

# Transformation Project

October 29, 2010  
Panasonic Corporation  
Fumio Ohtsubo

- I would like to present how we are going to proceed our Transformation Project.

Leading up to 100<sup>th</sup> anniversary in FY2019

**No.1 Green Innovation Company  
in Electronics Industry**

**GT12**

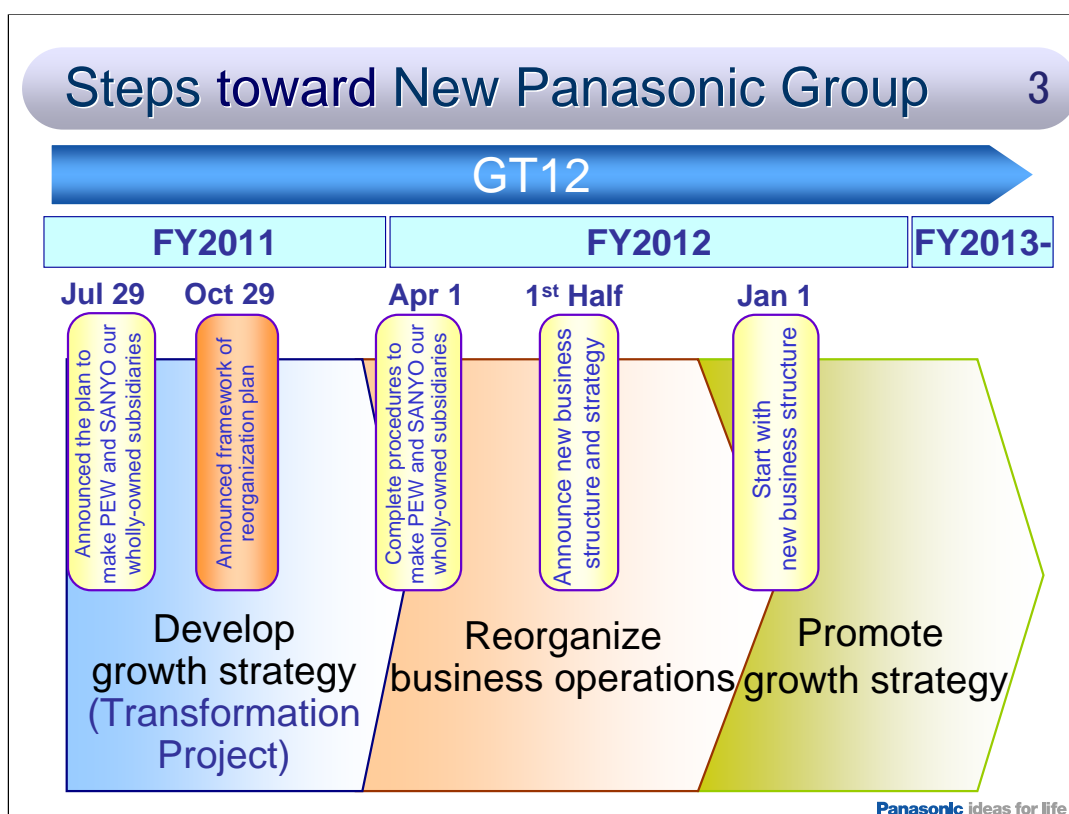
Panasonic Group filled with  
significant growth potential

- Paradigm shift for growth
- Lay foundation to be  
Green Innovation Company

Panasonic group  
in FY2011

*Reorganize our business with  
PEW and SANYO  
Promote and maximize synergy*

- Our vision, Leading up to our 100<sup>th</sup> anniversary in FY2019, is to become the 'No.1 Green Innovation Company in the Electronics Industry'. As a part of achieving our vision, we have started to proceed our midterm management plan 'Green Transformation 2012 (GT12)' this year.
- Panasonic announced on July 29, 2010 that we would make Panasonic Electric Works Co., Ltd. (PEW) and SANYO Electric Co., Ltd. (SANYO) fully owned subsidiaries of Panasonic, since we would like to take a reasonable step to assure 'GT12' in such a severe competition.
- Both PEW and SANYO are already our subsidiaries and we would like to complete our acquisition to thoroughly reorganize Panasonic group business to promote and maximize the synergy.

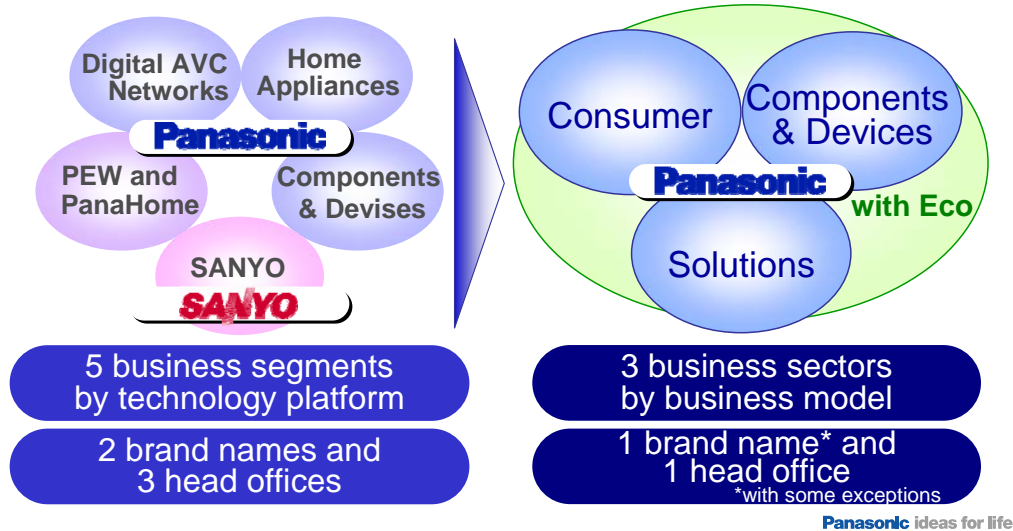


- Those are our steps to complete Transformation Project.
- Through 'Transformation Project' which was established just after the announcement of the acquisition of all shares of PEW and SANYO on July 29, 2010, we are in the process of finalizing our growth strategy by the end of FY2011.
- Today, we would like to explain what we have done since then. We also plan to announce more detail on our new business structure and strategy some time in the first half of FY2012.
- We will promote some of our reorganization earlier than originally planned after April 1, 2011 when the acquisition is completed.
- We will further accelerate our growth strategy as our new business structure from January 2012.

## New Business Structure

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- ◆ Maximize value creation by strengthening connection with customers
- ◆ Establish speedy and lean management structure
- ◆ Promote business growth by shifting resources



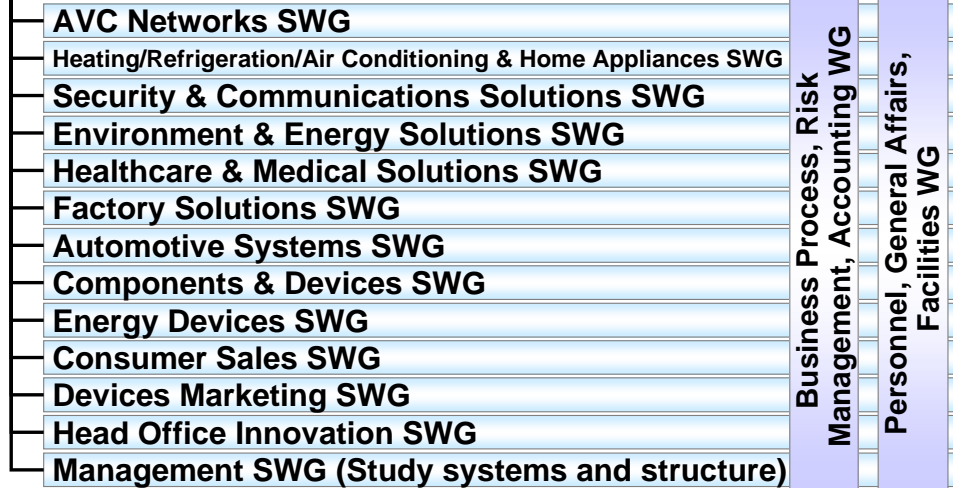
- This is a basic concept of our reorganization announced on July 29, 2010.
- We will reorganize our current structure with 5 business segments by technology platform to 3 business sectors by business model from customers' perspective.
- We will unify our head offices of Panasonic, PEW and SANYO to one group head office, and also unify our two brand names into one, Panasonic.

# Transformation Project

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Establish growth strategy to compete in world market

## Growth Strategy Working Group

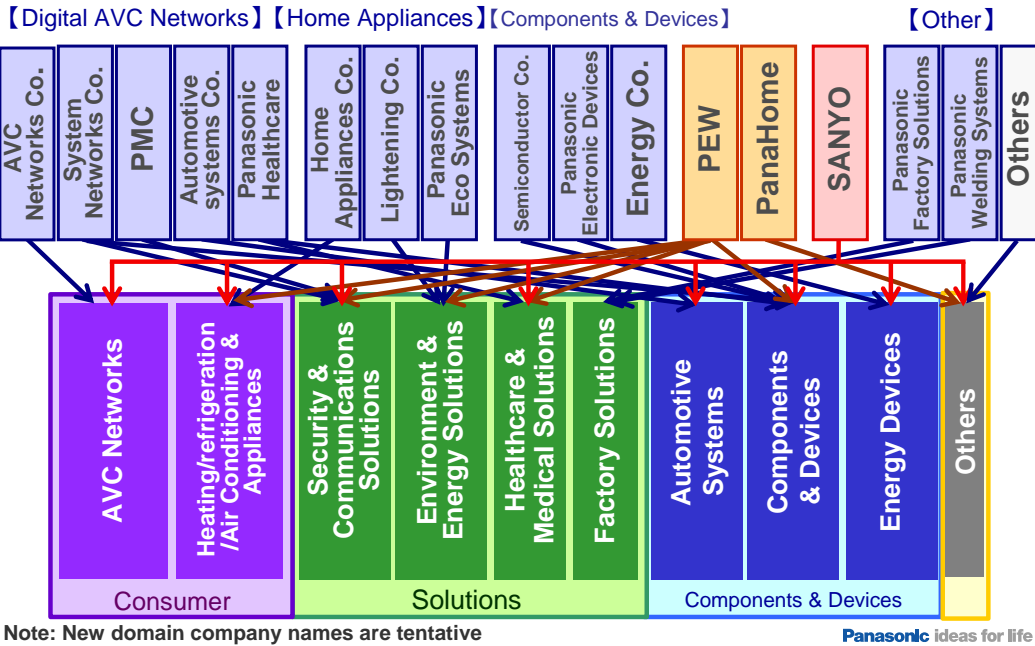


Panasonic ideas for life

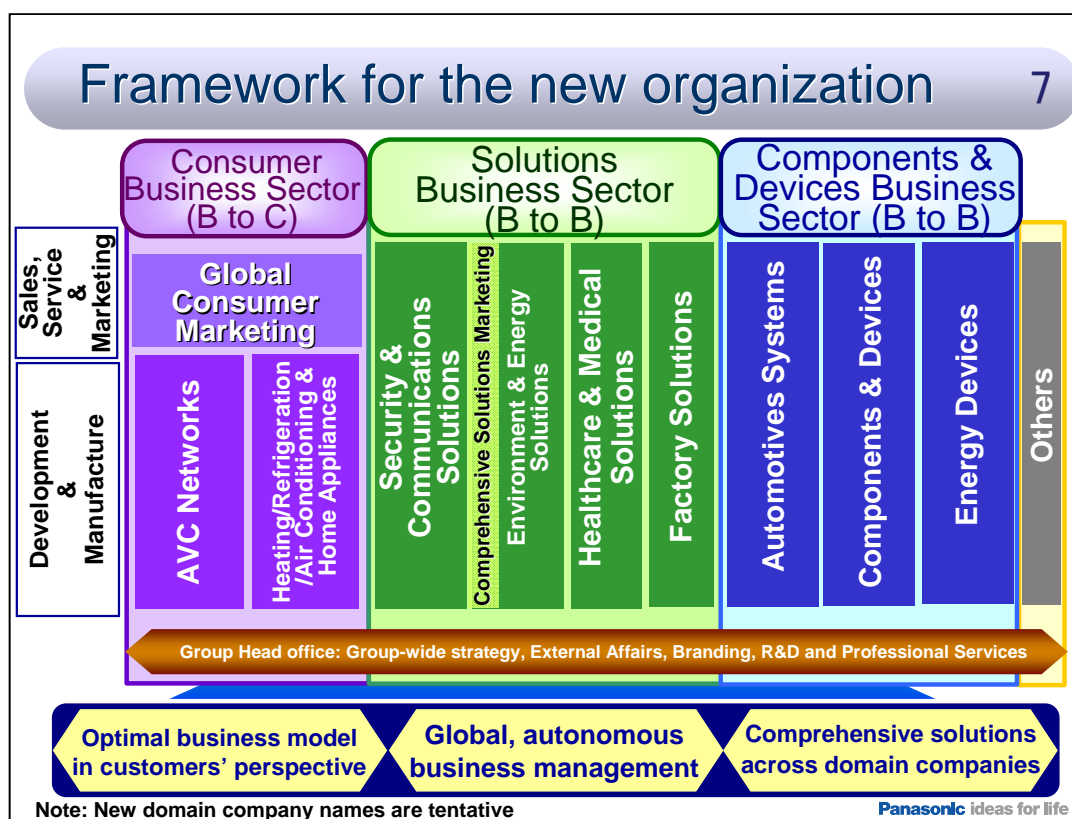
- In this project, we are in the process of finalizing strategies along the aforementioned vision to compete against other companies in world market.
- In Growth Strategy Working Group, the members from heads to front-line employees of each business including PEW and SANYO have had a heated debate.

## Reorganization of Domain Companies 6

From 16 domain companies to 3 business sectors & 9 domain companies



- We have almost fixed our group-wide organization plan and its direction.
- We will reorganize our current 16 domain companies to 9 based on our new 3 business sectors.
- PEW and SANYO are counted as one company in current 16 domain companies, and both companies are collective entities. We will fundamentally change all Panasonic Group business including those two companies' business.
- We will complete the reorganization of domain companies for 9 months from April 2011.



- This is an outline of our new group-wide organization.
- We will build optimal business model from customers' perspective in each business sector. All domain companies will be responsible to manage their business autonomously.
- We will also have all domain companies cooperative to maximize utilization of group products and devices. Therefore, we will be able to accelerate establishment of our 'comprehensive solutions' business model.
- We will strengthen not only each business in a vertical direction, but also our collaboration as Panasonic Group in horizontal direction. That is why we will be able to maximize our Group's potential both vertically and horizontally.

## Consumer Business Sector

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### Goal

- Make sure that our products meet needs of each region, possessing strong marketing capability
- Reduce cost and offer products suitable for each region



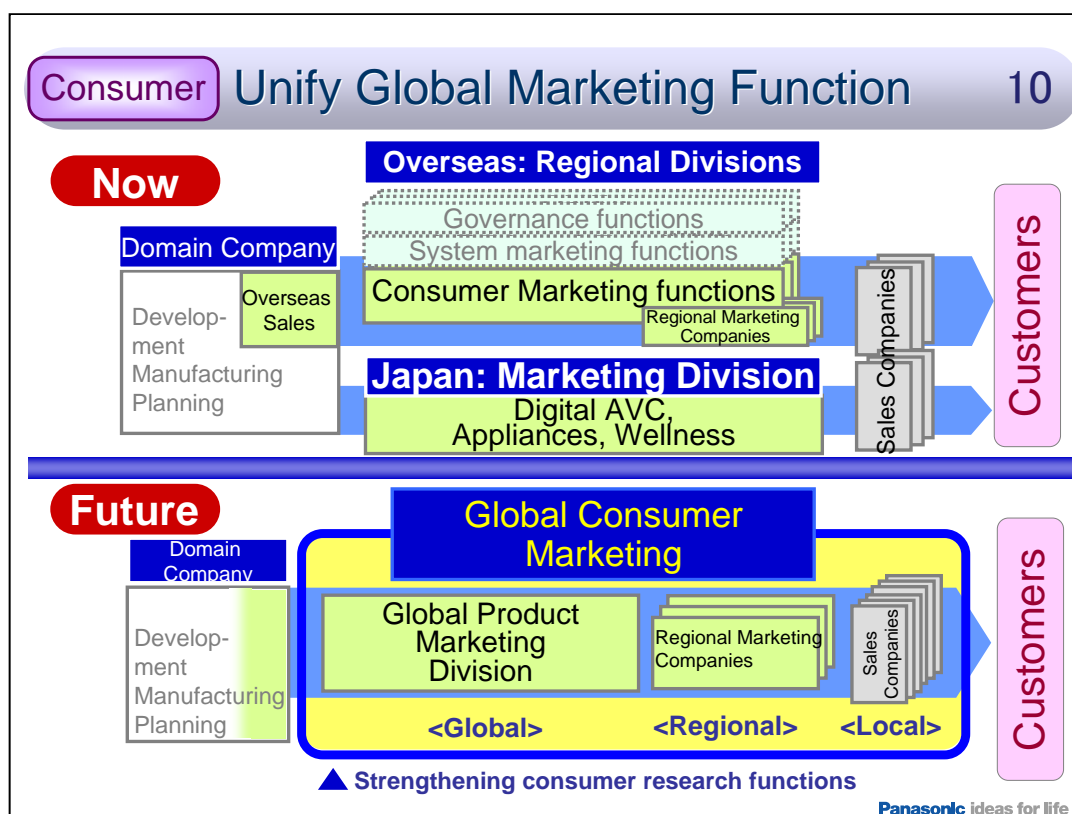
Panasonic ideas for life

- In Consumer Business Sector, we will strengthen our marketing to offer products suitable for each region.
- We will first unify our consumer marketing function and shift resources to overseas especially.
- Then, we will reorganize our consumer electronics business into 2 domain companies.
- We expect to boost our sales from 2.9 trillion yen in FY2010 to 3.5 trillion yen level in FY2013.

Consumer Future vision		9
<b>AVC Networks</b>	<b>Creation of new business with next-generation products</b> <ul style="list-style-type: none"> <li>▶ Interactive and network products</li> <li>▶ Unified concept of business and technology</li> <li>▶ Profitability through products, services and contents</li> </ul>	
Heating/Refrigeration /Air Conditioning & Home Appliances	<b>No.1 Green Innovation Company in home appliances business</b> <ul style="list-style-type: none"> <li>▶ No.1 refrigeration/air conditioning business with strong lineup ranging from consumer-use to commercial-use</li> <li>▶ Globally expand business in personal-care &amp; health enhancing products and cooking appliances</li> </ul>	
<b>Global Consumer Marketing</b>	<b>Marketing and product planning in customers' perspective</b> <ul style="list-style-type: none"> <li>▶ Unify global marketing functions of 3 companies →Global Product Marketing Division &amp; Individual Regional Marketing Companies</li> <li>▶ 3S management -Speedy, Simple and Strategic-</li> </ul>	

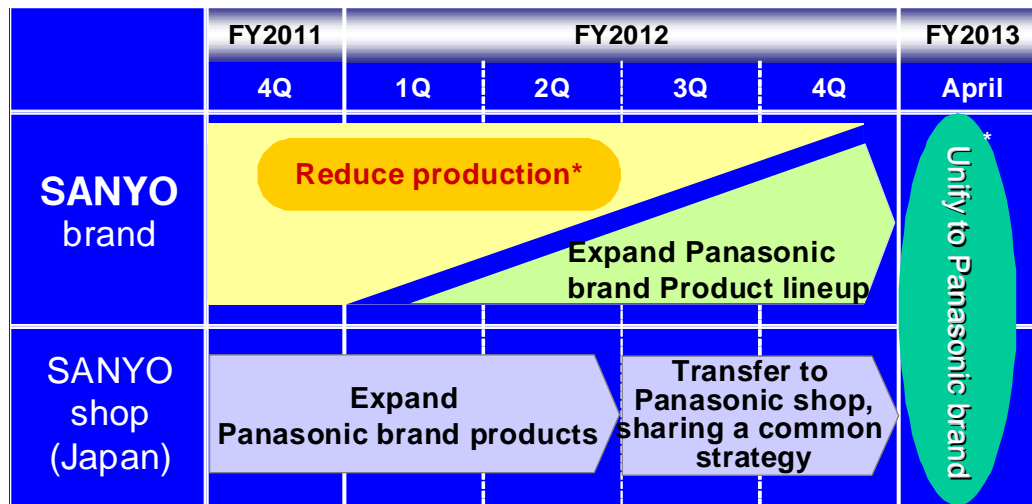
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- This is an outline of our future vision in each domain company.
- We will create new business with next-generation products in AVC Networks, and expand our business globally in Heating/Refrigeration/Air Conditioning & Home Appliances business.



- This chart shows our marketing organization.
- We will unify and reorganize all of our marketing divisions in the world including Japan, to Global Consumer Marketing. In this reorganization, we will especially strengthen front-line of overseas sales.
- We will also include Global Consumer Research Center which will be established during this fiscal year, as a part of Global Consumer Marketing to enhance our marketing function from customers' viewpoint.
- A collaboration with Global Consumer Marketing and 2 domain companies will strengthen products competitiveness to survive ever-intensified competitions.

## Road map to unify **brand names** in April 2012



\*Note: with some exceptions overseas

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- Basically, we will have a reasonable step to unify our brand names for consumer products to Panasonic in April 2012.
- We will also transfer SANYO specialized shops, 'Smile NO.1 shop,' to Panasonic specialized shops in Japan.

## Components & Devices Business Sector

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### Goal

- Capture potential customers' needs with marketing and technology
- Expand each business to outside customers, not relying on in-house needs.



- In Components & Devices Business Sector, we will capture potential customers' needs with our strong marketing and technology.
- As part of this, we will reorganize our devices business of 3 companies into 3 domain companies and build structure in unison with development, manufacturing and sales in each domain company.
- Meanwhile, 3 domain companies will cooperate for strategic customer services and new sales development.
- We expect to boost our sales from 2.6 trillion yen in FY2010 to 3.4 trillion yen level in FY2013 to become No.1 in each business.

<p><b>Automotives</b></p>	<p>Contribute to new motoring society with electronics</p> <ul style="list-style-type: none"> <li>▶ Strengthen multimedia systems with display</li> <li>▶ Create new growth business – EV and e-cockpit</li> <li>▶ Establish robust Japanese market share for car navigation systems</li> </ul>
<p><b>Devices</b></p>	<p>No.1 in components and devices industry</p> <ul style="list-style-type: none"> <li>▶ Develop new markets and customers with new products and technologies                             <ul style="list-style-type: none"> <li>- Focus on Environment &amp; energy, healthcare &amp; medical, material &amp; devices, automotives, emerging markets</li> </ul> </li> <li>▶ Have more than 70% of No. 1 market share products</li> </ul>
<p><b>Energy Devices</b></p>	<p>No.1 in energy devices sector</p> <ul style="list-style-type: none"> <li>▶ Establish robust market share in lithium-ion battery                             <ul style="list-style-type: none"> <li>- From high-volume segment to high-end products, for eco-car</li> </ul> </li> <li>▶ Become one of top 3 companies in solar battery with new HIT® in 2015</li> </ul>

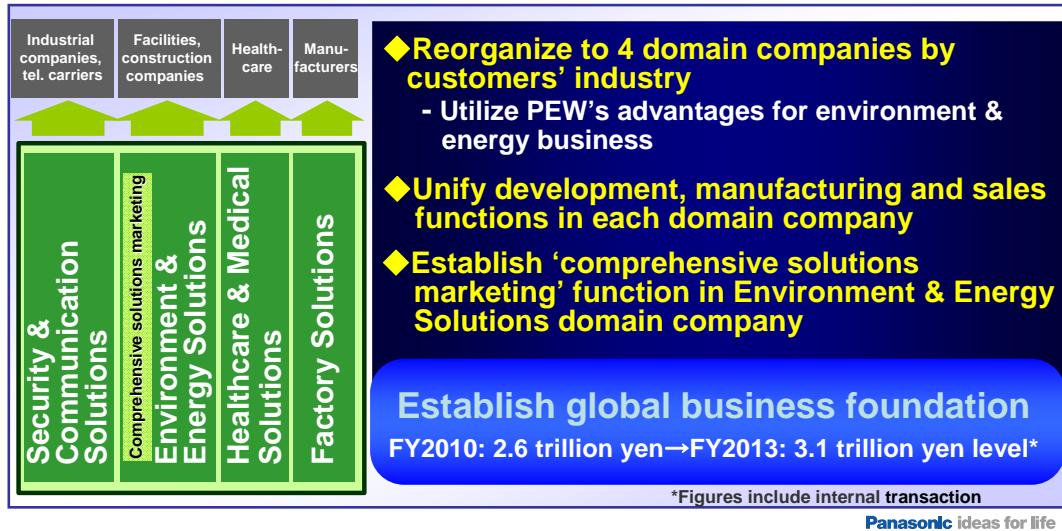
- This is a detail of our future vision in each domain company.
- We target to have double digit growth from FY2011 in Energy Devices, especially strengthening our lithium-ion battery and solar battery businesses.

## Solutions Business Sector

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### Goal

- Offer optimal solution in customers' perspective
- Make profit with global supply-chain

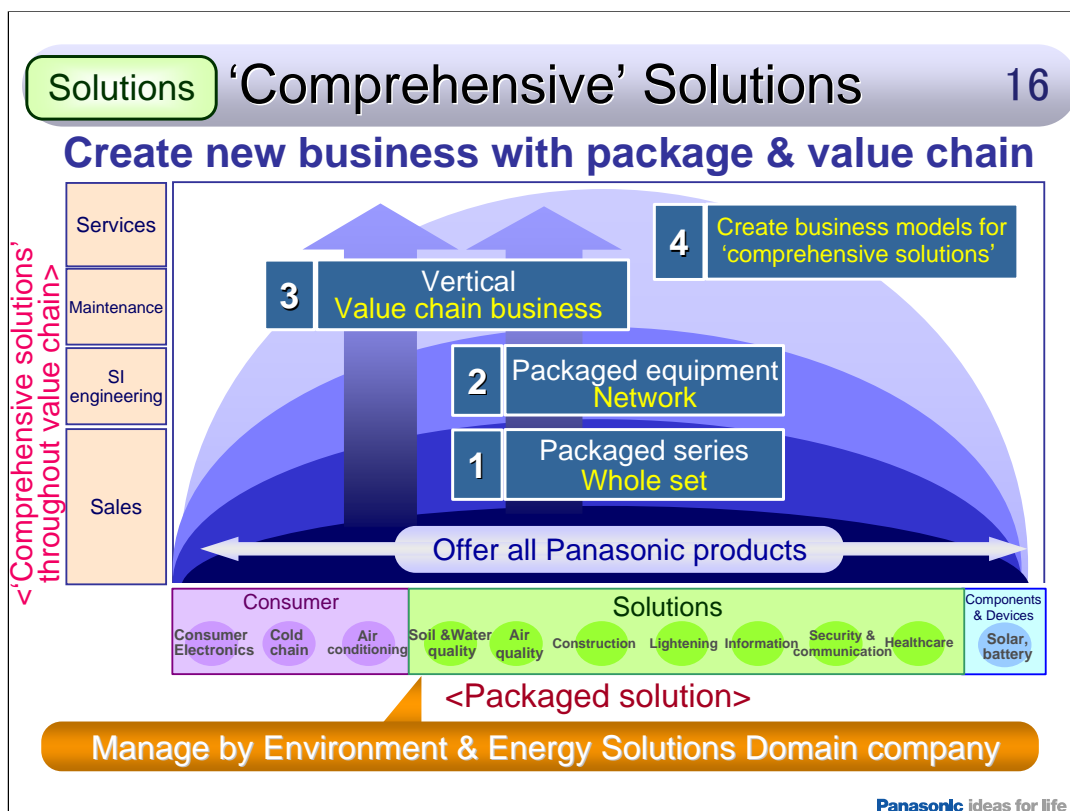


- In Solution Business Sector, we will build our business model to offer optimal solution in customers' perspective, and to make profit from wide supply-chain.
- As part of this, we will reorganize our solution business to 4 domain companies combining development, manufacturing and sales functions in each domain companies.
- We will also establish 'comprehensive solutions marketing' function in Environment & Energy Solution domain company.
- We expect to boost our sales from 2.6 trillion yen in FY2010 to 3.1 trillion yen level in FY2013.

Solutions	Future Vision	15
<b>Security &amp; Communication Solutions</b>	<p><b>Contribute to customers with comprehensive solutions of AV, communication and IT</b></p> <ul style="list-style-type: none"> <li>▶ <b>Promote global solutions business</b></li> <li>▶ <b>Pursuit business synergy</b> <ul style="list-style-type: none"> <li>- Security and fixed &amp; wireless communications solutions business</li> </ul> </li> </ul>	
<b>Environment &amp; Energy Solutions</b>	<p><b>Comfortable eco-conscious lifestyle</b></p> <ul style="list-style-type: none"> <li>▶ Unconventional growth by comprehensive solutions &amp; sales</li> <li>▶ Effective growth, collaborating with domain companies</li> <li>▶ Integrated operation of development, manufacturing and sales <ul style="list-style-type: none"> <li>- lightning, electrical construction materials, environmental engineering</li> </ul> </li> </ul>	
<b>Healthcare &amp; Medical Solutions</b>	<p><b>Provide simple and affordable healthcare service</b></p> <ul style="list-style-type: none"> <li>▶ In-hospital work assistance, early diagnosis &amp; treatment and home healthcare</li> </ul>	
<b>Factory Solutions</b>	<p><b>Contribute to progress and development of global society with manufacturing solutions</b></p> <ul style="list-style-type: none"> <li>▶ New business in mounting &amp; circuit fabrication + welding, laser technology</li> </ul>	

Panasonic ideas for life

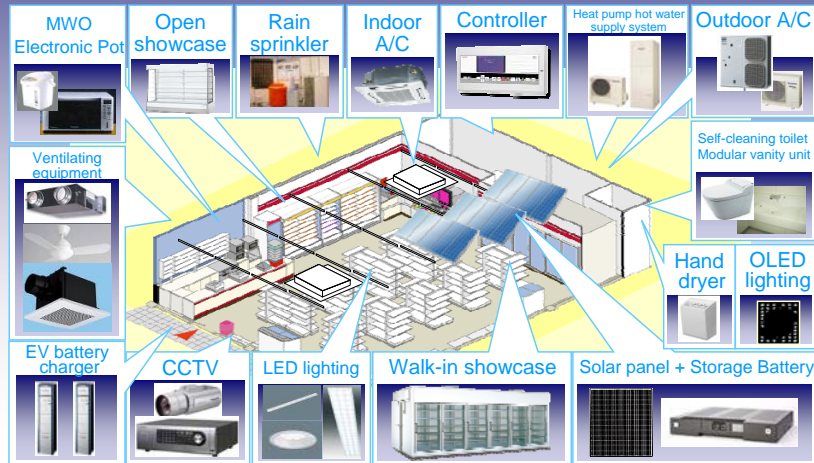
- This is a detail of our future vision in each domain company.
- In Security & Communication Solutions, we will provide ‘network’ solutions with our comprehensive technologies from fixed to wireless communications including mobile phone.
- We will expand Healthcare & Medical Solutions as a pillar of next generation business, including assisting robot business such as ‘robotic bed.’



- I would like to explain our 'comprehensive solutions', led by Environment & Energy Solutions.
- We offer our 'comprehensive solutions' with 4 steps as follows:
  - 1) offer packaged series as a whole set to specific space
  - 2) network packaged equipment
  - 3) have vertical value chain business to offer coherent value from sales to customer services
  - 4) create our unique 'comprehensive solutions' business model
- Our goal is to create our unique 'comprehensive solutions' business model, combining vertical & horizontal value chain from a planning stage through our participation in 'smart city' project in the world.

### Eco-conscious convenience store

- Whole set and networked
- Test demonstration for 'comprehensive solutions'

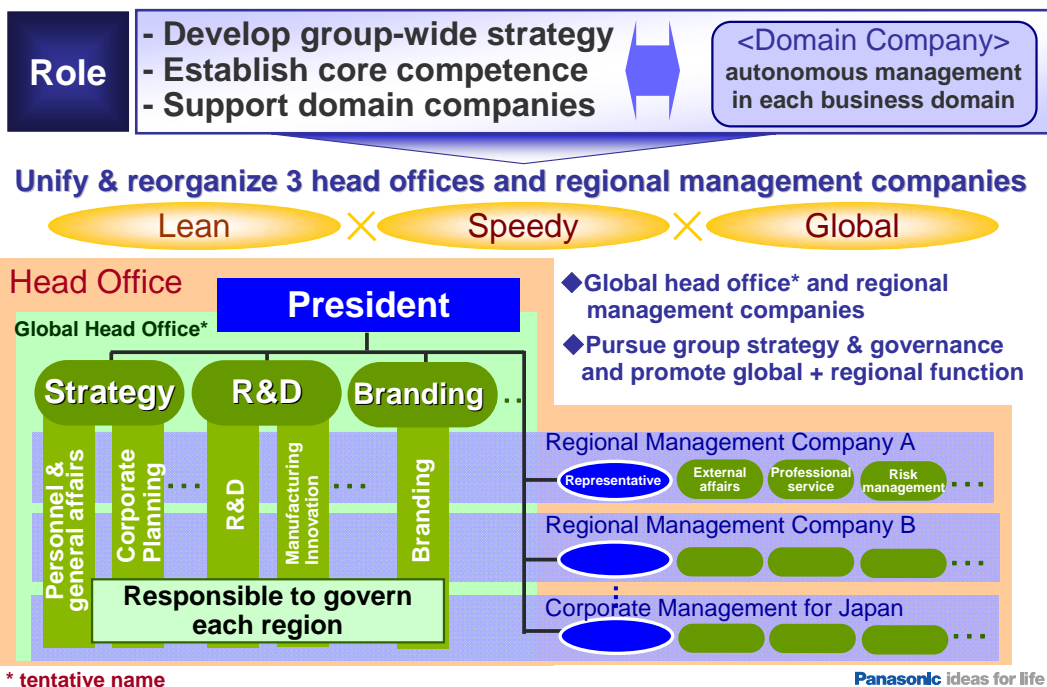


Panasonic ideas for life

- I would like to present one of our case examples.
- We set up an ecology-conscious convenience store in the site of our company in Saitama prefecture as part of our 'comprehensive solutions'.
- In this store, we have installed our control systems to manage energy consumption, linking all products and equipment in the store. In this test demonstration, we aim to halve total energy consumption in the store.
- You can experience our 'comprehensive solutions' in this store as 'seeing is believing.'
- Providing our whole set value, we have also started our project in Thailand, the country which has the highest numbers of convenience stores among Southeast Asian countries.
- We would like to expand our 'comprehensive solutions' business in customers' perspective from sales to customer services.

# New Head Office Function

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- In the end of my presentation today, we would like to talk about our new head office concept.
- As I mentioned, 9 domain companies will be responsible to manage their business autonomously. And our new head office will focus on 3 functions:
  - 1) develop group-wide growth strategy
  - 2) establish group core competence
  - 3) offer services beyond domain companies' capabilities
- As part of this, we unify head offices of Panasonic, PEW and SANYO, for lean, speedy and global management.
- In our new head office, we will have Global Head Office to govern Panasonic Group based on each functional classification and regional management companies based on each region.
- Organizing our head office focusing on indispensable functions, we believe that we will be able to create new local business and solve any local issues.

**60 billion yen in FY2013**

\*Operating Profit Base

Sales increase	20 billion yen
Cost reduction	20 billion yen
Structural reform	20 billion yen

**Achieve targets of GT12 or more**

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- We expect to have synergy of 60 billion yen of operating profit in FY2013, completing our acquisition and reorganization.
- Breakdowns are:
  - 20 billion yen from sales increase
  - 20 billion yen from cost reduction
  - 20 billion yen from structural reform
- We will pursue to achieve targets of GT12 or more, even in more intensified business condition than expected such as yen appreciation.



- In conclusion, today I talked about our transformation project as much as I can, although I am not able to go into detail yet.
- We will keep you posted and plan to present more in detail some time in the first half of FY2012.
- We will pursue our growth strategy as new Panasonic Group. Thank you for your understanding and your support.

**Disclaimer Regarding Forward-Looking Statements**

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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.*

*Panasonic has filed a registration statement on Form F-4 ("Form F-4") with the SEC in connection with each of the proposed share exchange between Panasonic and SANYO (the "SANYO Share Exchange") and between Panasonic and PEW (the "PEW Share Exchange"). The Form F-4 for each of the SANYO Share Exchange and the PEW Share Exchange contains a prospectus and other documents. If each Form F-4 is declared effective, the prospectus contained in the Form F-4 will be mailed to U.S. shareholders of the subject company (SANYO or PEW) prior to the shareholders' meeting at which the relevant proposed share exchange will be voted upon. The Form F-4 and prospectus contains important information about the subject company and Panasonic, the relevant share exchange and related matters. U.S. shareholders of the subject company are urged to read the Form F-4, the prospectus and other documents that have been and may be filed with the SEC in connection with the relevant share exchange carefully before they make any decision at the shareholders' meeting with respect to the share exchange. Any documents filed with the SEC in connection with the proposed share exchange will be made available when filed, free of charge, on the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, upon request, the documents can be distributed for free of charge. To make a request, please refer to the following contact information.*

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