

May 31, 2019

*FOR IMMEDIATE RELEASE*

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**Panasonic Announces Company Split of the Security Systems Business**  
**(Simplified Absorption-type)**

Osaka, Japan, May 31, 2019 – Panasonic Corporation ([TSE:6752] “Panasonic”) today announced that its Board of Directors has resolved to sign a share purchase agreement and shareholders agreement with Polaris Capital Group Co., Ltd. (Headquarters: GranTokyo North Tower 38F 1-9-1, Marunouchi, Chiyoda-ku, Tokyo) (“Polaris”) regarding the transfer of its security systems business to a Special Purpose Company (SPC) which will be established by Polaris. This transfer will take place by Panasonic establishing a new entity (“NewCo”) and conducting an absorption-type company split (the “Company Split”) with the intention to transfer the shares to the SPC.

The Board of Directors intend to resolve the Company Split upon completion of certain procedures. Some of the matters and details for disclosure relating to the Company Split are omitted because the Company Split will be conducted between Panasonic and its wholly-owned subsidiary to be newly established.

For further details regarding the establishment of the new company, please see the attached press release “Panasonic Announces Establishment of New Company to Operate Security System Business, Agreement for Strategic Co-investment.”

**1. Purpose of the Company Split**

Since commencing production of security cameras in 1957, Panasonic’s security systems business has continued to sell various products utilizing its unique image processing technology, and has received continual support from customers both in and outside Japan. However, in recent years, the Company is facing competitive environment changes led by Chinese manufacturers and market environment changes where solutions to achieve safety and security are required in place of supplying individual equipment.

Against this backdrop, Polaris and Panasonic came to share a common understanding that the leveraged strengths of Panasonic's technological advantages and customer base, along with Polaris' investment resources and knowledge accumulated through their significant track-record of establishing strategic capital alliances with various manufacturers and large enterprises will realize a nimble and expedient solutions business, thereby growing the security systems business going forward. The two companies have been conducting continuous discussions, and at today's Board of Directors meeting, Panasonic has resolved to sign a share purchase agreement and shareholders agreement regarding the operations and governance of NewCo under the condition of Panasonic's security systems business being transferred to NewCo through an absorption-type company split\*.

\* Upon completion of the transaction, the newly established SPC will hold 100% of the shares in NewCo, with the Funds managed by Polaris subsequently intending to hold 80% and Panasonic 20% of the SPC.

## **2. Summary of the Company Split**

### **(1) Schedule of the Company Split**

Resolution of the Board of Directors on the Company Split: July 31, 2019 (scheduled)  
Company Split (effective date): October 1, 2019 (scheduled)

Note: Since the Company Split corresponds to a simplified absorption-type company split, as set forth in Article 784, Paragraph 2 of the Companies Act, Panasonic will not hold a general meeting of shareholders concerning approval of the absorption-type company split.

### **(2) Company Split Method**

The Company Split will be an absorption-type company split in which Panasonic will be the splitting company and NewCo will be the succeeding company (simplified absorption-type company split).

### **(3) Allotment of shares in relation to the Company Split**

There shall be no allotment by the NewCo upon the Company Split.

### **(4) Treatment of stock acquisition rights and bonds with stock acquisition rights upon the Company Split**

There will be no change in the stock acquisition rights issued by Panasonic upon the Company Split.

(5) Increase or decrease in stated capital as a result of the Company Split

There shall be no increase or decrease in the stated capital of Panasonic as a result of the Company Split.

(6) Rights and obligations to be transferred to the succeeding company

The NewCo will succeed assets, liabilities, contractual status, and the incidental rights and obligations which are necessary to perform the security systems business.

(7) Prospects for performance of liabilities

Panasonic considers there will be no issues concerning prospects of performance of the liabilities owed by the NewCo after the Company Split.

**3. Outline of Companies which are Parties to the Company Split**

	Splitting Company (As of March 31, 2019)	NewCo (scheduled)
(1) Corporate name	Panasonic Corporation	Panasonic i-PRO Sensing Solutions Co., Ltd.
(2) Head office	1006, Oaza Kadoma, Kadoma City, Osaka, Japan	To be determined
(3) Name and title of representative	President, Kazuhiro Tsuga	To be determined
(4) Principal lines of business	Manufacture and sale of electronic and electric equipment, etc.	Development, manufacture, sale, SI, installation and maintenance of equipment, as well as providing solutions including services, for the security and medical sectors
(5) Stated capital	258,740 million yen	To be determined
(6) Date established	December 15, 1935	Scheduled for July 2019
(7) Total number of outstanding shares	2,453,053,497 shares	To be determined
(8) Fiscal year end	March 31	March 31

(9) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (trust account)	7.83%	Panasonic Corporation 100%*
	The Master Trust Bank of Japan, Ltd. (trust account)	6.91%	
	Nippon Life Insurance Company	2.96%	
	Japan Trustee Services Bank, Ltd. (trust account 5)	1.92%	
	JP MORGAN CHASE BANK 385151	1.82%	

(Note) The Amendment to the Report of Possession of Large Volume dated March 22, 2017 was submitted by BlackRock Japan Co., Ltd. and its five joint holders. According to the report, in relation to Panasonic, the total number of share certificates (and other equivalents) they hold was 122,710 thousand and their holding ratio of share certificates (and other equivalents) was 5.00% as of March 15, 2017. Since Panasonic cannot confirm the actual status of the shareholdings as of the end of March 2019, the "Major shareholders and shareholding ratios" for the splitting company described above is based on Panasonic's shareholder registry

\* Upon completion of the transaction, the newly established SPC will hold 100% of the shares in NewCo, with the Funds managed by Polaris subsequently intending to hold 80% and Panasonic 20% of the SPC.

(10) Financial condition and business performance of the splitting company (Panasonic) for the immediate preceding fiscal year (consolidated)

Fiscal year end	March 31, 2019
Panasonic Corporation stockholders' equity	1,913,513 million yen
Total assets	6,013,931 million yen
Panasonic Corporation stockholders' equity per share	820.41 yen
Net sales	8,002,733 million yen
Operating profit	411,498 million yen
Net profit attributable to Panasonic Corporation stockholders	284,149 million yen
Basic earnings per share attributable to Panasonic Corporation stockholders	121.83 yen

Notes: 1. Amounts less than 1 million yen have been rounded to the nearest whole 1 million yen amount.  
2. The figures are presented in accordance with International Financial Reporting Standards (IFRS).  
3. Panasonic holds 120,663 thousand shares of its treasury stock as of March 31, 2019.

#### 4. Outline of the Business subject to Company Split

(1) Outline of the business subject to the Company Split

Development, manufacture, sale, SI, installation and maintenance of equipment, as well as providing solutions including services, for the security and medical sectors

(2) Operating results of business to be split

(Billion yen)

	Division to be split (unconsolidated) (a) (year ended March 2019)	Panasonic (consolidated) (b) (year ended March 2019)	Ratio (a/b)
Net sales	39.2	8,002.7	0.49%

Notes: 1. Amounts less than 100 million yen have been rounded to the nearest 100 million yen.  
 2. Ratio has been rounded to the nearest third decimal place.  
 3. The division to be split are based on the net sales from the carved out division post the Company Split transaction.

(3) Assets and liabilities of the business to be split (As of March 31, 2019)

(Billion yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	8.4	Current liabilities	4.6
Fixed assets	1.9	Fixed liabilities	—
Total	10.3	Total	4.6

Notes: 1. Amounts less than 100 million yen have been rounded to the nearest 100 million yen.  
 2. The actual amount of the assets to be succeeded may vary from the amounts stated above after reflecting any increase or decrease of the assets occurring prior to the effective date of the Company Split.

#### 5. Status of Panasonic after the Company Split

Panasonic's corporate name, head office, name and title of presentative, principal lines of business, stated capital and fiscal year end of Panasonic will not change as a result of the Company Split.

#### 6. Financial Outlook

There will be no material impact on the consolidated financial outlook for fiscal year ending March 2020 as a result of the Company Split.

<Reference>

"Panasonic Announces Establishment of New Company to Operate Security System Business, Agreement for Strategic Co-investment"

**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). 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 financial assets in which the Panasonic Group has holdings or changes in valuation of non-financial assets, including property, plant and equipment, goodwill and deferred tax assets; 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 Group 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.

May 31, 2019

Panasonic Corporation

Panasonic Announces Establishment of New Company to Operate Security Systems Business, Agreement for Strategic Co-investment

Panasonic Corporation (herein “Panasonic”) announced that it will establish a new company to operate its security systems business in Japan and overseas, and that it has reached an agreement for strategic co-investment with Polaris Capital Group Co., Ltd. (herein “Polaris”). A decision was approved at a board of directors meeting held today concerning the following details.

1. Background

The Security Systems Business Division (herein “the Division”), which is part of Panasonic’s Connected Solutions Company, has a roughly 60-year history of developing security cameras and advanced edge devices and combining these with unique software such as facial recognition to meet the needs of the market, and has established itself as a top brand in the Japanese security camera market.

With rising global demand for security and safety, the security related business is a field that is forecast for growth; and by establishing the new company and concluding a co-investment agreement with Polaris, Panasonic believes that it can achieve stable growth in this market.

The new company will be able to utilize Polaris’ knowledge and experience cultivated from numerous investments into manufacturers and other large-scale enterprises. It will build on the strengths of the Division while benefitting from management and resources of Polaris to seamlessly implement the necessary structure to operate as an independent organization. Strengthening its solutions capabilities with proactive alliances and M&As, the new company will aim to enhance its revenue and profitability globally centered on the North American market. With new and next-generation products and services, and a strategic growth plan to expand sales of medical camera modules, the new company will build a solid foundation as an independent entity with a potential public offering in the future.

## 2. About the new company

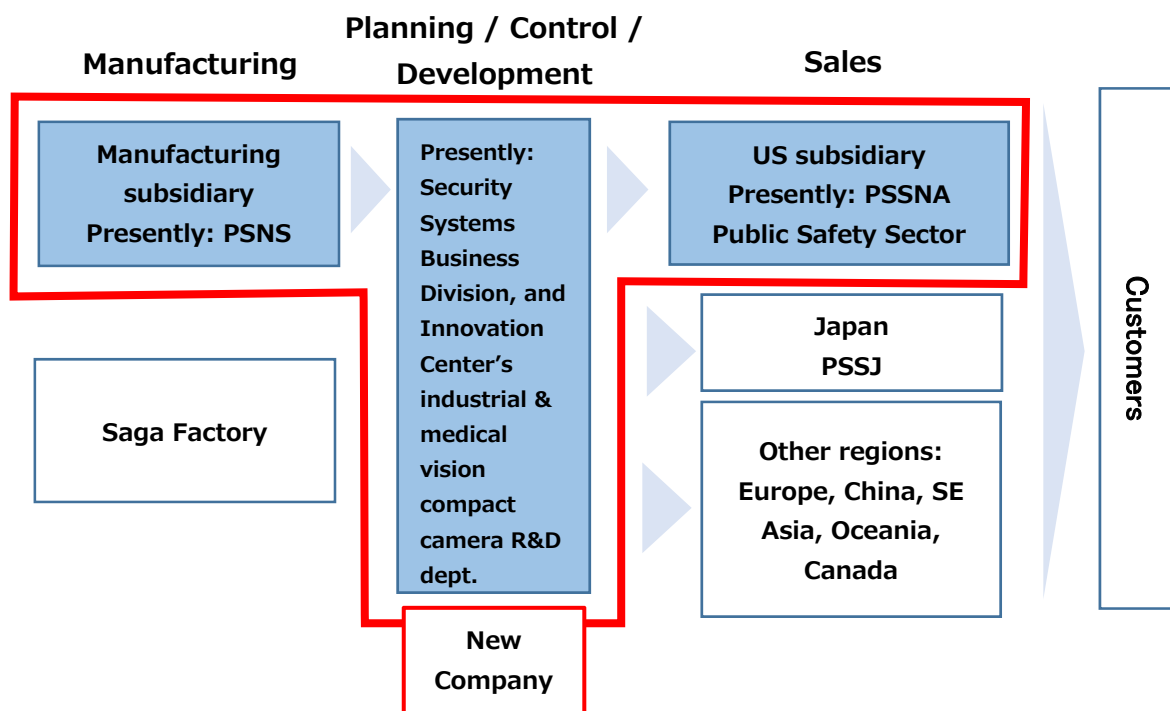
The new company will be formed into an independent entity from the Connected Solutions Company's Security Systems Business Division and the industrial & medical vision compact camera R&D department of its Innovation Center. The Public Safety sales and development functions of Panasonic System Solutions Company of North America (PSSNA), and the security camera manufacturing factory in China — Panasonic System Networks Suzhou Co., Ltd. (PSNS) — will become subsidiaries of the new company.

New company name	Panasonic i-PRO Sensing Solutions Co., Ltd.
Operational start	October 1, 2019 (planned)
Representative	Undecided
Headquarters	Undecided
Capital investment	Polaris Private Equity Fund IV, L.P.: 80%; Panasonic: 20% <sup>*1</sup>
Operations	Surveillance system business (intelligent surveillance) Industry-specific business (public solutions) Module business (industrial & medical vision)

\*1: A special purpose company will be established as the successor, in which Polaris Private Equity Fund IV and Panasonic will hold 80% and 20% of the shares respectively.

After establishment, the new company's security cameras and software are planned to be sold under the Panasonic brand: by the new company in the US market; through Panasonic System Solutions Japan Co., Ltd. (PSSJ) in the domestic market; and through existing Panasonic sales companies in other regions including Europe, China, Southeast Asia, Oceania and Canada, which will all sign sales agreements with the new company.





Under its “Gemba Process Innovation” vision, Panasonic’s Connected Solutions Company is expanding its B2B solutions business, with offerings to the three main areas of manufacturing, logistics and retail, where it aims to be a total integrator.

About Polaris Capital Group Co., Ltd. (as of March 31, 2019)

Established	September 13, 2004
Representative	President & CEO: Yuji Kimura
Capital	JPY100 million
Headquarters	GranTokyo North Tower 38F, 1-9-1, Marunouchi, Chiyoda-ku, Tokyo 100-6738 Japan
Funds under management	Polaris Private Equity Fund I, L.P. (JPY29.6 billion) Polaris Private Equity Fund II, L.P. (JPY31.9 billion) Polaris Private Equity Fund III, L.P. (JPY52 billion) Polaris Private Equity Fund IV, L.P. (JPY75 billion)
Website	<a href="http://www.polaris-cg.com/">http://www.polaris-cg.com/</a>

The new company is planned to start operation on October 1, 2019, assuming approval from relevant government agencies.