Low profitability” businesses indicate the ones where sales growth is hardly expected. Panasonic will thoroughly pursue profitability improvement rather than sales growth.

“Stable growth” businesses indicate the ones where the market is expected to grow. Panasonic will pursue steady sales and profits expansion aiming above industry average growth through enhancing competitiveness.

“High-growth” businesses indicate the ones where market growth is expected and also Panasonic will concentrate its management resources to boost growth in sales and profits. The major initiatives in the high growth businesses are as follows.

1) Consumer Electronics business

Panasonic will accelerate expansion of premium products in its focus countries in Asia, strengthening product lineup in India and sales platforms in Africa to expand business there.

2) Housing business

Panasonic will significantly increase the number of operating sites to expand remodeling and elderly-care businesses in Japan. In Asia, mainly PanaHome Corporation will accelerate its town development business collaborating with local land developers.

3) Automotive business

Panasonic will achieve new growth with the next-generation cockpit business, mainly by collaborating with Ficosa, a major manufacturer of automotive mirrors. Furthermore, looking ahead to fiscal 2019 and beyond, the Company will focus its management resources to strengthen development and increase manufacturing sites in the fields of ADAS (Advanced Driver Assistance Systems) and automotive batteries towards further growth.

4) B2B business

Commercial refrigeration & food equipment business will become one of Panasonic's main business pillars with the acquisition of Hussmann Corporation, a U.S.-based industrial refrigerated and freezer display case manufacturer. Panasonic will also aim creating new businesses that will follow the aviation and commercial refrigeration & food equipment businesses.

For fiscal 2019, the Company-wide management targets are: operating profit of 450.0 billion yen and net income attributable to owners of the parent company of 250.0 billion yen or more (IFRS basis).

Panasonic set fiscal 2017 as a "year to lay a solid foundation for growth," toward the fiscal 2019 management targets and beyond, and it intends to focus on developing its growth businesses. The Company aims to achieve steady growth in sales and profits by making aggressive upfront investments including the 1.0-trillion-scale strategic investments toward fiscal 2019.

Panasonic has revised its fiscal 2019 sales target of 10 trillion yen. However, nothing has been changed in the Company's growth strategy, based on which it will continue to promote initiatives for profit growth. Going forward, Panasonic will further focus on profit growth to continue to contribute to its customers.

Basic Policy of Adoption of Financial Reporting Standards

Panasonic will voluntarily adopt International Financial Reporting Standards (IFRS) from its year-end financial results for fiscal 2017 in place of U.S. GAAP.

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.

Disclaimer Regarding Forward-Looking Statements

This press release includes forward-looking statements (that include those within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934), as amended about Panasonic and its Group companies (the Panasonic Group). Panasonic discloses its consolidated financial forecasts for fiscal 2017 based on International Financial Reporting Standards (IFRS). To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Panasonic Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Panasonic Group's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Panasonic undertakes no obligation to publicly update any forward-looking statements after the date of this press release. Investors are advised to consult any further disclosures by Panasonic in its subsequent filings under the Financial Instrument and Exchange Act of Japan (the FIEA) and other publicly disclosed documents. The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the Americas, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; the possibility that excessive currency rate fluctuations of the U.S. dollar, the euro, the Chinese yuan and other currencies against the yen may adversely affect costs and prices of Panasonic's products and services and certain other transactions that are denominated in these foreign currencies; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the possibility of the Panasonic Group not being able to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the possibility of not achieving expected results or incurring unexpected losses in connection with the alliances or mergers and acquisitions; the possibility of not being able to achieve its business objectives through joint ventures and other collaborative agreements with other companies, including due to the pressure of price reduction exceeding that which can be achieved by its effort and decrease in demand for products from business partners which Panasonic highly depends on in BtoB business areas; the possibility of the Panasonic Group not being able to maintain competitive strength in many product and geographical areas; the possibility of incurring expenses resulting from any defects in products or services of the Panasonic Group; the possibility that the Panasonic Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Panasonic Group has holdings or changes in valuation of long-lived assets, including property, plant and equipment and goodwill, deferred tax assets and uncertain tax positions; future changes or revisions to accounting policies or accounting rules; the possibility of incurring expenses resulting from a leakage of customers' or confidential information from Panasonic's systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group; as well as natural disasters including earthquakes, prevalence of infectious diseases throughout the world, disruption of supply chain and other events that may negatively impact business activities of the Panasonic Group. The factors listed above are not all-inclusive and further information is contained in the most recent English translated version of Panasonic's securities reports under the FIEA and any other documents which are disclosed on its website.