Automotive & Industrial Systems Company
Business Strategy

December 9, 2014
Panasonic Corporation
Automotive & Industrial Systems Company
President Yoshio Ito

Contents

1. FY2015 Progress
2. Midterm Business Plan and Automotive Business Strategy
1. FY2015 Progress

2. Midterm Business Plan and Automotive Business Strategy

FY2015 1H Result

Sales and profit increased, FCF decreased

(Yen: billions)

<table>
<thead>
<tr>
<th></th>
<th>FY14 1H</th>
<th>FY15 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,347.9</td>
<td>1,378.2</td>
</tr>
<tr>
<td>OP (OPM)</td>
<td>48.0 (3.6%)</td>
<td>52.2 (3.8%)</td>
</tr>
<tr>
<td>FCF</td>
<td>42.6</td>
<td>17.2</td>
</tr>
</tbody>
</table>

Note: Figures are reclassified based on new business structure as of July 1, 2014.
Restructuring Progress

Have made solid progress on completing restructuring in FY2015

<table>
<thead>
<tr>
<th></th>
<th>April: 3 diffusion plants in Hokuriku, Japan transferred to JV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semiconductor</td>
<td>June: Assembly lines in Southeast Asia transferred</td>
</tr>
<tr>
<td></td>
<td>June: R&amp;D, production and sales forces integrated into new company</td>
</tr>
<tr>
<td>Circuit component</td>
<td>August: SAW filter business transferred through absorption-type company split</td>
</tr>
<tr>
<td>Printed Circuit board</td>
<td>September: Equipment in plants in Vietnam and Taiwan transferred</td>
</tr>
<tr>
<td>Electromechanical component</td>
<td>October: General power supply business transferred</td>
</tr>
</tbody>
</table>

Eliminate Unprofitable Products

Drastically decreased number of unprofitable product categories

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitable products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unprofitable products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales ratio</td>
<td>42%</td>
<td>22%</td>
<td>17%</td>
</tr>
<tr>
<td>Sales</td>
<td>+8% (y-y)</td>
<td>+2%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures are reclassified based on new structure as of July 1, 2014, excluding products from other Companies.
Develop New Applications

Shift focus to automotive and industrial applications to improve profitability

Li-ion battery business

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (index)</th>
<th>QPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>100</td>
<td>Negative</td>
</tr>
<tr>
<td>FY14</td>
<td>112</td>
<td>Positive (0-5%)</td>
</tr>
<tr>
<td>FY15(e)</td>
<td>134</td>
<td>Positive (0-5%)</td>
</tr>
</tbody>
</table>

Contents

1. FY2015 Progress
2. Midterm Business Plan and Automotive Business Strategy
Towards FY2019

Target 3.6 trillion yen sales including 2 trillion yen sales in automotive business

<Sales by application>
(Yen: trillions)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15(e)</th>
<th>FY16(e)</th>
<th>FY19(e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>2.7</td>
<td>2.8</td>
<td>2.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Industrial</td>
<td>1.2</td>
<td>1.3</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>ICT</td>
<td>2.7</td>
<td>2.8</td>
<td>2.8</td>
<td>3.6</td>
</tr>
<tr>
<td>Others</td>
<td>1.2bil. yen</td>
<td>1.3bil. yen</td>
<td>2.0bil. yen</td>
<td>2.0bil. yen</td>
</tr>
</tbody>
</table>

FY14 FY15(e) FY16(e) Midterm plan FY19(e)

Automotive Business: 2 Trillion Yen Sales

Grow business in ‘Environment’, ‘Comfort’ and ‘Safety’

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY19(e)</th>
</tr>
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<tbody>
<tr>
<td>Environment</td>
<td>330 bil. yen</td>
<td>680 bil. yen</td>
</tr>
<tr>
<td>Comfort</td>
<td>580 bil. yen</td>
<td>880 bil. yen</td>
</tr>
<tr>
<td>Safety</td>
<td>260 bil. yen</td>
<td>440 bil. yen</td>
</tr>
<tr>
<td>Total</td>
<td>1.2 tri. yen</td>
<td>2.0 tri. yen</td>
</tr>
</tbody>
</table>

Aim for No. 1 as automotive battery supplier for eco-cars
Expand business with next generation cockpit systems
Focus on Advanced Driving Assistance Systems (ADAS)
M&A Business alliance
Li-ion Battery Business: Manufacturing Company at Tesla Gigafactory

Collaborate with Tesla to develop and produce best EV battery

- Panasonic Energy Corporation of North America (100% owned by Panasonic)
- Increase production capacity in stages along with car production hike
- Reduce 30% of module cost

Lead-acid Battery Business: Enter into India

Establish JV with local partner to accelerate business establishment

- Develop, produce and sell lead-acid battery for two-wheeled, four-wheeled and UPS*
- Enter market with local production
- Minimize startup period with existing plants

Note: UPS stands for Uninterruptible Power Supply.

MINDA Industries Limited (Pantnagar plant, Uttarakhand, India)
Next-Generation Cockpit System (HUD*): Received First Order

Take advantage group-wide collaboration to achieve smallest HUD

Display information to assist safe driving in environment with narrow viewpoint

Expand Business Areas with M&A

Capital and business alliance with FICOSA:
Accelerate launch of electronic technologically advanced automotive mirror

Panasonic
- Liquid crystal module
- Camera
- Image processing technology
- Computerized system technology

FICOSA
- Mirror technology
- Frame design technology
- Respond to regulations
- Evaluation technology
Support 'cognition and judgment while driving' with device gaining high market share and ECU

Focus on ADAS*

Integrate knowledge to accelerate business launch

Collaborate with automaker partners

Received orders

Rear wide view camera sensing
Ultrasonic sensing
Emergency brake

Received orders

Side rear view camera sensing
Front view camera sensing
Lane change assistance
Anti fore-collision

Collaborate with automaker partners

Rear wide view camera sensing
Ultrasonic sensing
Emergency brake

Received orders

Side rear view camera sensing
Front view camera sensing
Lane change assistance
Anti fore-collision

Collaborate with automaker partners
**Expand Sales**

Expand business with non-Japanese automakers adding to Japanese automakers

### Sales by client

<table>
<thead>
<tr>
<th>FY14 (Yen: trillions)</th>
<th>FY19(e)</th>
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<tbody>
<tr>
<td>1.2</td>
<td>2.0</td>
</tr>
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</table>

- **Japanese automakers**: 48%
- **Non-Japanese automakers**: 52%

- **Tier 1 & 2**: 19%
- **Utilize FICOSA sales channel**: 33%
- **Globally develop clientele relationship**: 48%
- **Expand with strong device business**: 19%

### Sales by region

<table>
<thead>
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<th>FY19(e)</th>
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<tbody>
<tr>
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<td>2.0</td>
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- **Emerging countries**: 15%
- **US & EU**: 15%
- **Japan**: 49%

- **Focus on China**: 42%
- **Strengthen local sales company function**: 43%
- **Develop new business areas (ADAS, cockpit system)**: 43%
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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.

Note: as of July 1, 2014