

Business Transformation

October 31, 2013
Panasonic Corporation

*Notes: 1. This is an English translation from the original presentation in Japanese.
2. In this presentation, "fiscal 2014" or "FY2014" refers to the year ending March 31, 2014.*

This presentation contains Panasonic business transformation.

Business Division System Introduced in April 2013

Responsibility

- Quick decision making
- High motivation

Transparency

- Competition among business divisions
- Quick response to challenges

Expand competitive business
Integrate and restructure difficult business

We introduced business division system in April 2013, in which each business division obtains responsibility not only for R&D, production and sales but also financial metrics. I believe everything goes well since then, although we still need to work.

First, we now make a decision more quickly and generate higher motivation by each of us taking responsibility. And also, we compete more among business divisions and respond more quickly to challenges, once we have a transparent business structure.

The head office enables to make a final decision as needed; some of business divisions will be integrated and restructured, or invested by our partners in FY14 2H.

We will continue to expand competitive business and integrate and restructure difficult business in our business division system.

Action Items in 'CV2015'

FY14 2H

As soon as possible
eliminate unprofitable businesses

Restructure unprofitable
businesses

Simultaneously
concrete plan for future

Develop strategy for
future growth

Here are action items in our mid-term plan 'CV2015' announced in March 2013.

I will talk about what we are going to concentrate in FY14 2H.

1) Restructure unprofitable businesses

Eliminate Unprofitable Businesses

FY14-16 Operating loss: improve 130 billion yen

TV/Panel	<ul style="list-style-type: none"> - Improve cost price - Expand panel business into non-TV product
Semiconductor	<ul style="list-style-type: none"> - Shift application usage to automotive/industrial areas - Promote asset compression
Mobile phone	<ul style="list-style-type: none"> - Discontinue BtoC smartphone development - Shift technology resources to other areas
Circuit board	<ul style="list-style-type: none"> - Revisit business strategy
Optical drive/pickup	<ul style="list-style-type: none"> - Complete domestic integration - Expand OEM

Various
improvement
progress



Accelerate
restructuring

We target 130 billion yen operating loss improvement in these five unprofitable businesses.

As we have announced, we will discontinue the B2C smartphone development and also complete the domestic integration in the optical business. I have to admit that the improvement progress is very varied, although we have worked on each of these five businesses listed above.

We will therefore accelerate restructuring effort in FY14 2H.

TV/Panel

PDP business

FY14 Operating loss: 20 bil. yen^{1*}

Discontinue panel production
at end of December 2013

Exit business by March 2014

US/China business

FY14 Operating loss: 8 bil. yen^{2*}

US/China: Narrow down sales channels
US: Introduce 'factory direct' business model

Largely reduce operation cost

Expect to return to black in FY16

Notes 1*: Forecast for Panasonic Plasma Display

2*: Forecast for local production and sales consolidation basis

We announced today that we will discontinue our PDP business. We have made an effort to reduce fixed costs and expand large size product and electronic blackboard businesses to improve the profitability.

We, however, expect more than 20 billion yen operating loss in FY14, since LCD screens are getting larger and 4K displays are introduced in the market, leading the PDP market drastically shrinking.

We therefore decided to discontinue our panel production at the end of December 2013 and exit our PDP business by March 2014.

In the US and China, we will drastically reduce operation cost in such a severe competition causing a huge operating loss. We will narrow down sales channels, and introduce 'factory direct' business model in the US. This will lead large operation cost reduction in production and sales combined with streamlining.

We expect more than 30 billion yen operating loss in FY14 in our TV/panel business overall including its distribution, and we expect to return to the black by FY16 by making these efforts.

New Challenges

Air conditioner

Fall into red due to business in China and yen depreciation

Adjust channel inventory in China

Revisit R&D from customers' perspective

Strengthen large size products, integrating operation of R&D, manufacture and sales



Finalize restructuring plan in FY14

Digital camera

Increase loss due to shrinking demand in compact camera business

Focus on high value added products

Create new business, enhancing communication/4K technology

Expand external sales in optical device business



Return to black in FY15

We have two other businesses failing in FY14 1H and have started to restructure them.

First, we expect our air conditioner business falling into the red in FY14, since the Chinese business has worsened, and the operation costs have increased when we import product to Japan due to yen depreciation.

We adjust channel inventory in China, revisit R&D from customers' perspective, strengthen large size products, and finalize restructuring plan in FY14.

We also expect continuing operating loss in our digital camera business, since the compact camera market is drastically shrinking against the expanding smartphone demand.

We will focus on high value added products such as our smallest SLRs in the world scheduled to launch in November 2013, reduce fixed costs, create new business area enhancing communication and 4K technology and expand external sales in optical device business to return to the black in FY15.

Action Items in 'CV2015'

FY14 2H

As soon as possible
eliminate unprofitable businesses

Restructure unprofitable
businesses

Simultaneously
concrete plan for future

Develop strategy for future
growth

I will talk about what we are going to focus in FY14 2H.

2) Develop strategy for future growth

Panasonic in Future

Offer 'better life' to customers, partnering with 'industry'



This chart indicates our future in the mid-term plan.

We will expand business for your house, your society, your industry, your journey, your car and any other spaces and places, from our consumer electronics business, to offer 'better life' to customers.

Each industry is playing an important role in each space and place. We will establish a partnership with key players in the industry and together offer 'better life' and together create new consumer electronics.

Automotive: 2 Trillion Yen Business

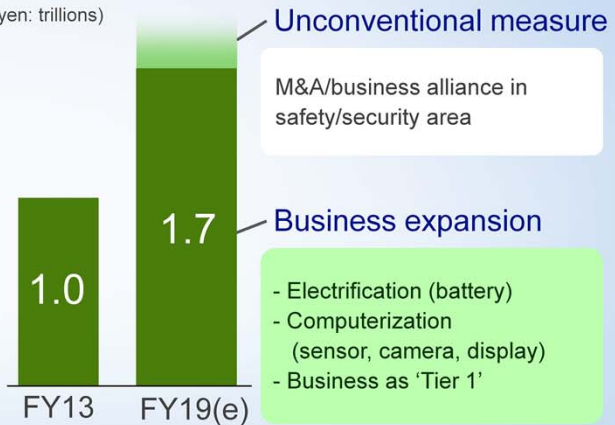
Expand business with computerization and electrification

AIS* leading strategic planning



Expand sales more than 10 times per car

(yen: trillions)



Note*: Automotive & Industrial Systems Company

We vigorously work on our automotive business to expand. In the industry, computerization and electrification have been seen as a trend and I believe we enable to drastically expand our business, by grasping this opportunity.

For example, we can offer not only battery systems but also cockpit systems, various sensors and cameras.

We expect to expand our business more than 10 times per hybrid car or electronic vehicle, which is currently amounted to several tens of thousands yen business per gasoline car.

Our Automotive & Industrial Systems Company leads strategic planning towards 2 trillion yen sales in FY19.

We expect 1.7 trillion yen sales by expanding our current business. In addition, we will take an 'unconventional measure' to expand business areas with M&A and alliance especially in safety and security business areas where auto manufacturers focus.

Automotive Battery: CAPEX

Receive orders from 5 auto manufacturers
for more than 10 models

For Tesla Motors: Supply 2 billion cells in 2014-17



Tesla Model S

CAPEX

Business plan: 13 bil. yen
(as of March 2013)

Additional : 18 bil. yen

Utilize existing/unused facilities



Expand business with partners

Automotive battery business has started to go into high gear in automotive business.

I am glad to tell you that we have received lithium-ion automotive battery orders from five major auto manufacturers for more than 10 models, and we will increase our production to meet their demand.

As we announced October 30, 2013, we will supply 2 billion cells to Tesla Motors in 4 years from 2014 to 2017. We will have supplied 0.2 billion cells to them in 2012 and 2013 in total: the sales will drastically increase tenfold in the following 4 years. Likewise, we have been asked about our products from other auto manufacturers thanks to acclaimed efficiency and quality of our products.

We therefore decided to increase investment in 18 billion yen in addition to 13 billion yen in our business plan, utilizing existing or unused facilities to maximize return.

Different from consumer business such as TV, we enable to accurately forecast orders from customers in automotive battery business. We will expand this business, not only vigorously taking business opportunities but also paying attention to risk factors.

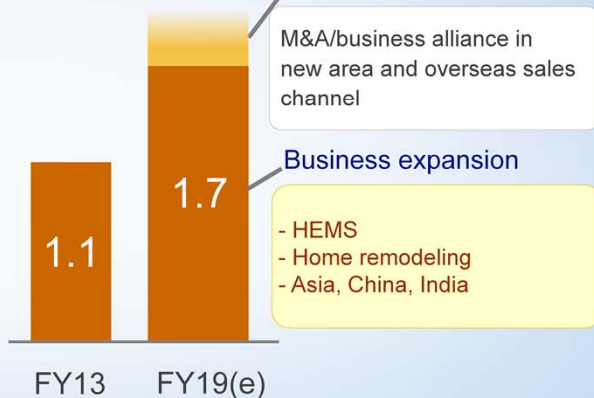
Housing: 2 Trillion Yen Business

More business opportunity with 'energy revolution'

ES* leading strategic planning



(yen: trillions)



Note*: Eco Solutions Company

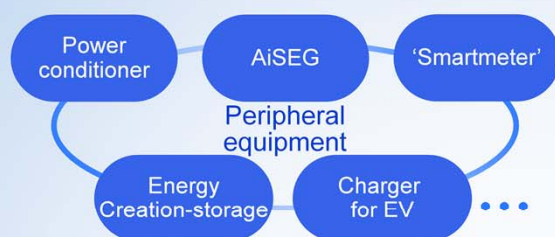
In housing industry, 'energy revolution' has been seen as a trend in its technology. This will contribute to our drastic business expansion with our uniqueness combining creating, storing and saving energy equipment and energy management systems.

We expect to double sales per house which is currently amounted to at most 2-3 million yen sales per house, when we work with our partners in the industry to expand 'smarthouse' business.

Our Eco Solutions Company leads strategic planning towards 2 trillion yen sales in FY19. We expect 1.7 trillion yen sales by expanding our current business such as HEMS, home remodeling and sales expansion in Asia, China and India.

In addition, we will take an 'unconventional measure' to enter new business areas and expand overseas sales channels with M&A and alliance.

HEMS



FY14 1H Sales: 29 bil. yen
(+11% vs FY13)



New core equipment
Schedule to launch in 2014

'Smarthouse'

PanaHome

CASART ECO CORDIS

Strong orders FY14 1H 500 houses
(FY14 full year forecast: >1,000 houses)

Developed by PanaHome

HEMS business has been in steady expansion.

The sales in FY14 1H were 29 billion yen, +11% vs FY13, with power conditioners, AiSEG, 'smartmeters' etc. We plan to introduce new core equipment in 2014 and accelerate its business expansion.

Meantime, we have developed 'smarthouse' business with HEMS. We introduced 'CASART ECO CORDIS' by PanaHome in April 2013 and received 500 house orders in FY14 1H and expect to achieve more than 1,000 house orders in FY14.

Panasonic group will together develop the newest ideas combining with HEMS, incorporated by PanaHome and introduced to customers to expand 'Smarthouse' and HEMS business.

Buyout ViKO: Turkish Wiring Instrument Company

ViKO
aydınlık elinizde

High market share in Middle East, CIS



Panasonic

No.1 market share in Asia

FY14 Sales forecast: 15 bil. yen
Employees: 700
Business: in 79 countries

Acquisition cost price:
46 bil. yen
(Acquire 90% shares)

Towards global No. 1 market share

**Accelerate business expansion through
new sales channels**

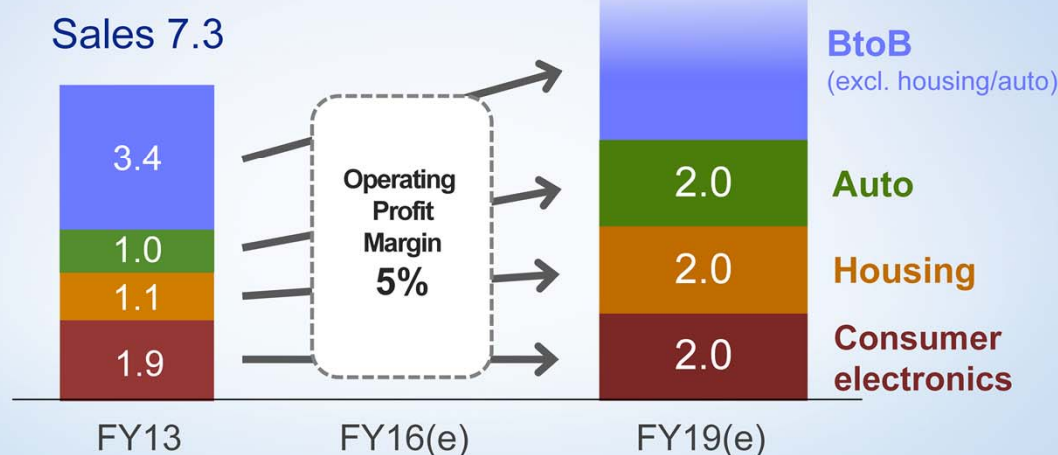
We announced today that we agreed to buy ViKO at 46 billion yen, one of the top market share Turkish wiring instrument companies, acquiring 90% of its shares in FY14.

We will target global No.1 market share in wiring instruments combining Panasonic's strength with No. 1 market share in Asia and ViKO's advantage based in Turkey, the Middle East and CIS.

We will accelerate global business expansion through ViKO's sales channels and its strong brand name in not only wiring instruments but also other housing-related products such as lighting instruments and ventilating fans.

Towards 2018

(yen: trillions)



This chart shows our sales target in FY19.

We target 2 trillion yen sales in each of auto and housing business doubling from FY13. In addition, we will maintain 2 trillion yen sales in consumer electronics business, which is currently amounted to 1.9 trillion yen sales. Our Appliances Company and AVC Networks Company have started to discuss their strategy towards this target.

Having a presence of Panasonic and targeting 2 trillion yen sales in each auto, housing and consumer electronics business, we will add up other B2B business as a company-wide high profitable business.

Focusing on improving profitability in the mid-term plan 'CV2015,' we will accelerate growth strategy and its details in FY14 2H towards 'after FY16.'

Thank you for your cooperation.

Disclaimer Regarding Forward-Looking Statements

This presentation includes forward-looking statements (that include those within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934) about Panasonic and its Group companies (the Panasonic Group). To the extent that statements in this presentation 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 presentation. 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 United States, 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; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Panasonic Group operates businesses, or in which assets and liabilities of the Panasonic Group are denominated; the possibility of the Panasonic Group incurring additional costs of raising funds, because of changes in the fund raising environment; the ability of the Panasonic Group 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 on the alliances or mergers and acquisitions including the business reorganization after the acquisition of all shares of Panasonic Electric Works Co., Ltd. and SANYO Electric Co., Ltd.; the ability of the Panasonic Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Panasonic Group 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; 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.

In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented in accordance with generally accepted accounting principles in Japan. The company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Under United States generally accepted accounting principles, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies, and impairment losses on long-lived assets are usually included as part of operating profit (loss) in the statement of income.