

[Translation]

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For immediate release

Name of Company: PanaHome Corporation  
Representative: Ryuji Matsushita, President  
(Code No.: 1924, TSE 1st Sec.)  
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**Announcement of Termination by Mutual Agreement of the Share Exchange Agreement with Panasonic Corporation, the Controlling Shareholder of PanaHome, and PanaHome's Opinion in Favor of the Tender Offer for PanaHome's Shares by Panasonic Corporation and Recommendation to Tender Shares**

As announced in our press release dated December 20, 2016 titled "Panasonic Corporation Announces to Have Executed a Share Exchange Agreement to Make PanaHome Corporation its Wholly-owned Subsidiary through Share Exchange" (the "**Press Release dated December 20, 2016**"), PanaHome Corporation ("**PanaHome**") executed a share exchange agreement (the "**Share Exchange Agreement**") with Panasonic Corporation ("**Panasonic**" or the "**Tender Offeror**") dated December 20, 2016 in which PanaHome was to be the wholly owned subsidiary resulting from the share exchange and Panasonic was to be the wholly owning parent company resulting from the share exchange and under which the effective date of the share exchange was to be August 1, 2017 (the "**Share Exchange**"). PanaHome hereby announces that it has resolved at its Board of Directors meeting held today to terminate by mutual agreement the Share Exchange Agreement with Panasonic as of today and to express an opinion in favor of the tender offer (the "**Tender Offer**") for PanaHome's common stock ("**PanaHome's Shares**") to be conducted by Panasonic, and to recommend that the shareholders of PanaHome accept the Tender Offer. For details of the background to and reasons for the change of schemes, please refer to the section titled "(iii) Background to the implementation of the Tender Offer by the Tender Offeror after the execution of the Share Exchange Agreement" in "B. Background to, Purpose of and Decision Making Process of the Tender Offer by the Tender Offeror" below.

The resolution of the Board of Directors of PanaHome was made on the assumption that Panasonic intends to make PanaHome its wholly owned subsidiary by way of the Tender Offer and through a series of subsequent procedures, and that PanaHome's Shares will be delisted.

**1. Outline of Tender Offeror**

(1)	Name	Panasonic Corporation
(2)	Location	1006, Oaza Kadoma, Kadoma-shi, Osaka
(3)	Name and Title of Representative	Kazuhiro Tsuga, President
(4)	Description of Business	The manufacture and sale of electric and electronic equipment, etc.

(5)	Capital	258,740 million yen (as of December 31, 2016)	
(6)	Date of Incorporation	December 15, 1935	
(7)	Major Shareholders and Shareholding Ratios	Japan Trustee Services Bank, Ltd. (Trust Account) (Note 2)	6.18%
		The Master Trust Bank of Japan, Ltd. (Trust Account) (Note 3)	5.05%
		STATE STREET BANK AND TRUST COMPANY	3.47%
		Nippon Life Insurance Company	2.81%
		Panasonic Employees Shareholders' Association	1.79%
		Sumitomo Life Insurance Company	1.52%
		THE BANK OF NEW YORK MELLON SA/NV 10	1.44%
		Japan Trustee Services Bank, Ltd. (Trust Account 7) (Note 2)	1.26%
		STATE STREET BANK WEST CLIENT – TREATY 505234	1.24%
		Matsushita Real Estate Co., Ltd.	1.18%
(8)	Relationship between PanaHome and the Tender Offeror		
	Capital Relationship	Panasonic owns 91,036,634 shares (a shareholding ratio of 54.18%) of PanaHome's shares as of today.	
	Personnel Relationship	PanaHome currently accepts eighty-seven (87) employees who are seconded by Panasonic, three (3) of whom have assumed offices of directors of PanaHome. Additionally, Panasonic accepts six (6) employees seconded by PanaHome.	
	Business Relationship	PanaHome deposits funds with Panasonic through group financing and receives interest thereon. PanaHome purchases products and raw materials, etc. from Panasonic.	
	Status as Related Party	Panasonic is PanaHome's parent company, and therefore, Panasonic and PanaHome are related parties of each other.	

(Note 1) As of September 30, 2016, unless otherwise specified.

(Note 2) The number of shares owned by Japan Trustee Services Bank, Ltd. (Trust Account) and Japan Trustee Services Bank, Ltd. (Trust Account 7) represents the re-entrusted shares etc. in relation to the trust business entrusted to Sumitomo Mitsui Trust Holdings, Inc. and other companies.

(Note 3) The number of shares owned by The Master Trust Bank of Japan, Ltd. (Trust Account) represents the re-entrusted shares in relation to the trust business entrusted to Mitsubishi UFJ Trust and Banking Corporation and other companies.

## 2. Price of Tender Offer

1,200 yen per share of common stock (the "Tender Offer Price").

### **3. Details, Grounds and Reasons of the Opinion on the Tender Offer**

#### **(1) Details of the Opinion on the Tender Offer**

PanaHome has resolved at its Board of Directors meeting held today to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of PanaHome accept the Tender Offer, based on the grounds and reasons stated in “(2) Grounds and Reasons of the Opinion on the Tender Offer” below.

The resolution of the Board of Directors was made by the method as described in “E. Unanimous Approval of Directors and the No Objection Opinion of All Company Auditors (Excluding Directors and Company Auditors with Conflicts of Interest)” in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

#### **(2) Grounds and Reasons of the Opinion on the Tender Offer**

##### **A. Outline of the Tender Offer**

PanaHome received an explanation by the Tender Offeror to the effect that the outline of the Tender Offer is as follows.

As of the date hereof, the Tender Offeror holds 91,036,634 shares (a shareholding ratio (Note) of 54.18%) of PanaHome’s Shares that are listed on the First Section of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”) and PanaHome is a consolidated subsidiary of the Tender Offeror.

(Note) “Shareholding ratio” means any shareholding ratio relative to the total number of issued shares of PanaHome as of March 31, 2017 (i.e., 168,563,533 shares) less the number of treasury shares held by PanaHome as of the same day (i.e., 541,791 shares) (equating to 168,021,742 shares) (shareholding ratios are rounded up or down to second decimal places), and hereinafter the same will apply.

According to the Tender Offeror, the Tender Offeror resolved at the meeting of its board of directors held today to implement the Tender Offer, with the commencement date of the Tender Offer being April 28, 2017 (the “**Commencement Date of Tender Offer**”), as a part of a transaction aiming to acquire all of PanaHome’s Shares (excluding PanaHome’s Shares held by the Tender Offeror and the treasury shares held by PanaHome) and make PanaHome a wholly owned subsidiary of the Tender Offeror (the “**Transaction to Make PanaHome a Wholly Owned Subsidiary**”) (hereinafter, the Transaction to Make PanaHome a Wholly Owned Subsidiary by way of the Tender Offer and the following procedures shall be referred to as the “**Transaction**”). The Tender Offeror will implement the Tender Offer subject to the satisfaction of conditions of the Tender Offer (the “**Conditions of Tender Offer**”) as set out in the “Memorandum Regarding the Termination of Share Exchange Agreement and Implementation of the Tender Offer” executed between the Tender Offeror and PanaHome as of today (the “**Memorandum**”) that: (i) no event that materially adversely affects the business, assets, liabilities, financial condition, operating results, cash flow status or revenue plans of PanaHome (as a single entity or collectively with all of its subsidiaries) or otherwise cause significant hindrance to the achievement of the purpose of the Tender Offer has occurred or been found after the execution date of Memorandum and before the Commencement Date of

Tender Offer; (ii) the resolution to express an opinion in favor of the Tender Offer and to recommend that the shareholders of PanaHome accept the Tender Offer was lawfully and validly made at the meeting of Board of Directors of PanaHome, and such resolution has not been amended or withdrawn; (iii) there is no issued or pending judgement, decision, or order by a court or administrative agency prohibiting or restricting the commencement of the Tender Offer; and (iv) there are no unannounced material facts (as defined in Paragraph 2 of Article 166 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter the same will apply)) regarding PanaHome and the Tender Offeror is not aware of any unannounced facts regarding the tender offer, etc. (as defined in Paragraph 3 of Article 167 of the Financial Instruments and Exchange Act).

As announced in the Press Release dated December 20, 2016, each of the Tender Offeror and PanaHome resolved at meetings of their respective boards of directors held on December 20, 2016 to conduct the Share Exchange in order to make the Tender Offeror the wholly owing parent company after the share exchange and PanaHome a wholly owned subsidiary after the share exchange, and both companies have executed the Share Exchange Agreement. Since the Tender Offeror and PanaHome decided, however, to change the scheme of the Transaction to Make PanaHome a Wholly Owned Subsidiary and implement the Tender Offer by the Tender Offeror as a part of such transaction, the Tender Offeror and PanaHome resolved at meetings of their respective boards of directors held today to terminate, by mutual agreement, the Share Exchange Agreement, and, on the same day, both companies terminated the Share Exchange Agreement by mutual agreement. For details of the background to and reasons for the change in scheme mentioned above, please refer to the section titled “(iii) Background to the implementation of the Tender Offer by the Tender Offeror after the execution of the Share Exchange Agreement,” in “B. Background to, Purpose of and Decision Making Process of the Tender Offer by the Tender Offeror” below.

According to the Tender Offeror, since the Tender Offeror has not set a limit on the maximum or minimum number of shares to be purchased through the Tender Offer, the Tender Offeror will acquire all of the share certificates, etc. tendered in response to the Tender Offer.

In addition, if the Tender Offeror fails to acquire all of PanaHome’s Shares (excluding PanaHome’s Shares held by the Tender Offeror and the treasury shares held by PanaHome) through the Tender Offer, the Tender Offeror intends to require that PanaHome perform each procedure set forth in the section titled “(5) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Relating to So-called ‘Two-tier Acquisitions’)” below (the “**Procedures for Making PanaHome a Wholly Owned Subsidiary**”) in order to make PanaHome its wholly owned subsidiary.

## **B. Background to, Purpose of and Decision Making Process of the Tender Offer by the Tender Offeror**

### **(i) Background to and reasons for the Tender Offer**

The Tender Offeror was founded in 1918 as Matsushita Electric Housewares Manufacturing Works (*Matsushita Denikigu Seisakusho*) and started to manufacture wiring devices. In December 1935, it was reorganized as Matsushita Electric Industrial Co., Ltd. (the Tender Offeror had used the trade name Matsushita Electric Industrial Co., Ltd. until it changed its trade name to the current name, Panasonic Corporation, in October 2008). In May 1949, the Tender Offeror listed its stock on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange Co., Ltd. (the “**Osaka**

**Securities Exchange**”; in July 2013, the cash markets of the Tokyo Stock Exchange and the Osaka Securities Exchange were integrated, and as a result thereof, the shares of the Tender Offeror have been allocated to the First Section of the Tokyo Stock Exchange), and in September 1951, the Tender Offeror’ listed on the First Section of the Nagoya Stock Exchange, Inc. Thereafter, the Tender Offeror made Matsushita Electric Works, Ltd. (“**Panasonic Electric Works**”) its subsidiary in April 2004, and made SANYO Electric Co., Ltd. its subsidiary in December 2009, and, in order to further strengthen the competitive power of the Panasonic Group, the Tender Offeror made each company a wholly owned subsidiary in April 2011. In addition, in January 2012, the Tender Offeror absorbed Panasonic Electric Works by way of an absorption-type merger and restructured its organization based on the business model and transformed its corporate structure to consist of 9 domains and 1 marketing section. Further, in April 2013, in order to recover the competitive power of individual businesses, the Tender Offeror gradually dissolved the 9 domains and reorganized the 88 business units which had been placed under the 9 domains into 49 business divisions (36 business divisions as of the end of March, 2017), and established a structure consisting of four Divisional Companies (Note 1), consisting of “Appliances Company,” “Eco Solutions Company,” “AVC Networks Company” (as from April 1, 2017, “Connected Solutions Company,” after having revised a part of the structure of the AVC Networks Company) and “Automotive & Industrial Systems Company”, which is the basis of the current structure. As of today, the Panasonic Group, with the Tender Offeror at the top, continues to expand development, manufacturing, sales and servicing activities as a general electronics manufacturer. The Panasonic Group consists of the Tender Offeror, 495 consolidated subsidiaries and 91 associated companies as of the end of March, 2017.

(Note 1) The outline of the four Divisional Companies of the Tender Offeror is as set forth below.

Appliances Company	Development, manufacturing and sale of consumer electronics (such as TVs, refrigerators, washing machines, personal-care products, micro wave ovens, video equipment, home audio equipment, vacuum cleaners and rice cookers), air-conditioners and related products (such as room air-conditioners and large-sized air-conditioners), cold chain equipment (such as showcases) and other devices (such as compressors and fuel cells)
Eco Solutions Company	Development, manufacturing and sale of lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, exterior materials, ventilation and air-conditioning equipment, air purifiers, nursing-care-related products and bicycle-related products
Connected Solutions Company	Development, manufacturing, sale and providing services of products such as aircraft in-flight entertainment systems, PCs and tablets, projectors, surveillance cameras, electronic-component-mounting machines and welding equipment
Automotive & Industrial Systems Company	Development, manufacturing and sales in connection with the Automotive products (such as automotive infotainment-related equipment and electrical components), the Energy products (such as dry batteries lithium-ion batteries and automotive batteries,) and the Industrial

	products (such as electronic components, automation controls, electronic materials, semiconductors and LCD panels)
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Since its establishment, the Tender Offeror has been developing business globally as a general electronics manufacturer under its basic management philosophy, which states that “the mission of an enterprise is to contribute to the progress and development of society and the well-being of people worldwide through its business activities.” In recent years, the Tender Offeror has been operating its businesses in the automobile (Note 2), housing and B2B (Note 3) business fields, in addition to the consumer electronics field, under its brand slogan, “A Better Life, A Better World” to expand its business fields to serve customers and society.

(Note 2) The products of the automotive business include general equipment and systems to be installed in cars. In the Panasonic Group, the automotive business is mainly operated by the Automotive & Industrial Systems Company. By seamlessly integrating the image processing, downsizing, optics, heat radiation, sensing, and other technologies used in the Group’s digital consumer electronic products with the infotainment-related technologies that have been developed over many years and are typically used in its car AVC equipment as well as its battery technologies, the Automotive & Industrial Systems Company is targeting further business growth.

(Note 3) At the Panasonic Group, the B2B business is the Tender Offeror’s solutions business mainly to service industry customers. In the B2B business, the Panasonic Group has focused on key fields including “retail/logistics,” “entertainment,” “public,” and “avionics” and, by becoming a service industry expert in these fields, the Tender Offeror has been providing value-oriented solutions that integrate core products and services with end users.

PanaHome was established in 1963 as National House industrial Co., Ltd. (*National Juutaku Kenzai Kabushiki Kaisha*) through the joint investment of Matsushita Electric Industrial Co., Ltd. (currently, the Tender Offeror), Matsushita Electric Works, Ltd. (subsequently, Panasonic Electric Works), and other parties (investment ratio of 50.00% by Matsushita Electric Industrial Co., Ltd. and 49.87% by Matsushita Electric Works, Ltd.) with founder Konosuke Matsushita’s strong sense of mission that “creating optimal houses to provide the most important foundation for human lives”. Thereafter, in October 1971, PanaHome listed its stock on the Second Section of the Tokyo Stock Exchange and the Second Section of the Osaka Securities Exchange, and in August 1972, its stock was allocated to the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange. In addition, in August 1982, PanaHome changed its trade name to National House Industrial Co., Ltd. (*National Juutaku Sangyou Kabushiki Kaisha*, no change was made to the English translation of the trade name); and in October 2002, it merged with 28 major consolidated subsidiaries that handled marketing, logistics, construction and services and also changed its trade name to PanaHome Corporation, the same name as its product brand. As Panasonic Electric Works became a subsidiary of the Tender Offeror in April 2004, PanaHome became a consolidated subsidiary of the Tender Offeror. In January 2012, as a result of an absorption-type merger of Panasonic Electric Works by the Tender Offeror, the Tender Offeror succeeded to PanaHome’s Shares that had been held by Panasonic Electric Works, and the number of PanaHome’s Shares held by the Tender Offeror has been 91,036,634 shares since then.

As a core company in the Panasonic Group's housing business, by utilizing the Tender Offeror's know-how and technologies for home construction centered on the housing equipment business, in addition to the housing design and architecture technologies and the materials and construction quality management know-how that PanaHome has developed over many years, PanaHome has been aiming to become a company that is able to move people and generate creativity in life and constantly provide optimum comfort, health and joy based on its basic policy, "Customers First". In recent years, PanaHome has placed four business areas, "custom-built housing," "urban development," "residential stock," and "overseas businesses," at the heart of its business operations and has promoted its growth strategy by strengthening its partnership with each company of the Panasonic Group.

In addition, recently, as one of the engagements by Tender Offeror and PanaHome covering "Remodeling Business," "New Construction and Urban Development Business," "Age-Free (elderly-care) Business," "Home Energy Management Business" and "Overseas Business" as major areas in the housing business strategies of the Panasonic Group, the Tender Offeror subscribed the capital increase of PanaHome Reform Co., Ltd., which is a subsidiary of PanaHome, in December 2015 (the paid-in amount by the Tender Offeror was 19,200,000,000 yen, and, since the capital increase, the investment ratio of the Tender Offeror has been 49%, and the investment ratio of PanaHome has been 51%), and PanaHome Reform Co., Ltd. changed its name to Panasonic Home Renovation Co., Ltd. in April 2016. Accordingly, the Tender Offeror and PanaHome have integrated the brand in the remodeling business, the market of which is expected to grow going forward, into "Panasonic Reform" and strengthened the customer connection in the remodeling business within the Panasonic Group as a whole, and the Tender Offeror and PanaHome have thus engaged in further enforcing the capacity to propose designs and construction service system, etc. in aiming for providing more comfortable housing spaces. Including the foregoing measures, the Tender Offeror and PanaHome have shared their management strategies as group companies in order to expand their businesses.

On the other hand, the Tender Offeror and PanaHome realize that the business environment surrounding PanaHome has been changing at an accelerating pace. In the domestic housing market, a decrease of new housing starts is expected due to demographic movement, and therefore the transformation and diversification of their business model for the urban development business, remodeling business, overseas business, etc. is urgently needed in the increasingly competitive market.

## **(ii) Background to the execution of the Share Exchange Agreement**

According to the Tender Offeror, under the circumstances set forth above, the Tender Offeror has come to believe that, in order to cause the housing business, as a business of the Panasonic Group, to grow even faster than the average growth level of the other companies operating housing business in the market, it is effective to address customer needs swiftly and precisely, by sharing and utilizing management resources of both the Tender Offeror and PanaHome, thereby making it possible to further enhance the value of the Panasonic Group in the housing market. The Tender Offeror has been considering a method to make PanaHome its wholly owned subsidiary since the beginning of October 2016. As a result of the consideration, PanaHome has come to believe that it should make PanaHome its wholly owned subsidiary under a scheme where the consideration will be paid in shares, taking into consideration, among other things, that, a scheme of delivering cash to shareholders of PanaHome as consideration will not be eligible for a tax deferral upon PanaHome's entry into the consolidated taxation structure of the Tender Offeror. Thus, the Tender Offeror proposed

the Share Exchange to PanaHome in early November 2016.

Under the rapidly changing business environment as set forth above, PanaHome is facing the following major management challenges: to improve its market share in Japan; to further expand its business operations in overseas markets and to solve its shortage of human resource necessary therefor; and to further reduce its costs such as selling, general and administrative expenses. In order to resolve these challenges and enhance its competitive advantage and grow in the housing business, after having carefully considered the Tender Offeror's proposal for the Share Exchange, PanaHome has recognized that it is essential for the Tender Offeror and PanaHome to have a stronger collaborative relationship and realize the following synergies as the Panasonic Group.

As a result of the Transaction to Make PanaHome a Wholly Owned Subsidiary, specifically, the Tender Offeror and PanaHome believe that both companies will realize the following synergies. The Tender Offeror and PanaHome believe that these synergies would be realizable only if PanaHome becomes a wholly owned subsidiary of the Tender Offeror (i) through promoting business strategies that maximize the use of the management resources of both the Tender Offeror and PanaHome by fully integrating the capital and businesses of both companies, and (ii) through flexible and prompt decision-making, and innovative management of PanaHome based on a long-term perspective that will be unaffected by its short-term operating results after the Tender Offeror becomes the only shareholder of PanaHome.

- i) It will become possible to promote the effective use of the management resources held by the Tender Offeror, such as its brands, thereby making it possible to not only enhance customer awareness but also enhance the quality of services provided to customers in the major businesses, such as the Remodeling Business, the New Construction and Urban Development Business, the Age-Free (elderly-care) Business, the Home Energy Management Business and the Overseas Business. In particular, it will become possible to create housing space having Panasonic brand characteristics through the integration of consumer electronics equipment and housing technologies and strengthen IoT technical developments in smart houses (Note), based on integrated Panasonic brand strategies. In addition, the Tender Offeror believes that, by integrating the overseas network and global personnel held by the Tender Offeror with PanaHome's design and architecture know-how, the development of overseas businesses mainly in the ASEAN region will accelerate.
  - ii) It will become possible to effectively utilize the Tender Offeror's creditworthiness, thereby making it possible to enhance the potential for the implementation of mergers and acquisitions as well as capital and business alliances and the potential for the implementation of large-scale investments that were difficult for PanaHome to implement alone.
  - iii) It will become easy to appropriately and promptly carry out the re-distribution of management resources across the companies of the Panasonic Group, thereby making it possible to focus on investment of resources into the major businesses of the Panasonic Group.
- (Note) Smart houses are houses that enable comfortable and energy-efficient living by enhancing housing heat insulation and airtightness, and by combining a system to "generate" and "accumulate" electricity (such as solar power generation, household fuel cells, batteries, etc.) and a home energy management system (HEMS), that enables the efficient control and use of energy.



Furthermore, PanaHome will also be able to accelerate the collaborative projects between the two companies in order to implement cost reductions in indirect business units and efficiently operate indirect business units through the integration of the management resources, reinforcing the recruitment activities of the Panasonic Group companies for new graduates and the specialized human resource of the Panasonic Group, and increasing the introduction of large-scale projects utilizing the Tender Offeror's domestic and overseas sales channels. Accordingly, the Tender Offeror and PanaHome believe that both companies can maximize the group's synergies at an early stage.

With this understanding, from the beginning of November 2016, the Tender Offeror and PanaHome held consultations many times during which both companies shared their knowledge about difference in the positions of PanaHome (as a housing builder) and the Tender Offeror (which also has a role as a supplier of the housing equipment such as building materials, air conditioner and lighting fixtures) in the housing business, and challenges to strengthen their competitive power in light of such difference, and repeatedly discussed the form that both companies should adopt in the future. PanaHome independently considered advantages and risks and effects on stakeholders caused by delisting. As a result, PanaHome and the Tender Offeror came to mutually agree that it would be highly beneficial for them to make PanaHome a wholly owned subsidiary of the Tender Offeror, so that the Tender Offeror would be able to strengthen its housing businesses, a key business field, thereby contributing to an increase in the corporate value not only of PanaHome but also of the entire Panasonic Group. Thus, both companies resolved at meetings of their respective boards of directors held on December 20, 2016 to conduct the Share Exchange, and executed the Share Exchange Agreement. For details of the Share Exchange, please refer to the Press Release dated December 20, 2016.

### **(iii) Background to the implementation of the Tender Offer by the Tender Offeror after the execution of the Share Exchange Agreement**

As set forth in "(ii) Background to the execution of the Share Exchange Agreement" above, according to the Tender Offeror, the Tender Offeror was, before having proposed the Share Exchange to PanaHome, considering a scheme, as one of the options, to deliver cash to PanaHome's shareholders as consideration. At that point, however, the scheme of delivering cash as consideration was not favorable to the Tender Offeror in terms of taxation, because, such scheme would not be eligible for a tax deferral (Note) upon PanaHome's entry into the Tender Offeror's consolidated taxation structure.

(Note) Prior to the relevant amendment by the 2017 Tax Reform (i.e., the tax reform pursuant to the Act on Partial Revision, etc. of the Income Tax Act, etc. promulgated on March 31, 2017; hereinafter the same will apply), when PanaHome becomes a wholly owned subsidiary of the Tender Offeror and enters into the Tender Offeror's consolidated taxation structure through the scheme where cash is delivered to PanaHome's shareholders as consideration, some assets (certain fixed assets, lands, securities, monetary claims and deferred assets) are required to be revalued to fair market value at the time of PanaHome's entry into the Tender Offeror's consolidated taxation structure. Resultantly, taxable gain would be recognized. In contrast, after the relevant amendment by the 2017 Tax Reform, when making PanaHome a wholly owned subsidiary of the Tender Offeror on and

after October 1, 2017 through the scheme where cash is delivered to PanaHome's shareholders as consideration, such revaluation of these assets to fair market value at the time of PanaHome's entry into the Tender Offeror's consolidated taxation structure will not be required, and thus, taxable gain would not be recognized at that time to the extent certain requirements are met. The language "tax deferral" used herein describes the effect that the timing of recognition of unrealized taxable gain on the assets is to be later than the timing when PanaHome becomes a wholly owned subsidiary of the Tender Offeror, as explained above.

However, the 2017 Tax Reform, including an amendment to the Corporate Tax Act to the effect that a scheme under which a party makes another party its wholly owned subsidiary by delivering cash to such other party's shareholders as consideration will be eligible for a tax deferral upon the other party's entry into its consolidated taxation structure, was approved in a Cabinet meeting on December 22, 2016 after the announcement of the Press Release dated December 20, 2016. Therefore, even after the execution of the Share Exchange Agreement, the Tender Offeror continued to consider the positioning of the Share Exchange within the Panasonic Group's capital strategies and financial strategies, while assessing the status and movements of deliberations with respect to the tax reform. Thereafter, the certainty of the scheme delivering cash as consideration being eligible for the tax deferral was increased to a satisfactory level based on relevant circumstances including the fact that a bill for the Act on Partial Revision, etc. of the Income Tax Act was submitted to the Diet on February 3, 2017. In consideration of the circumstances above, the Tender Offeror has come to believe that, if the scheme of delivering cash as consideration will be eligible for the tax deferral, the scheme under the Transaction will be more favorable than the scheme under the Share Exchange for the following reasons: (i) in terms of the financial strategies of the Panasonic Group, by adopting the scheme under the Transaction, the Tender Offeror will be able to receive financial benefits such as the reduction of cost of equity capital and enhancement of return on equity by maintaining the capital composition of the Tender Offeror and (ii) the scheme under the Transaction will contribute to the benefit of shareholders of the Tender Offeror by anticipating an increase of net income per share of Tender Offeror's common shares ("**Tender Offeror's Shares**") by preventing a dilution of their shares. In early March 2017, the Tender Offeror proposed to PanaHome a change in scheme from the Share Exchange to the Transaction.

In addition, according to the Tender Offeror, when the Tender Offeror proposed a change in the scheme of the Transaction to Make PanaHome a Wholly Owned Subsidiary to PanaHome, it re-examined the amount of consideration it could pay in terms of PanaHome's acceptability of the change in scheme from the Share Exchange to the Transaction, while ensuring the reasonable ground for the Tender Offeror's business judgement taking into account the financial benefit that will be received by the Panasonic Group and the benefits of the shareholders of the Tender Offeror, in the case of delivering cash as consideration under the new scheme. Upon such re-examination, the Tender Offeror has also taken into account the prediction that by implementing the Tender Offer with the tender offer price, on which a certain premium is added to the valuation of PanaHome's Shares, by giving maximum consideration to the interest of shareholders of PanaHome other than the Tender Offeror, it will be able to gain the understanding and support of PanaHome's shareholders and further ensure the completion of the Transaction to Make PanaHome a Wholly Owned Subsidiary.

After the foregoing, from the middle of March 2017 until the end of that month, the Tender Offeror conducted due diligence on PanaHome after obtaining PanaHome's approval and,

from March 27, 2017 until April 10, 2017, the Tender Offeror has continued to hold consultations and negotiations with PanaHome with respect to the terms and conditions of the Tender Offer, including the Tender Offer Price. In addition, the Tender Offeror has confirmed that, with the promulgation of the Act on Partial Revision, etc. of the Income Tax Act, etc. on March 31, 2017 in relation to the 2017 Tax Reform, the scheme of delivering cash as consideration would be eligible for the tax deferral, on the basis of consummating the Procedures for Making PanaHome a Wholly Owned Subsidiary on or after October 1, 2017.

Through the above consultations and negotiations, the Tender Offeror has agreed, with PanaHome, on the termination of the Share Exchange Agreement by mutual agreement and on the terms and conditions of the Tender Offer, including the Tender Offer Price. As a result thereof, the Tender Offeror resolved, at the meeting of its board of directors held today, to implement the Tender Offer as a part of the Transaction, with the Commencement Date of Tender Offer being April 28, 2017 subject to the Conditions of Tender Offer being satisfied, and the Tender Offeror and PanaHome terminated the Share Exchange Agreement by mutual agreement as of today after each obtaining approval at meetings of their respective boards of directors also held today.

### **C. Decision-Making Process and Reasons for PanaHome's Support for the Tender Offer**

As stated in "B. Background to, Purpose of and Decision Making Process of the Tender Offer by the Tender Offeror" above, the Tender Offeror offered PanaHome an initial proposal to change the scheme for the Transaction to Make PanaHome a Wholly Owned Subsidiary from the Share Exchange to the Tender Offer and explained to us the reasons for changing the scheme in early March 2017. In response to the proposal, we appointed SMBC Nikko Securities Inc. ("**SMBC Nikko**") as a financial advisor independent from the Tender Offeror and PanaHome, and appointed Mori Hamada & Matsumoto as a legal advisor independent from the Tender Offeror and PanaHome, in order to review the details of proposal for the Transaction, including whether to accept or reject the change of scheme, as we previously did in reviewing the Share Exchange. We further requested Plutus Consulting Co., Ltd. ("**Plutus**"), a third-party valuation institution independent from the Tender Offeror and PanaHome, to calculate the value of PanaHome's Shares and submit a fairness opinion to the effect that the Tender Offer Price is fair to the minority shareholders of PanaHome from a financial point of view. For the purpose of reviewing the Transaction, PanaHome once again established a Special Committee which we had established to avoid conflicts of interest with the Tender Offeror and ensure the fairness of the Transaction to Make PanaHome a Wholly Owned Subsidiary through the Share Exchange to the shareholders of PanaHome other than the controlling shareholder. For the details of establishment of the Special Committee, please refer to the section titled "C. Obtaining the Response to Referral from an Independent Special Committee" in "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

Since receiving the Tender Offeror's initial proposal regarding the terms and conditions of the Transaction (including the Tender Offer Price) in late March 2017, we have received an interim report on the calculation of value of PanaHome's Shares and financial advice from SMBC Nikko and an interim report on the calculation of value of PanaHome's Shares from Plutus, received recommendations from the Special Committee at important stages of negotiation, and discussed and negotiated with the Tender Offeror on 6 occasions between March 27, 2017 and April 10, 2017. Consequently, as explained below, the Tender Offeror

proposed the Tender Offer Price which we believe would provide our shareholders other than the Tender Offeror a reasonable opportunity to sell shares, and PanaHome agreed with the Tender Offeror for the commencement of the Tender Offer by the Tender Offeror today at the Tender Offer Price of 1,200 yen.

During the process of discussion and negotiation with the Tender Offeror, the Board of Directors of PanaHome discussed and reviewed the terms and conditions of the Transaction, based on (a) SMBC Nikko's valuation report on the value of PanaHome's Shares obtained today, (b) Plutus' valuation report and fairness opinion on the value of PanaHome's Shares obtained today, and (c) legal advice from Mori Hamada & Matsumoto, as well as paying regard to the contents of the Special Committee's response to referral (the "**Response to Referral**") received today to the extent possible (please refer to the section titled "C. Obtaining the Response to Referral from an Independent Special Committee" in "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below for details).

As stated in "(ii) Background to the execution of the Share Exchange Agreement" in "B. Background to, Purpose of and Decision Making Process of the Tender Offer by the Tender Offeror" above, in order for PanaHome to deal with medium to long term management challenges in terms of brand strategies, large-scale investment, and reallocating management resources, it is desirable to increase our corporate value in the medium to long term, rather than focusing on the risk of short-term negative effects on profitability. As a listed subsidiary, it has been difficult for PanaHome to take adequately bold or quick measures, but the implementation of the Transaction will enable PanaHome to do so. In order for PanaHome to deal with medium to long term management challenges forcefully, we believe that we will need to utilize the resources of Tender Offeror more than ever, but if PanaHome remains independent as a listed company, the interests of PanaHome and that of the Tender Offeror will not necessarily align. In particular, the Tender Offeror and PanaHome have had a supplier-customer relationship with respect to housing materials due to the characteristics of each business, and the conflicts of interest between the two companies are quite apparent in this respect. By becoming a wholly owned subsidiary of the Tender Offeror through the Transaction, interests of both companies will be aligned and PanaHome will have more access to the Tender Offeror's resources, as stated in "(ii) Background to the execution of the Share Exchange Agreement" in "B. Background to, Purpose of and Decision Making Process of the Tender Offer by the Tender Offeror" above. Therefore, as we determined in reviewing the Share Exchange, we will be able increase our corporate value by becoming a wholly owned subsidiary of the Tender Offeror through the Transaction.

We determined that the Transaction provides to our shareholders a reasonable opportunity to sell shares, with respect to the Tender Offer Price, considering that (i) as stated in "C. Decision-Making Process and Reasons for PanaHome's Support for the Tender Offer" above, we agreed to the Tender Offer Price after we took measures to ensure the fairness of the Tender Offer, received advices from SMBC Nikko, received reports from Plutus, received recommendations from the Special Committee, and discussed and negotiated sincerely with the Tender Offeror, (ii) the Tender Offer Price is evaluated as (a) in determining the Tender Offer Price, the Tender Offer Price was agreed after PanaHome's secretariat, consisting of persons who have no interest in the Tender Offeror, actually negotiated in good faith multiple times on the basis of non-arbitrary valuations by the independent experts and with the advice of the financial advisor and the recommendations of the Special Committee, and (b) the Tender Offer Price is within the range of valuations by SMBC Nikko, higher than the range of valuations set out in the valuation report obtained from Plutus and is in line with the average premium offered in similar cases, demonstrating concern for minority shareholders' expected acquisition price, the theoretical stock price of PanaHome's Shares in the Share Exchange,

and the contents of Oasis Proposal (defined below) in the Response to Referral by the Special Committee independent from PanaHome, (iii) the Tender Offer Price falls within the range of calculation results derived from the comparable companies analysis and within the range of calculation results derived by the discounted cash flow analysis (the “**DCF Analysis**”) that are the result of calculation by SMBC Nikko as described in “(3) Matters Relating to Calculation” below, (iv) the Tender Offer Price is higher than the range of all calculation results derived from the market price analysis, comparable companies analysis and DCF Analysis that are the result of calculation by Plutus as stated in “(3) Matters Relating to Calculation” below, and we received a fairness opinion from Plutus to the effect that the Tender Offer Price is fair from a financial point of view to the minority shareholders of PanaHome, (v) the Tender Offer Price includes a sizeable premium in contrast to previous tender offer cases of shares, etc. of listed companies by companies other than the issuer as provided by SMBC Nikko, given that a premium of 40.35% (rounded to two decimal places; hereinafter the same will apply to the size (%) of premiums on the value of shares) on 855 yen, which is the closing price of PanaHome’s Shares quoted on the Tokyo Stock Exchange on December 19, 2016 (the business day immediately preceding the announcement date for the Share Exchange which was a day before the value of PanaHome’s Shares has been affected by the share exchange ratio for the Share Exchange (0.8 shares of Tender Offeror will be allotted in exchange for each share of PanaHome; the “**Share Exchange Ratio**”), a premium of 47.24% on 815 yen (rounded to the nearest whole yen; hereinafter the same will apply to simple average closing prices), which is the simple average closing price for the last one month period from December 19, 2016, a premium of 51.32% on 793 yen for the last three month period, and a premium of 50.00% on 800 yen for the last six month period are included in the Tender Offer Price, (vi) PanaHome has taken measures to ensure fairness of the Tender Offer as set out in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” and has taken into consideration the interest of minority shareholders, and (vii) the Tender Offer Price is higher than any of the theoretical stock prices of PanaHome’s Shares as calculated using the Share Exchange Ratio based on the closing price of the Tender Offeror shares at Tokyo Stock Exchange on each business day between December 21, 2016 (the business day immediately after the announcement of the Share Exchange) and April 20, 2017 (the business day immediately preceding the announcement of the Tender Offer), and we believe that changing the scheme from the Share Exchange to the Transaction will not cause any particular disadvantages to our shareholders other than the Tender Offeror, but rather, we believe it will make it possible to provide an opportunity for our shareholders other than the Tender Offeror to enjoy a higher premium than under the Share Exchange. By changing the scheme from the Share Exchange to the Transaction, the timing as to when PanaHome will become a wholly owned subsidiary of the Tender Offeror will be slightly later than we initially expected through the Share Exchange. However, comprehensively considering various circumstances including the conditions for the Transaction etc., the implementation of the Transaction instead of the Share Exchange will not cause any particular disadvantages to our shareholders other than the Tender Offeror, but rather, we believe it will contribute to the interest of our shareholders.

PanaHome received a letter dated February 22, 2017 from one of our shareholders, Oasis Management Company Ltd (“**Oasis**”) (according to the change report pertaining to report of possession of large volume that Oasis submitted on April 3, 2017, Oasis owns 15,085,000 shares (a shareholding ratio of 8.98%) of PanaHome’s Shares as of March 28, 2017), which operates Oasis Investment II Master Fund Ltd., in which Oasis stated that it is willing to make a tender offer with cash consideration of 1,050 yen per share for PanaHome’s Shares subject to due diligence, and if agreed by PanaHome, Oasis is willing to implement the

tender offer (the “**Oasis Proposal**”). Since the conditions of Oasis Proposal (including scope of the purchase and whether a maximum or minimum number of shares to be purchase will be set) and the policy after the acquisition remained unclear, we sent a letter to Oasis on April 3, 2017 to confirm the details of Oasis Proposal, and we received the response from Oasis on April 20, 2017. PanaHome reviewed the Oasis Proposal, while reviewing the proposal for the Transaction by the Tender Offeror. The Board of Directors at PanaHome requested the Special Committee to evaluate whether PanaHome should accept the Oasis Proposal. The Special Committee provided us with its opinion that (i) the feasibility of Oasis Proposal is doubtful in the first place; (ii) even if we assume that a certain increase in corporate value of PanaHome may be expected, the profitability of the main business may decrease, and corporate value may decline from the current level because if PanaHome accepted the Oasis Proposal and existing the capital relationship and collaboration between the Tender Offeror and PanaHome were changed, it would have a negative impact on the structure of business relying on the Panasonic brand; (iii) the Special Committee does not see any reason that the Oasis Proposal would in any way increase corporate value more than the Transaction to Make PanaHome a Wholly Owned Subsidiary would, and (iv) the Tender Offer Price is well above the price offered by the Oasis Proposal, and therefore the Oasis Proposal does not affect the contents of the Response to Referral by the Special Committee regarding the implementation of the Transaction with the Tender Offeror. Therefore, as stated above, we determined that we will not accept to the Oasis Proposal because we believe that the implementation of the Transaction with the Tender Offeror will increase our corporate value and contribute to the interest of our shareholders.

For these reasons, PanaHome has resolved at its Board of Directors meeting held today to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of PanaHome accept the Tender Offer.

For the details of resolution of Board of Directors meeting above, please refer to the section titled “E. Unanimous Approval of Directors and the No Objection Opinion of All Company Auditors (Excluding Directors and Company Auditors with Conflicts of Interest)” in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” below.

#### **D. Management Policy After the Tender Offer**

According to the Tender Offeror, if the Tender Offer and the Transaction to Make PanaHome a Wholly Owned Subsidiary are completed, the Tender Offeror, with PanaHome and other companies of the Panasonic Group, intends to continue a management policy aimed at further increasing PanaHome’s corporate value, and, after making PanaHome its wholly owned subsidiary, the Tender Offeror will seek to enhance PanaHome’s business, giving consideration to the necessity to manage PanaHome by fully utilizing PanaHome’s relationship with its business partners and general customers and its platform of business operations and systems.

Although the management structure following the Transaction has yet to be determined as of today, through the discussion committee consisting of officers and employees of both companies, the Tender Offeror plans to hold further discussions with respect to specific cooperation in order to formulate a specific action plan for efforts toward growth acceleration and realization of synergy, and to discuss the most appropriate system to fulfill the synergies described in the section titled “(ii) Background to the execution of the Share Exchange Agreement” of “a. Background to, purpose of and decision making process of the Tender Offer” above. As of today, of the nine directors and three audit & supervisory board members of PanaHome, four directors concurrently hold positions as officers and employees

of the Tender Offeror.

Since the Tender Offeror is aiming to make PanaHome wholly owned subsidiary of the Tender Offeror, if the Tender Offeror is unable to acquire all of PanaHome's Shares (excluding PanaHome's Shares held by the Tender Offeror and the treasury shares held by PanaHome) through the Tender Offer, in principle, it plans to implement Procedures for Making PanaHome a Wholly Owned Subsidiary as described in the section titled "(3) Policy for Organizational Restructuring, etc., After the Tender Offer (Matters Relating to So-called 'Two-tier Acquisitions')" below. However, if implementation of the Procedures for Making PanaHome a Wholly Owned Subsidiary is rejected at the shareholders' meeting of PanaHome, PanaHome will not become a wholly owned subsidiary of the Tender Offeror. In that case, there is a possibility that the synergies described above to be realized will become limited, however, even under such circumstance, the Tender Offeror is planning to cooperate with PanaHome and maximize the synergies as much as possible.

### **(3) Matters Relating to Calculation**

To ensure the fairness of decision-making process for the Tender Offer Price presented by the Tender Offeror, PanaHome requested SMBC Nikko and Plutus both of whom are a third party valuation institution independent from PanaHome and the Tender Offeror to calculate value of PanaHome shares, and requested Plutus to submit a fairness opinion with respect to the fairness of the Tender Offer Price.

SMBC Nikko has adopted an approach of comparable companies analysis as there are several comparable listed companies for which comparison to PanaHome is possible, and analogical inference of share value is possible through this approach. Simultaneously, SMBC Nikko performed a DCF analysis in order to reflect in the calculation the situation of future business activities. Today, PanaHome received a valuation report from SMBC Nikko. On the other hand, PanaHome has not obtained an opinion to the effect that the tender offer price is fair from a financial viewpoint (fairness opinion) from SMBC Nikko. SMBC Nikko is not a related party of PanaHome or the Tender Offeror and does not have any material interest which should be described regarding the Transaction including the Tender Offer.

SMBC Nikko did not adopt the market price analysis, deeming it difficult to conduct an unbiased assessment via the market price analysis regarding the stock value of PanaHome whose stock price has been running mostly parallel to that of Panasonic following the Press Release dated December 20, 2016. On the other hand, SMBC Nikko provided to PanaHome the market price information (1,003 yen - 1,014 yen) as reference. In calculating the market price information, SMBC Nikko set April 20, 2017, the business day before the announcement date of the Tender Offer, as the reference date and used the simple average of the closing prices of PanaHome on the First Section of the Tokyo Stock Exchange over certain periods ending on the reference date.

The following represent the approaches that SMBC Nikko opted to adopt and the ranges of value per PanaHome's common share based upon the approaches (Note 1).

Comparable Companies Analysis	475yen - 1,452yen
DCF Analysis	800yen - 1,256yen

In performing the comparable companies analysis, SMBC Nikko selected, Sumitomo Forestry Co., Ltd., Mitsui Home Co., Ltd., Open House Co., Ltd. and Tama Home Co., Ltd. as comparable publicly listed companies which had similar characteristics with PanaHome (Note 2), and applied EV/EBITDA multiple, EV/EBIT multiple, P/E Ratio and P/B Ratio as

multiple ratios.

In performing the DCF Analysis, SMBC Nikko evaluated the enterprise value by discounting to the present value at certain rates, the future cash flows estimated based upon the financial forecasts by PanaHome for the period from the fiscal year ended March 31, 2018 (FY2017) through the fiscal year ending March 31, 2020 (FY2019) (Note 3). SMBC Nikko calculated terminal value by perpetual growth rate method and exit multiples method. For the perpetual growth rate method, SMBC Nikko applied perpetual growth rate of 0.0%, and for the exit multiples method, SMBC Nikko applied EBITDA multiples of 4.7 - 5.8x. As for the discount rate, SMBC Nikko applied the rate of 6.94 - 8.49% (Note 4).

According to SMBC Nikko, the cash and deposits (sum of “cash and deposits” and “deposit paid in parent company;” hereinafter the same will apply) were reflected appropriately in the calculation of share value, while the method differed depending on the approach of valuation. In performing the comparable companies analysis, the calculation of EV/EBIT and EV/EBITDA multiples fully reflected the balance of cash and deposits of PanaHome. In the Comparable Company Analysis, balance sheet figures were directly used for the purpose of comparing with peers. As such, share value in this case was calculated based upon the actual figures for cash and deposits stated on PanaHome’s balance sheet in order to ensure the consistency of criteria. On the other hand, it is understood that the analysis of PER and PBR does not reflect specific figures of cash and deposits directly, as PER is a multiple based upon a company’s profitability, and PBR is a ratio of stock price to net assets that a company has accumulated as a going concern. (In the case of PBR, cash and deposits of a company are valued as part of its assets and reflected indirectly in the value of net assets, although there is no formula that includes cash and deposits explicitly in the process of calculation.) In performing the DCF analysis, in the process, cash and deposits were categorized to into two separate items i.e. the working capital needed for the business operation, and the funds available for other purposes. The latter was added to the enterprise value as surplus funds in the process of calculating share value. At the same time, the funds set aside for the purpose of land acquisition etc. in the business of selling real-estate lots were dealt with as an outflow of cash in the period of business plan.

The following table shows the financial forecasts made by PanaHome, which SMBC Nikko used as a basis for performing the DCF analysis. These financial forecasts do not contain a significant increase or decrease in earnings in any fiscal year. In addition, these financial forecasts are not based on the assumption of implementation of the Transaction.

(Millions of yen)

	FY2017	FY2018	FY2019
Net Sales	370,000	390,000	404,000
Operating Income	13,000	16,500	20,000
EBITDA	18,000	21,500	25,000
Free Cash Flow	Δ17,740	4,123	13,719

Please refer to the Press Release dated December 20, 2016, for the basis for calculation of the share exchange ratio conducted by SMBC and the process for determining the Share Exchange Ratio.

On the other hand, Plutus has adopted the market price analysis for PanaHome since its common shares are listed on a financial instruments exchange and a market price is available. In addition, as there are several comparable listed companies that operate business similar with PanaHome and analogical inference of share value through the comparable company analysis is possible, Plutus has adopted the comparable companies analysis for calculation.



Furthermore, in order to take into account the state of future business operations in the assessment, Plutus has adopted the DCF analysis as well. Today, PanaHome received a valuation report from Plutus. In addition, PanaHome obtained a fairness opinion to the effect that the tender offer price is fair from a financial point of view to the minority shareholders of PanaHome from Plutus. Plutus is a valuation institution independent from PanaHome and the Tender Offeror, is not a related party of PanaHome or the Tender Offeror, and does not now have and has never had any business relationship or any other interest in PanaHome or the Tender Offeror, excluding services with respect to the Share Exchange and the Transaction

The methods used by Plutus in calculating the value of PanaHome's common shares and the ranges of per share value calculated by those methods are as follows (Note 5):

Market Price Analysis (reference)	794yen - 1,014yen
Comparable Companies Analysis	574yen - 1,024yen
DCF Analysis	827yen - 996yen

In performing the market price analysis, Plutus set December 20, 2016, the announcement date of the Share Exchange, and April 20, 2017, the business day before the announcement date of the Tender Offer, as the reference dates, and used the simple average closing prices of PanaHome on the First Section of the Tokyo Stock Exchange over certain periods ending on the respective reference date.

In order to carry out the market price analysis separately for the period before the announcement date of the Share Exchange and the period after the next business day, Plutus set the reference dates on December 20, 2016 and April 20, 2017. In the case that December 20, 2016 is set as the reference date, it is an analysis at the time four months dated back from the scheduled announcement date of the Tender Offer, and in the case that April 20, 2017 is set as the reference date, there is a possibility that the market price of PanaHome was affected by the Share Exchange Ratio. Judging that the objectivity of the market price is limited, the calculation result based on the market price analysis is regarded as reference information.

In performing the comparable companies analysis, Plutus selected MISAWA HOMES CO., LTD. (Note 6), Mitsui Home Co., Ltd., Open House Co., Ltd. and Tama Home Co., Ltd as comparable publicly listed companies which had similar characteristics with PanaHome, and applied PER, EV/EBIT ratio and EV/EBITDA ratio as multiples.

In performing the DCF analysis, Plutus evaluated the equity value by discounting the future cash flow based on the financial forecasts for the period from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020 prepared by PanaHome and the terminal value after the fiscal year ending March 31, 2021 to the present value at discount rate of 4.308% - 6.151%. Plutus calculated the terminal value by exit multiples method, and applied EV/EBIT multiple of 5.50x – 6.69x and EV/EBITDA multiple of 4.31x – 4.93x.

The following table shows the financial forecasts which Plutus used as a basis for performing the DCF analysis. Plutus did not assume any significant fluctuations in earnings in the financial forecast. The financial forecasts of PanaHome do not reflect the consummation of the Transaction.

(Millions of yen)

	FY2017	FY2018	FY2019
Net Sales	370,000	390,000	404,000
Operating Income	13,000	16,500	20,000
EBITDA	18,000	21,500	25,000
Free Cash Flow	Δ19,712	6,348	15,276

Regarding the Share Exchange, please refer to PanaHome's press release "PanaHome obtained a fairness opinion with regard to the Share Exchange Ratio in the Share Exchange between PanaHome and Panasonic and discloses an FAQ" announced on February 28, 2017 (the "**Press Release dated February 28, 2017**") for the circumstances of PanaHome's obtainment of Plutus's fairness opinion on the Share Exchange Ratio and its outlines.

(Note 1) According to SMBC Nikko, in calculating the stock value of PanaHome, SMBC Nikko has relied upon the assumptions that all information and materials that were furnished by PanaHome and publicly available information were accurate and complete and all facts that could materially affect the calculation of the stock value were disclosed to SMBC Nikko, and SMBC Nikko has used the materials and information as it was and has not independently verified the accuracy and completeness thereof. Similarly, SMBC Nikko has not independently evaluated, appraised or assessed assets and liabilities (including contingent liabilities) of PanaHome and their respective subsidiaries and affiliates, and has not made any analysis and valuation of individual assets and liabilities. SMBC Nikko has not independently requested any third-party institution to make such valuation, appraisal or assessment. SMBC Nikko assumed that the PanaHome's financial forecasts and other materials used as base materials for preparing the value report were prepared by the management of PanaHome based on the best estimation and judgment which could be obtained at this point and in accordance with reasonable and appropriate methods. Accordingly, the result of the calculation of the PanaHome's stock value by SMBC Nikko reflects the information and economic conditions up to today. The results of the calculation of the PanaHome's stock value by SMBC Nikko are not expressions of opinion concerning the fairness of the Tender Offer Price.

(Note 2) According to SMBC Nikko, to establish a peer group of similar public companies in the comparable companies analysis and to appropriately evaluate the stock value, SMBC Nikko put emphasis on following factors appropriate process of selecting peers, integrity and consistency of logic, objectivity of criteria. SMBC Nikko checked (1) similarity in contents of business, (2) similarity in size of business and on top of (1) and (2), (3) non-existence of stock price anomalies and other abnormal factors, in the process of screening the comparable companies.

Based upon the above mentioned criteria, four companies (Sumitomo Forestry Co., Ltd., Mitsui Home Co., Ltd., Open House Co., Ltd., and Tama Home Co., Ltd.) were selected as peers for the calculation of the stock value. For further details concerning the comparable listed company analysis, please refer to the Press Release dated February 28, 2017.

(Note 3) PanaHome has revised the financial forecasts for the period from the fiscal year ended March 2017 to the fiscal year ending March 2020 from the forecast figures used in the Press Release dated December 20, 2016. Specifically, PanaHome has revised the financial forecasts for the fiscal year ended March 2017 downward as set out in the press release "PanaHome Announces to have Revised the Financial Forecasts" disclosed today, given that (i) the orders of products such as box unit houses have been sluggish due to the persistent trend of home-buyer behavior towards the lengthening of negotiations in the expectation that mortgage rates will continue to hover near the current low level,

(ii) deliveries of some multi-story residential building have been delayed into the next fiscal year due to completion dates being concentrated near the end of fiscal year and the associated workforce shortages, and (iii) the sales of condominiums have not grown at the expected pace; in light of such revision, and taking into account the effects of PanaHome's efforts to spread out construction completion dates under concrete study and secure additional personnel, PanaHome has also revised the forecasts for the period from the fiscal year ending March 2018 to the fiscal year ending March 2020 downward. The revision also took into consideration our expectation that the gross margin rate will improve due to the reduction of work costs by PanaHome's efforts to spread out construction completion dates and the effects of ensuring sales strategies that emphasize added value. SMBC Nikko and Plutus calculated the stock value by discounting the future cash flows etc. which PanaHome is expected to generate based upon the revised financial forecasts for the period from the fiscal year ended March 2018 to the fiscal year ending March 2020 to arrive at a present value in the DCF Analysis.

(Note 4) According to SMBC Nikko, it applied the discount rate calculated based upon the median of the beta (a measure of the relationship between the price movements of individual stocks and the fluctuations of the TOPIX) values of the four peers selected for the comparable listed company analysis, deeming it difficult to conduct an unbiased assessment if they use the beta value of PanaHome whose stock price has been running mostly parallel to that of the Tender Offeror following the Press Release dated December 20, 2016.

(Note 5) In preparing and submitting the fairness opinion, etc. and conducting the calculation of the PanaHome's stock value underlying the opinion, Plutus has relied upon the assumptions that all information and materials that were furnished by PanaHome and publicly available information were accurate and complete and all facts that could materially affect the calculation of the PanaHome's stock value were disclosed to Plutus, and Plutus has used the materials and information as it was and has not independently verified the accuracy and completeness thereof, and is not obliged to verify them.

Plutus has not independently evaluated, appraised or assessed assets and liabilities (including off-balance-sheet assets, off-balance-sheet liabilities and other contingent liabilities) of PanaHome and their respective subsidiaries and affiliates, and has not made any analysis and valuation of individual assets and liabilities. Plutus has not independently requested any third-party institution to make such valuation, appraisal or assessment. Plutus has not independently assessed creditworthiness of PanaHome under applicable laws or ordinances in respect of insolvency, suspension of payment or similar matters.

Plutus assumed that the PanaHome's financial forecasts and other materials used as base materials for preparing the fairness opinion, etc. were prepared by the management of PanaHome based on the best estimation and judgment which could be obtained at this point and in accordance with reasonable and appropriate methods. Plutus has not guaranteed their feasibility, nor expressed any opinion on the analyses or forecasts subject to which they were prepared or the assumptions on which they were based.

The fairness opinion, etc. constitutes an expression of opinion as of the date of its preparation regarding whether the Transaction is fair from a financial point of view to PanaHome's minority shareholders. Such opinion is based on the premise of the financial and capital markets, economic conditions and other

environment as of the preparation date, and based on the information that Plutus has obtained on or before the preparation date. The content of the fairness opinion, etc. may be affected by subsequent changes in circumstances. In such case, Plutus will not, however, be obligated to update, revise or supplement the content of the fairness opinion, etc. In the fairness opinion, etc. Plutus does not infer or indicate any opinion other than those expressly indicated in the fairness opinion, etc. or with respect to the matters after the submission date of the fairness opinion, etc.

The fairness opinion, etc. was provided for the purpose of being used as a base material upon PanaHome in order to verify the fairness of the Tender Offer Price. Accordingly, the fairness opinion, etc. does not express any opinion on the relative benefit of PanaHome's decision or the Transaction compared to alternative strategical solutions which PanaHome can select. In addition, the fairness opinion, etc. does not express any opinion for shareholders, creditors, or any other stakeholders of PanaHome, nor recommend shareholders any actions regarding the Transaction.

(Note 6) According to Plutus, MISAWA HOMES CO., LTD is newly added as a comparable publicly listed company in performing the valuation this time. The reason is that, in performing the valuation for the Share Exchange, MISAWA HOMES CO., LTD was excluded because a tender offer was made to its shares on the valuation date, however on the reference date in performing the valuation this time, the ordinary market transactions were taking place after the tender offer for the MISAWA HOMES CO., LTD's shares.

#### **(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest**

Considering the facts that (a) PanaHome is a consolidated subsidiary of the Tender Offeror as of today and the Transaction (including the Tender Offer) constitutes, in relation to PanaHome, a material transaction, etc. with a controlling shareholder, and (b) there is a structural conflict of interest between the Tender Offeror and other shareholders of PanaHome, the Tender Offeror and PanaHome implemented measures to ensure the fairness of the Tender Offer and avoid conflicts of interest. The measures implemented by the Tender Offeror as described below are based on the explanation given by the Tender Offeror.

##### **A. Measures Implemented by the Tender Offeror to Ensure the Fairness of the Tender Offer**

According to the Tender Offeror, in order to prevent arbitrariness in the decision making process reaching the Tender Offer, the Tender Offeror requested Nomura Securities Co., Ltd. ("**Nomura Securities**") to be its financial advisor, appointed Nagashima, Ohno & Tsunematsu as its legal advisor, and obtained legal advice from that law firm. In addition, Nomura Securities and Nagashima, Ohno & Tsunematsu are independent from the Tender Offeror and PanaHome and have no material interest with each of the Tender Offeror and PanaHome.

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities, a financial advisor and third-party appraiser that is independent from the Tender Offeror and PanaHome, to calculate the value of PanaHome's Shares for determining the Tender Offer Price. Nomura Securities calculated the value of PanaHome's Shares by employing the average market price analysis, the comparable company analysis and the DCF analysis, and the Tender Offeror obtained the share valuation report from Nomura Securities

as of today (“**Share Valuation Report for Tender Offeror**”). The Tender Offeror has not obtained an opinion concerning the appropriateness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

The ranges of the valuations per share of PanaHome’s Shares analyzed based on each of the aforementioned methods are as follows:

The average market price analysis (i):	793 yen to 855 yen
The average market price analysis (ii):	933 yen to 1,014 yen
The comparable company analysis:	396 yen to 1,181 yen
The DCF analysis:	618 yen to 1,283 yen

For the average market price analysis, (i) the reference date was set for December 19, 2016, which is the business day immediately preceding the announcement date of the Share Exchange and it is considered that the share price on that date was not affected by the Transaction to Make PanaHome a Wholly Owned Subsidiary, and, pursuant to this analysis, the valuation range per PanaHome’s Shares was analyzed to fall within a range of 793 yen to 855 yen based on the closing price of PanaHome’s Share at the reference date quoted on the First Section of the Tokyo Stock Exchange (855 yen), the average closing price quoted for the past five (5) business days (849 yen) (any amount less than one (1) yen has been rounded up or down to the nearest one (1) yen; the same applies to the calculation of average closing price), the average closing price quoted for the past one (1) month (815 yen), the average closing price quoted for the past three (3) months (793 yen) and the average closing price quoted for the past six (6) months (800 yen). In addition, (ii) the reference date was set for April 20, 2017, which is the business day immediately preceding the announcement date of the Tender Offer; and pursuant to this analysis, the valuation range per share of PanaHome’s Shares was analyzed to fall within the range of 933 yen to 1,014 yen, based on the closing price of PanaHome’s Shares at the reference date quoted on the First Section of Tokyo Stock Exchange (1,013 yen); the average closing price quoted for the past five (5) business day period (1,001 yen); the average closing price quoted for the past one (1) month period (1,010 yen); the average closing price quoted for the past three (3) months (1,014 yen); and the average closing price quoted for the past six (6) months (933 yen).

For the comparable company analysis, the share value of PanaHome’s Shares has been analyzed by comparing the market price of shares and financial indicators representing profitability, etc. of listed companies engaged in business similar to that conducted by PanaHome and pursuant to this analysis, the valuation per share of Target Company’s Shares was analyzed to fall within a range of 396 yen to 1,181 yen.

For the DCF analysis, PanaHome’s enterprise value and share value have been analyzed by taking the free cash flow that PanaHome is expected to create for the fiscal year ended March 2017 and subsequent fiscal years based on the estimated future earnings of PanaHome for the fiscal year ended March 2017 and subsequent fiscal years, taking into consideration factors such as the business plan for the period from the fiscal year ended March 2017 until the fiscal year ended March 2020 of PanaHome; trends in PanaHome’s operating results to date; publicly disclosed information; and effects resulting from the Transaction, etc. and determining the present value of such free cash flow by discounting it by using a certain discount rate. Pursuant to this analysis, the valuation per share of PanaHome’s Shares was analyzed to fall within a range of 618 yen to 1,283 yen. The business plan above is not premised on the implementation of the Transaction. In addition, PanaHome’s profit plan, which was provided by PanaHome and confirmed by the Tender Offeror, that Nomura Securities used as a basis for applying the DCF method does not contain a significant increase

or decrease in earnings in any fiscal year.

In addition to the valuation results in the Share Valuation Report for Tender Offeror obtained from Nomura Securities, the Tender Offeror considered the Tender Offer Price by comprehensively taking into account such factors as: the result of due diligence conducted on PanaHome for the period from the middle to the end of March 2017, whether PanaHome's Board of Directors would support the Tender Offer; examples of the premiums added when determining tender offer prices in tender offers conducted in the past by a party other than the issuer in a similar situation to the Tender Offer (tender offers against listed subsidiaries aiming to make such listed subsidiary a wholly owned subsidiary of the tender offeror); the market price of PanaHome's Shares; and the estimated number of shares to be tendered in the Tender Offer; and in light of the results of the discussion and negotiation with PanaHome and other factors, the Tender Offeror ultimately determined on the Tender Offer Price per share of 1,200 yen today.

According to the Tender Offeror, the Tender Offer Price, 1,200 yen per share, represents (a) a premium of 40.35% on 855 yen, which is the closing price of PanaHome's Share quoted on the First Section of the Tokyo Stock Exchange on December 19, 2016, which is the business day immediately preceding the announcement date of the Share Exchange and it is considered that such price is not affected by the Transaction to Make PanaHome a Wholly Owned Subsidiary, (b) a premium of 47.24% on 815 yen, which is the simple average closing price of PanaHome's Share quoted for the past one (1) month (from November 21, 2016 to December 19, 2016), (c) a premium of 51.32% on 793 yen, which is the simple average closing price of PanaHome's Share quoted for the past three (3) months (from September 20, 2016 to December 19, 2016), and (d) a premium of 50.00% on 800 yen, which is the simple average closing price of PanaHome's Share quoted for the past six (6) month (from June 20, 2016 to December 19, 2016).

According to the Tender Offeror, the Tender Offer Price, 1,200 yen per share, represents (a) a premium of 18.46% on 1,013 yen, which is the closing price of PanaHome's Shares quoted on the Tokyo Stock Exchange on April 20, 2017, which is the business day immediately preceding the announcement date of the Tender Offer by the Tender Offeror, (b) a premium of 18.81% on 1,010 yen, which is the simple average closing price of PanaHome's Shares quoted for the past one (1) month (from March 21, 2017 to April 20, 2017), (c) a premium of 18.34% on 1,014 yen, which is the simple average closing price of PanaHome's Shares quoted for the past three (3) months (from January 23, 2017 to April 20, 2017), and (d) a premium of 28.62% on 933 yen, which is the simple average closing price of PanaHome's Shares quoted for the past six (6) months (from October 21, 2016 to April 20, 2017).

In addition, according to the Tender Offeror, in comparison with the calculation of the share value of PanaHome's Shares pertaining to the Share Exchange Ratio conducted by Nomura Securities in relation to the Share Exchange, there is no change in the material assumptions for the calculation by Nomura Securities in the Share Valuation Report for Tender Offeror, such as the selection of comparable companies. However, PanaHome's profit plan used by Nomura Securities in preparing the Share Valuation Report for Tender Offeror, which was provided by PanaHome and confirmed by the Tender Offeror, will reflect the downward adjustment stated in "PanaHome Announces to have Revised the Financial Forecasts" which was announced by PanaHome as of today after the December 20, 2016 Press Release. Further, even after the downward adjustment, PanaHome's profit plan that Nomura Securities used as a basis for applying the DCF method, which was provided by PanaHome and confirmed by the Tender Offeror, does not contain a significant increase or decrease in earnings in any fiscal year. Please refer to the Press Release dated December 20, 2016 for the basis of the calculation of the Share Exchange Ratio conducted by Nomura

Securities through the Share Exchange and the background for determining the Share Exchange Ratio by the Tender Offeror.

## **B. Obtaining the Valuation Report and Fairness Opinion From Independent Third-Party Valuation Institutions**

In announcing our opinion regarding the Tender Offer, PanaHome requested SMBC Nikko and Plutus, both of which are third-party valuation institutions independent from the Tender Offeror and PanaHome, to calculate the value of PanaHome's Shares for the purpose of ensuring the fairness of decision-making process for the Tender Offer Price presented by the Tender Offeror. We further requested Plutus to submit a fairness opinion to the effect that the Tender Offer Price is fair to the minority shareholders of PanaHome from a financial point of view. SMBC Nikko and Plutus, which are third-party valuation institutions, are not related parties of PanaHome or the Tender Offeror, and do not have any notable material interest in connection with the Tender Offer.

For an outline of the valuation report and fairness opinion, please refer to the section titled "(3) Matters Relating to Calculation" above.

## **C. Obtaining the Response to Referral From an Independent Special Committee**

On November 14, 2016, PanaHome established a special committee to avoid conflicts of interest with the Tender Offeror and prevent the Share Exchange from becoming disadvantageous to the non-controlling shareholders of PanaHome. The special committee consisted of Mr. Naoto Terakawa, an outside director and independent officer of PanaHome, Mr. Katsuhiko Arita, an outside company auditor and independent officer of PanaHome, and Mr. Takashi Goto (an attorney at STW & Partners) and Mr. Akira Sakata (a certified public accountant at AKIRA SAKATA Certified Public Accountant Office), both of whom are independent and outside experts having no interest in the Tender Offeror, the controlling shareholder of PanaHome, or PanaHome itself. Pursuant to the resolutions of the Board of Directors on March 15, 2017 and March 22, 2017, in examining the Transaction (including the Tender Offer), PanaHome referred the following matters (collectively, the "**Questions**") to the special committee (consisting of four members; Mr. Naoto Terakawa declined to be a member of the Special Committee due to scheduling difficulties, and his position was replaced by Mr. Haruo Kawamura, Representative Director of CAS Capital, Inc., who is an independent and outside expert having no interest in the Tender Offeror, the controlling shareholder of PanaHome, or PanaHome itself) (for the independence of the members of Special Committee, please see "Note: Independence of members of Special Committee" below) and requested their opinion (I) whether the PanaHome Board of Directors should vote to express an opinion in favor of the Tender Offer and to recommend that the shareholders of PanaHome accept the Tender Offer, and to implement the Transaction for Making PanaHome a Wholly Owned Subsidiary by our shareholders other than the Tender Offeror if the Tender Offer is executed, taking into account (i) whether the Transaction to Make PanaHome a Wholly Owned Subsidiary through the Tender Offer and the Procedures for Making PanaHome a Wholly Owned Subsidiary will enhance PanaHome's corporate value, (ii) whether the determination of the Transaction to Make PanaHome a Wholly Owned Subsidiary has been conducted using fair procedures, giving due consideration so as not to undermine the interest of the minority shareholders of PanaHome, and (II) whether the Board of Director's approval of implementation of the Tender Offer and the Transaction for Making PanaHome a Wholly Owned Subsidiary will disadvantage minority shareholders of PanaHome.

From March 22, 2017 to April 21, 2017, the Special Committee carefully reviewed the Questions by holding ten meetings in total, as well as by gathering information through the PanaHome secretariat and other staff and consulting with each other whenever necessary. In conducting their examination, the Special Committee asked PanaHome secretariat questions concerning PanaHome's recent performance and financial status, the process of preparing the business plan and its details, how the Transaction has been discussed, the purpose of the Transaction, the advantages and disadvantages of the Transaction, the background of changing the scheme for the Transaction from the Share Exchange, and the background of Oasis Proposal. PanaHome received from SMBC Nikko and Plutus explanations concerning the calculation of value of PanaHome's Shares together with timely reports from SMBC Nikko on the negotiations with the Tender Offeror, as well as recommending PanaHome staff on our negotiation policy at important stages of negotiation. The Special Committee also asked questions to the Tender Offeror to confirm PanaHome's position within the Panasonic group, the background of changing the scheme for the Transaction to Make PanaHome a Wholly Owned Subsidiary from the Share Exchange to the Tender Offer, the purpose of the Transaction and the Tender Offeror's intended strategy for after the Transaction, and the advantages and disadvantages of the Transaction. In addition, the Special Committee also asked Mori Hamada & Matsumoto, legal advisor to PanaHome, questions concerning the measures to avoid conflicts of interest, including measures to ensure the fairness of the procedures of the Transaction, the decision making method, and the procedures implemented by the PanaHome Board of Directors with respect to the Transaction.

As stated in "C. Decision-Making Process and Reasons for PanaHome's Support for the Tender Offer" in "(2) Grounds and Reasons of the Opinion on the Tender Offer" above, the Special Committee, at the request of PanaHome, evaluated whether PanaHome should accept the Oasis Proposal. The Special Committee, independent of the Tender Offeror and PanaHome, carefully considered the details of Oasis Proposal, and submitted its opinion below to the Board of Directors of PanaHome to the effect that the Oasis Proposal does not affect the contents of the Response to Referral by the Special Committee regarding the implementation of the Transaction with the Tender Offeror.

After taking the said procedures and in light of each investigation, discussions and negotiation, the Special Committee carefully discussed and reviewed the Questions and submitted the Response to Referral as follows to the Board of Directors of PanaHome today.

- (i) PanaHome has made no obviously irrational judgments in determining to that effect, and therefore the Transaction to Make PanaHome a Wholly Owned Subsidiary will enhance PanaHome's corporate value, considering that: (a) the necessity of the Transaction to Make PanaHome a Wholly Owned Subsidiary is acknowledged given that the majority of PanaHome's profit comes from the Japanese housing business, which is projected to decline in the medium to long term, making it PanaHome's most important challenge to maintain or increase domestic sales and profit and expand overseas business; (b) the implementation of the post-Transaction to Make PanaHome a Wholly Owned Subsidiary strategy can be viewed as contributing to PanaHome's overcoming its business challenges; (c) the expected disadvantages can be viewed as minor; and (d) we do not find any reason to believe that maintaining current capital relationship or alliance with a third party is an effective alternative to the Transaction to Make PanaHome a Wholly Owned Subsidiary.
- (ii) All decisions with respect to the Transaction to Make PanaHome a Wholly Owned



Subsidiary, including the determination of the consideration for the Transaction to Make PanaHome a Wholly Owned Subsidiary, were made using fair procedures, giving due consideration, and therefore it will not undermine the interest of the minority shareholders of PanaHome, considering that: (a) in determining the Tender Offer Price, the Tender Offer Price was agreed after PanaHome's secretariat, consisting of persons who have no interest in the Tender Offeror, actually negotiated in good faith multiple times on the basis of non-arbitrary valuations by the independent experts and with the advice of the financial advisor and the recommendations of the Special Committee; (b) the Tender Offer Price is within the range of valuations set out in the valuation report obtained from SMBC Nikko, higher than the range of valuations set out in the valuation report obtained from Plutus, and is in line with the average premium offered in similar cases, demonstrating concern for minority shareholders' expected acquisition price, theoretical stock price of PanaHome's Shares in the Share Exchange and the contents of Oasis Proposal; and (c) other fair procedures have been performed giving due consideration to the interest of shareholders, including the establishment of the Special Committee.

- (iii) In light of the above, we believe that it is reasonable for PanaHome's Board of Directors to approve to express an opinion in favor of the Tender Offer and to recommend that the shareholders of PanaHome accept the Tender Offer, and to implement the procedure for squeeze-out of PanaHome's shareholders other than the Tender Offeror if the Tender Offer is executed.
- (iv) In addition, based on the reasons (i) and (ii) above, we believe that the approval by PanaHome's Board of Directors of the implementation of the Tender Offer and the Transaction for Making PanaHome a Wholly Owned Subsidiary will not cause any disadvantages to PanaHome's shareholders.

Note: The Independence of Members of Special Committee

- Mr. Katsuhiko Arita qualifies as "Outside Company Auditor" under the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same will apply), and is also independent in light of PanaHome's "Standards for Determining the Independence of Independent Directors/Auditors (please refer to the Corporate Governance Report disclosed by PanaHome on June 24, 2016) (the "**Corporate Governance Report**")."
- Mr. Takashi Goto neither has nor has had a relationship with or any other interest in PanaHome or the Tender Offeror, and he is an independent outside expert. In the past, Mr. Goto worked for the independent law firm that currently advises PanaHome in relation to the Transaction (including the Tender Offer), but it had been almost eight years and 10 months since Mr. Goto left that firm and, considering the fact that the said law firm and the firm he currently works for have a competitive relationship, we have determined that this will not affect the independence of Mr. Goto.
- Mr. Akira Sakata neither has nor has had a relationship with or any other interest in PanaHome or the Tender Offeror, and he is an independent outside expert.
- Mr. Haruo Kawamura neither has nor has had a relationship with or any other interest in PanaHome or the Tender Offeror, and he is an independent outside expert.

#### **D. Obtaining Advice from an Independent Law Firm**

PanaHome appointed Mori Hamada & Matsumoto as its legal advisor and received legal advice concerning the decision making method and procedures to be implemented by the Board of Directors, including for the procedures of the Transaction (including the Tender Offer). Mori Hamada & Matsumoto is independent from the Tender Offeror and PanaHome, and has no material interest in the Tender Offeror and PanaHome.

#### **E. Unanimous Approval of Directors and the No Objection Opinion of All Company Auditors (Excluding Directors and Company Auditors with Conflicts of Interest)**

PanaHome carefully discussed and reviewed the Transaction (including the Tender offer) based on the Tender Offeror's explanation of the reason for changing the scheme of the Transaction to Make PanaHome a Wholly Owned Subsidiary from the Share Exchange to the Transaction, the valuation reports concerning PanaHome's Shares obtained from SMBC Nikko and Plutus, the fairness opinion obtained from Plutus, the Response to Referral submitted by the Special Committee, the legal advice obtained from Mori Hamada & Matsumoto and other related materials.

As a result, PanaHome determined that (i) in order for PanaHome to deal with medium to long term management challenges, it is necessary to become a wholly owned subsidiary of the Tender Offeror through the Transaction, and therefore the implementation of the Transaction will contribute to increasing our corporate value, (ii) with respect to the Tender Offer, changing the scheme from the Share Exchange to the Transaction will not cause any particular disadvantages to our shareholders other than the Tender Offeror, and in fact we believe it will make it possible to provide an opportunity for our shareholders other than the Tender Offeror to enjoy even greater premiums, and therefore the Transaction provides to our shareholders a reasonable opportunity to sell the shares, and has resolved at its Board of Directors meeting held today, to terminate by mutual agreement the Share Exchange Agreement as of today, and to recommend that the shareholders of PanaHome accept the Tender Offer. For the details of and reasons for the decision, please refer to the section titled "C. Decision-Making Process and Reasons for PanaHome's Support for the Tender Offer" in "(2) Grounds and Reasons of the Opinion on the Tender Offer" above.

In order to avoid conflicts of interest, PanaHome directors Mr. Ryuji Matsushita, Mr. Nobuhiko Teranishi, Mr. Hideyo Hamatani and Mr. Shinichi Watabe, who also serve as executive counsellors or employees of the Tender Offeror, did not participate in any of the discussions regarding the Transaction or vote at the Board of Directors meeting of PanaHome (including the meeting above), and did not participate in any of the discussions and negotiations regarding the Transaction on behalf of PanaHome.

The agenda regarding the Transaction was approved at the meeting of the Board of Directors of PanaHome by the unanimous vote of five out of PanaHome's nine directors excluding Mr. Ryuji Matsushita, Mr. Nobuhiko Teranishi, Mr. Hideyo Hamatani and Mr. Shinichi Watabe set forth above, and three company auditors of PanaHome expressed the opinion that they had no objections with respect to the Board of Directors of PanaHome expressing its opinion in favor of the Tender Offer and recommending that the shareholders of PanaHome accept the Tender Offer.

## **F. Measures to ensure acquisition opportunities, etc. for other investors**

According to the Tender Offeror, the Tender Offeror has set the tender offer period for the Tender Offer (the “**Tender Offer Period**”) to be 30 business days, while the minimum tender offer period required by laws and ordinances is 20 business days. Setting a relatively long Tender Offer Period ensures an appropriate opportunity for the shareholders of PanaHome to make a decision whether to tender their shares in the Tender Offer and also ensures an opportunity for any party other than the Tender Offeror to offer to purchase PanaHome’s Shares.

In addition, the Tender Offeror has never agreed with PanaHome on any matter that would restrict PanaHome’s contact with any counter-offeror including any agreement such as an agreement on a transaction protection clause that prohibits PanaHome from contact with any counter-offerors and the Tender Offeror gives consideration to ensure the fairness of the Tender Offer by assuring an opportunity for counter-offer, etc. as well as setting the Tender Offer Period above.

### **(5) Policy for Organizational Restructuring, etc., After the Tender Offer (Matters Relating to So-called “Two-tier Acquisitions”)**

As stated in “A. Outline of the Tender Offer” in “(2) Grounds and Reasons of the Opinion on the Tender Offer” above, according to the Tender Offeror, the Tender Offeror plans to make PanaHome a wholly owned subsidiary of the Tender Offeror, and if the Tender Offeror is unable to acquire all of the Target Shares (excluding the Target Shares held by the Tender Offeror and the treasury shares held by PanaHome) upon completion of the Tender Offer, the Tender Offeror plans to request PanaHome to implement the following procedures:

Specifically, if upon completion of the Tender Offer, the Tender Offeror owns at least 90% of the voting rights of all shareholders of PanaHome and the Tender Offeror may exercise its rights as the special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to request all of PanaHome’s shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and PanaHome) (the “Shareholders Subject to the Cash-Out”) to sell all of PanaHome’s Shares they own (excluding PanaHome’s Shares held by the Tender Offeror and the treasury shares held by PanaHome) pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act (the “**Demand for Shares Cash-Out**”), promptly after the completion of the settlement of the Tender Offer. In the Demand for Shares Cash-Out, the Tender Offeror plans to set forth that the amount equivalent to the Tender Offer Price will be delivered to the Shareholders Subject to the Cash-Out as the price per share of PanaHome’s Shares, and that the acquisition date will be October 2, 2017 or any date thereafter. In such case, the Tender Offeror will notify PanaHome to such effect and will require PanaHome to approve the Demand for Shares Cash-Out. If PanaHome approves the Demand for Shares Cash-Out by a resolution of its board of directors, in accordance with the procedures set forth in the relevant laws and ordinances, without individual approval by the Shareholders Subject to the Cash-Out, the Tender Offeror will acquire, as of the acquisition date set forth in the Demand for Shares Cash-Out, all of PanaHome’s Shares owned by the Shareholders Subject to the Cash-Out (excluding PanaHome’s Shares held by the Tender Offeror and the treasury shares held by PanaHome). The Tender Offeror plans to deliver the amount equivalent to the Tender Offer Price per share of PanaHome’s Shares to each of the Shareholders Subject to the Cash-Out as the price per share of PanaHome’s Shares owned by each of the Shareholders Subject to the Cash-Out. In addition, if PanaHome receives a notice regarding the matters set forth in each

item of Article 179-2, Paragraph 1 of the Companies Act to the effect that the Tender Offeror will conduct the Demand for Shares Cash-Out, the board of directors of PanaHome plans to approve the Demand for Shares Cash-Out by the Tender Offeror.

It is provided under the Companies Act, as a measure to secure the rights of minority shareholders in relation to the Demand for Shares Cash-Out, that Shareholders Subject to the Cash-Out may file a petition with a court to determine the sale price of such Target Company's Shares they own, pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws or ordinances. In addition, if the aforementioned petition is filed, the sale price will ultimately be determined by a court.

On the other hand, if, after the completion of the Tender Offer, the Tender Offeror does not own 90% or more of PanaHome's voting rights, the Tender Offeror plans to request PanaHome to hold an extraordinary shareholders' meeting around later August, 2017 to later September, 2017 (the "**Extraordinary Shareholders' Meeting**") promptly after the completion of the settlement of the Tender Offer that includes each of the following as proposals submitted for deliberation: (x) a proposal regarding consolidation of PanaHome's Shares (the "**Share Consolidation**") with an effective date being on or after October 2, 2017 and (y) subject to the Share Consolidation becoming effective, a proposal regarding partial amendment to the articles of incorporation for the purpose of abolishing the provision regarding the number of shares constituting one whole unit of stock. Even if the voting rights of PanaHome held by the Tender Offeror after the Tender Offer are less than two-thirds (2/3) of the entire voting rights of PanaHome, the Tender Offeror does not plan to additionally acquire the Target Shares from the shareholders of PanaHome (excluding the Tender Offeror) upon implementation of the Share Consolidation, but plans to make the above request in principle, at present. As an exception, such request may not be made if the implementation of such procedures is reasonably found to be likely to cause a breach of the fiduciary duties of PanaHome's directors, including a case where the number of shares tendered is extremely small and the implementation of such procedures is likely to harm the interests of the minority shareholders. In addition, the Tender Offeror plans to approve each of the above mentioned proposals at the Extraordinary Shareholders' Meeting. If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of PanaHome will own, as of the effective date of the Share Consolidation, the number of PanaHome's Shares that accords with the percentage of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. In the case where any fraction of one share arises as a result of the Share Consolidation, the amount of money to be obtained through the sale, etc., of PanaHome's Shares equivalent to the total of such fraction (with respect to such total, any fraction of one share will be rounded down; hereinafter the same) to PanaHome or the Tender Offeror, will be delivered to the shareholders pursuant to Article 235 of the Companies Act and other relevant laws or ordinances. With respect to the sales price of PanaHome's Shares equivalent to the total number of such fraction, PanaHome plans to file a petition with a court for permission for sale by private contract after calculating so that the amount of money to be delivered to each of PanaHome's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and PanaHome) as a result of such sale will be equal to the price obtained by multiplying (a) the Tender Offer Price by (b) the number of PanaHome's Shares held by each shareholder. Furthermore, the percentage of the consolidation of PanaHome's Shares is undetermined as of today; however, it will be determined in such manner that the Tender Offeror will hold all of PanaHome's Shares (excluding PanaHome's Shares owned by the Tender Offeror and the treasury shares held by PanaHome) and that the number of PanaHome's Shares owned by PanaHome's shareholders (excluding the Tender Offeror and PanaHome) who did not tender their shares in the Tender

Offer will be a fraction of one share.

It is provided under the Companies Act, as a measure to secure the rights of minority shareholders in relation to the Share Consolidation in the case where the Share Consolidation is conducted and any fraction of one share arises, that PanaHome's Shareholders may request PanaHome to purchase at a fair price all fractions of one share owned by them and file a petition for determination of the price for the acquisition of PanaHome's Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or ordinances. As stated above, with respect to the Share Consolidation, since the number of Target Company's Shares held by PanaHome shareholders (excluding the Tender Offeror and PanaHome) who did not tender their shares in the Tender Offer will be fraction of one share, the shareholders of PanaHome who oppose to the Share Consolidation will be able to file petition for price determination pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or ordinances. If the petition above is filed, the purchase price will ultimately be determined by a court.

The timing for each of the procedures above may change, depending on the status of amendment, enforcement, the governmental authorities' interpretation, etc., of the relevant laws and ordinances, the ownership percentage of shares of the Tender Offeror after the Tender Offer, and the ownership status of PanaHome's Shares by the shareholders other than the Tender Offeror, or the foregoing may be changed to other methods with effects roughly equivalent thereto. Provided, however, even in such case, with respect to each of PanaHome's shareholders (excluding the Tender Offeror and PanaHome) who did not tender their shares in the Tender Offer, money will be ultimately delivered, and in such case, the amount of money to be delivered to each shareholder will be equal to the price obtained by multiplying (a) the Tender Offer Price by (b) the number of PanaHome's Shares held by each shareholder. In such case, the specific procedure and the timing of the implementation thereof, etc., will be decided upon discussion with PanaHome, and as soon as they are determined, they will be promptly announced.

The Tender Offer does not intend to solicit the endorsement of PanaHome's shareholders at the Extraordinary Shareholders' Meeting. Further, shareholders may need to consult, at their own responsibility, with a tax accountant with respect to the tax treatment in case of receipt of monies pursuant to the Tender Offer or the procedure described above and in case of purchase, etc., pursuant to a share purchase demand.

#### **(6) Possibility of and reasons for delisting**

As of today, PanaHome's Shares are listed on the First Section of Tokyo Stock Exchange. However, since the Tender Offeror has not set a limit on the maximum number of shares to be purchased in the Tender Offer, depending on the results of the Tender Offer, PanaHome's Shares may be delisted pursuant to the procedures prescribed by Tokyo Stock Exchange in accordance with Tokyo Stock Exchange's criteria for delisting shares. In addition, even if PanaHome's Shares do not fall under such criteria at the time of the completion of the Tender Offer, after the Tender Offer is completed, the Tender Offeror plans to implement the Procedures for Making PanaHome a Wholly Owned Subsidiary, aiming to acquire all of PanaHome's Shares (excluding, however, PanaHome's Shares owned by the Tender Offeror and the treasury shares held by PanaHome), as described in "(5) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Relating to So-called 'Two-tier Acquisitions')". In such case, PanaHome's Shares will be delisted pursuant to the

procedures prescribed by Tokyo Stock Exchange in accordance with Tokyo Stock Exchange's criteria for delisting shares. PanaHome's Shares will not be able to be sold or purchased on the First Section of Tokyo Stock Exchange after delisting.

**4. Details of Material Agreements between the Tender Offeror and the Shareholders of PanaHome Concerning Tendering Shares**

The Tender Offeror and PanaHome executed the Memorandum regarding the termination of the Share Exchange Agreement by mutual agreement as of today. The following conditions for the commencement of the Tender Offer are set out in the Memorandum that: (i) no event that materially adversely affects the business, assets, liabilities, financial condition, operating results, cash flow status or revenue plans of PanaHome (as a single entity or collectively with all of its subsidiaries) or otherwise cause significant hindrance to the achievement of the purpose of the Tender Offer has occurred or been found after the execution date of Memorandum and before the Commencement Date of Tender Offer; (ii) the resolution to express an opinion in favor of the Tender Offer and to recommend that the shareholders of PanaHome accept the Tender Offer was lawfully and validly made at the meeting of Board of Directors of PanaHome, and such resolution has not been amended or withdrawn; (iii) there is no issued or pending judgement, decision, or order by a court or administrative agency prohibiting or restricting the commencement of the Tender Offer; and (iv) there are no unannounced material facts (as defined in Paragraph 2 of Article 166 of the Financial Instruments and Exchange Act) regarding PanaHome and the Tender Offeror is not aware of any unannounced facts regarding the tender offer, etc. (as defined in Paragraph 3 of Article 167 of the Financial Instruments and Exchange Act).

**5. Details of Benefits Gained by the Tender Offeror or Persons with Special Relations with the Tender Offerors**

None.

**6. Response Policy with respect to Basic Policies Relating to the Control of PanaHome**

None.

**7. Questions to the Tender Offeror**

None.

**8. Requests for Extension of Tender Offer Period**

None.

**9. Future Prospects**

Please refer to the section titled "(5) Policy for Organizational Restructuring, etc., After the Tender Offer (Matters Relating to So-called 'Two-tier Acquisitions')" and "(6) Possibility

of and reasons for delisting” in “3. Details, Grounds and Reasons of the Opinion on the Tender Offer” above.

## **10. Details of Transaction, Etc. with Controlling Shareholder**

### **(1) Transaction, etc. with Controlling Shareholder and Status of Conformity with Policy regarding Measures to Protect Minority Shareholders**

Since the Tender Offeror is the controlling shareholder of PanaHome, which owns 54.51% of all voting rights of PanaHome (as of March 31, 2017), the Transaction (including the Tender Offer) constitutes, in relation to PanaHome, a transaction, etc. with a controlling shareholder. Set out below is the status of whether the Transaction (including the Tender Offer) complies with “I-4. Policy regarding Measures to Protect Minority Shareholders Upon Transactions, Etc. with Controlling Shareholders” included in the Corporate Governance Report.

PanaHome has taken measures to ensure the fairness of the Transaction and avoid conflicts of interests as set out in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Grounds and Reasons of the Opinion on the Tender Offer” above. PanaHome believes these measures are consistent with the matters described in the Corporate Governance Report.

Set out below is a description regarding protection of minority shareholders upon transactions with controlling shareholders in “I-4. Policy regarding Measure to Protect Minority Shareholders Upon Transactions, Etc. with Controlling Shareholders” included in the Corporate Governance Report.

PanaHome ensures a certain level of independence as a listed company and conducts transactions with the Tender Offeror fairly and appropriately in the same manner that PanaHome conducts general transactions, and PanaHome believes that there are no transactions which may benefit the controlling shareholder or which would disadvantage PanaHome and the minority shareholders.

### **(2) Details of Measures to Ensure Fairness and Measures to Avoid Conflicts of Interest**

As set out in “(1) Transaction, etc. with Controlling Shareholders and Status of Conformity with Policy Regarding Measures to Protect Minority Shareholders” above, the Transaction (including the Tender Offer) constitutes, in relation to PanaHome, a transaction, etc. with a controlling shareholder. Therefore, PanaHome has determined that it is necessary to implement measures to ensure fairness and to avoid conflicts of interest. PanaHome has carefully discussed and reviewed the conditions of the Transaction (including the Tender Offer) at the Board of Directors meeting of PanaHome, and has made a decision after further ensuring fairness and avoiding conflicts of interest by implementing the measures as set out in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Grounds and Reasons of the Opinion on the Tender Offer” above.

### **(3) Outline of Opinion Obtained From a Party who has No Interest in the Controlling Shareholder Stating that the Share Exchange Would Not be Disadvantageous to the Minority Shareholders**

As set out in “C. Obtaining the Response to Referral from an Independent Special

Committee” in “(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest” in “3. Details, Grounds and Reasons of the Opinion on the Tender Offer” above, PanaHome received the Response to Referral dated April 21, 2017 from the Special Committee independent from PanaHome and the Tender Offeror to the effect that the Transaction would not be disadvantageous to the minority shareholders of PanaHome.

End.

Reference: Tender Offeror’s announcement titled “Announcement of Commencement of Tender Offer for Share Certificates, Etc. of PanaHome Corporation (Stock Code: 1924) and Termination of Share Exchange Agreement between Panasonic Corporation and PanaHome Corporation” dated as of today (as attached).



April 21, 2017

To whom it may concern:

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**Announcement of Commencement of Tender Offer for Share Certificates, Etc. of PanaHome Corporation (Stock Code: 1924) and Termination of Share Exchange Agreement between Panasonic Corporation and PanaHome Corporation**

Osaka, April 21, 2017 --- Panasonic Corporation (the "Tender Offeror") hereby announces that the Tender Offeror resolved at a meeting of its board of directors held today to acquire shares of common stock (the "Target Company's Shares") of PanaHome Corporation (Stock Code: 1924, First Section of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"), the "Target Company") through a tender offer (the "Tender Offer") in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended, the "Act"), as set forth below. Also, in connection therewith, each of the Tender Offeror and the Target Company resolved at meetings of their respective boards of directors held today to terminate, by mutual agreement, the share exchange agreement between both companies (the "Share Exchange Agreement") that was announced by the Tender Offeror and the Target Company in the press release titled "Panasonic Corporation Announces to Have Executed a Share Exchange Agreement to Make PanaHome Corporation its Wholly-owned Subsidiary through Share Exchange" dated December 20, 2016 (the "December 20, 2016 Press Release"). Also today, both companies terminated the Share Exchange Agreement by mutual agreement.

Please note that, pursuant to the "Memorandum of Understanding with respect to the Termination of the Share Exchange Agreement and Implementation of the Tender Offer" entered into by and between the Tender Offeror and the Target Company as of today (the "MoU"), the implementation of the Tender Offer is subject to each of the following conditions (collectively the "Conditions of the Tender Offer") being satisfied: (i) from the execution date of the MoU until the commencement date of the Tender Offer, no event that will have a material adverse effect on the businesses, assets, debts, financial position, results of operations, cash flow or profit plans has occurred or realized in relation to the Target Company itself or the whole group including the Target Company and its subsidiaries, and no other event that will be a material interference of the achievement of a purpose of the Tender Offer has occurred or realized; (ii) the Target Company's meetings of its board of directors lawfully and validly resolve to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of the Target Company accept the Tender Offer, and such resolution has not been changed or withdrew; (iii) there are no judgements, decisions or orders, etc. by a judicial or administrative body that restrict or prohibit the commencement of the Tender Offer and there are no procedures pending in a judicial or administrative body seeking to restrict or prohibit the commencement of the Tender Offer; and (iv) there are no unpublicized material facts (the material

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facts set forth in paragraph 2, Article 166 of the Act) with respect to the Target Company and the Tender Offeror is not aware of any unpublicized facts concerning a tender offer, etc. (the facts set forth in paragraph 3, Article 167 of the Act) of the Target Company's Shares.

1. Purpose, etc. of Tender Offer

(1) Overview of the Tender Offer

As of the date hereof, the Tender Offeror holds 91,036,634 shares (a shareholding ratio (Note) of 54.18%) of the Target Company's Shares that are listed on the First Section of the Tokyo Stock Exchange, and the Target Company is a consolidated subsidiary of the Tender Offeror.

(Note) "Shareholding ratio" means any shareholding ratio relative to the total number of issued shares of the Target Company as of March 31, 2017 (i.e., 168,563,533 shares) less the number of treasury shares held by the Target Company as of the same day (i.e., 541,791 shares) (equating to 168,021,742 shares) (shareholding ratios are rounded up or down to second decimal places), and hereinafter the same shall apply.

The Tender Offeror resolved at the meeting of its board of directors held today to implement the Tender Offer, with the commencement date of the Tender Offer being April 28, 2017, as a part of a transaction aiming to acquire all of the Target Company's Shares (excluding the Target Company's Shares held by the Tender Offeror and the treasury shares held by the Target Company) and make the Target Company a wholly owned subsidiary of the Tender Offeror (the "Transaction to Make the Target Company a Wholly Owned Subsidiary") (hereinafter, the Transaction to Make the Target Company a Wholly Owned Subsidiary by way of the Tender Offer and the following procedures shall be referred to as the "Transaction"). The Tender Offeror will implement the Tender Offer subject to the Conditions of the Tender Offer being satisfied.

As announced in the December 20, 2016 Press Release, each of the Tender Offeror and the Target Company resolved at meetings of their respective boards of directors held on December 20, 2016 to conduct a share exchange (the "Share Exchange") in order to make the Tender Offeror the wholly owing parent company after the share exchange and the Target Company a wholly owned subsidiary after the share exchange, and both companies have executed the Share Exchange Agreement. Since the Tender Offeror and the Target Company decided, however, to change the scheme of the Transaction to Make the Target Company a Wholly Owned Subsidiary and implement the Tender Offer by the Tender Offeror as a part of such transaction, the Tender Offeror and the Target Company resolved at meetings of their respective boards of directors held today to terminate, by mutual agreement, the Share Exchange Agreement, and, on the same day, both companies terminated the Share Exchange Agreement by mutual agreement. For details of the background to and reasons for the change in scheme mentioned above, please refer to the section titled "(iii) Background to the implementation of the Tender Offer by the Tender Offeror after the execution of the Share Exchange Agreement," under "a. Background to, purpose of and decision making process of the Tender Offer," of "(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer" below.

Since the Tender Offeror has not set a limit on the maximum or minimum number of shares to be purchased through the Tender Offer, the Tender Offeror will acquire all of the share certificates, etc. tendered (the "Tendered Shares, Etc.") in response to the Tender Offer.

In addition, if the Tender Offeror fails to acquire all of the Target Company's Shares (excluding the Target Company's Shares held by the Tender Offeror and the treasury shares held by the Target Company) through the Tender Offer, the Tender Offeror intends to require that the Target Company perform each procedure set forth in the section titled "(3) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Relating to So-called 'Two-tier Acquisitions')" below (the "Procedures for Making the Target Company a Wholly Owned Subsidiary") in order to make the Target Company its wholly owned subsidiary.

According to the “Announcement of Termination by Mutual Agreement of the Share Exchange Agreement with Panasonic Corporation, the Controlling Shareholder of PanaHome, and PanaHome’s Opinion in Favor of the Tender Offer for PanaHome’s Shares by Panasonic Corporation and Recommendation to Tender Shares” which was announced by the Target Company as of today (the “Target Company’s Press Release”), the Target Company determined that (i) in order for the Target Company to deal with medium to long term management challenges, it is necessary to become a wholly owned subsidiary of the Tender Offeror through the Transaction, and therefore the implementation of the Transaction will contribute to increasing the Target Company’s corporate value, (ii) with respect to the Tender Offer, changing the scheme from the Share Exchange to the Transaction will not cause any particular disadvantages to the Target Company’s shareholders other than the Tender Offeror, and in fact the Target Company believes it will make it possible to provide an opportunity for the Target Company’s shareholders other than the Tender Offeror to enjoy even greater premiums, and therefore the Transaction provides to the Target Company’s shareholders a reasonable opportunity to sell the shares, and has resolved at its board of directors meeting held today, to terminate by mutual agreement the Share Exchange Agreement as of today, and to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of the Target Company accept the Tender Offer.

For details of the Target Company’s opinion regarding the Tender Offer and the decision making process of the Target Company, please refer to the Target Company’s Press Release and the section titled “(iv) Background to the decision of the Target Company to support the Tender Offer and reasons therefor,” under “a. Background to, purpose of and decision making process of the Tender Offer,” of “(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer” below and the section titled “e. Unanimous Approval of Directors and the No Objection Opinion of All Company Auditors (Excluding Directors and Company Auditors with Conflicts of Interest,” “(Measures to Ensure the Fairness of the Tender Offer Such As Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflict of Interests)” under “(ii) Background of Calculation” of “(4) Basis of Calculation, etc. of the Tender Offer Price,” of “2. Outline of the Tender Offer” below.

- (2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer
  - a. Background to, purpose of and decision making process of the Tender Offer
    - (i) Background to and reasons for the Tender Offer

The Tender Offeror was founded in 1918 as Matsushita Electric Housewares Manufacturing Works (*Matsushita Denkikigu Seisakusho*) and started to manufacture wiring devices. In December 1935, it was reorganized as Matsushita Electric Industrial Co., Ltd. (the Tender Offeror had used the trade name Matsushita Electric Industrial Co., Ltd. until it changed its trade name to the current name, Panasonic Corporation, in October 2008). In May 1949, the Tender Offeror listed its stock on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange Co., Ltd. (the “Osaka Securities Exchange”; in July 2013, the cash markets of the Tokyo Stock Exchange and the Osaka Securities Exchange were integrated, and as a result thereof, the shares of the Tender Offeror have been allocated to the First Section of the Tokyo Stock Exchange), and in September 1951, the Tender Offeror’ listed on the First Section of the Nagoya Stock Exchange, Inc. Thereafter, the Tender Offeror made Matsushita Electric Works, Ltd. (“Panasonic Electric Works”) its subsidiary in April 2004, and made SANYO Electric Co., Ltd. its subsidiary in December 2009, and, in order to further strengthen the competitive power of the Panasonic Group, the Tender Offeror made each company a wholly owned subsidiary in April 2011. In addition, in January 2012, the Tender Offeror absorbed Panasonic Electric Works by way of an absorption-type merger and restructured its organization based on the business model and transformed its corporate structure to consist of 9 domains and 1 marketing section. Further, in April 2013, in order to recover the competitive power of individual businesses, the Tender Offeror gradually dissolved the 9 domains and reorganized the 88 business units which had been placed under the 9 domains into 49 business divisions (36 business divisions as of the end of March, 2017), and established a structure consisting of four Divisional Companies (Note 1), consisting of “Appliances Company,” “Eco Solutions Company,” “AVC

Networks Company” (as from April 1, 2017, “Connected Solutions Company,” after having revised a part of the structure of the AVC Networks Company) and “Automotive & Industrial Systems Company”, which is the basis of the current structure. As of today, the Panasonic Group, with the Tender Offeror at the top, continues to expand development, manufacturing, sales and servicing activities as a general electronics manufacturer. The Panasonic Group consists of the Tender Offeror, 495 consolidated subsidiaries and 91 associated companies as of the end of March, 2017.

(Note 1) The outline of the four Divisional Companies of the Tender Offeror is as set forth below.

Appliances Company	Development, manufacturing and sale of consumer electronics (such as TVs, refrigerators, washing machines, personal-care products, micro wave ovens, video equipment, home audio equipment, vacuum cleaners and rice cookers), air-conditioners and related products (such as room air-conditioners and large-sized air-conditioners), cold chain equipment (such as showcases) and other devices (such as compressors and fuel cells)
Eco Solutions Company	Development, manufacturing and sale of lighting fixtures, lamps, wiring devices, solar photovoltaic systems, water-related products, interior furnishing materials, exterior materials, ventilation and air-conditioning equipment, air purifiers, nursing-care-related products and bicycle-related products
Connected Solutions Company	Development, manufacturing, sale of, and providing services relating to, products such as aircraft in-flight entertainment systems, PCs and tablets, projectors, surveillance cameras, electronic-component-mounting machines and welding equipment
Automotive & Industrial Systems Company	Development, manufacturing and sale in connection with Automotive products (such as automotive infotainment-related equipment and electrical components), the Energy products (such as dry batteries lithium-ion batteries and automotive batteries,) and the Industrial products (such as electronic components, automation controls, electronic materials, semiconductors and LCD panels)

Since its establishment, the Tender Offeror has been developing business globally as a general electronics manufacturer under its basic management philosophy, which states that “the mission of an enterprise is to contribute to the progress and development of society and the well-being of people worldwide through its business activities.” In recent years, the Tender Offeror has been operating its businesses in the automobile (Note 2), housing and B2B (Note 3) business fields, in addition to the consumer electronics field, under its brand slogan, “A Better Life, A Better World” to expand its business fields to serve customers and society.

(Note 2) The products of the automotive business include general equipment and systems to be installed in cars. In the Panasonic Group, the automotive business is mainly operated by the Automotive & Industrial Systems Company. By seamlessly integrating the image processing, downsizing, optics, heat radiation, sensing, and other technologies used in the Group’s digital consumer electronic products with the infotainment-related technologies that have been developed over many years and are typically used in its car AVC equipment as well as its battery technologies, the Automotive & Industrial Systems Company is targeting further business growth.

(Note 3) At the Panasonic Group, the B2B business is the Tender Offeror’s solutions business mainly to service industry customers. In the B2B business, the Panasonic Group has focused on key fields including “retail/logistics,” “entertainment,” “public,” and “avionics” and, by becoming a service industry expert in these fields, the Tender Offeror has been providing value-oriented solutions that integrate core products and services with end users.

The Target Company was established in 1963 as National House industrial Co., Ltd. (*National Juutaku Kenzai Kabushiki Kaisha*) through the joint investment of Matsushita Electric Industrial Co., Ltd. (currently, the Tender Offeror), Matsushita Electric Works, Ltd. (subsequently, Panasonic Electric Works), and other parties (investment ratio of 50.00% by Matsushita Electric Industrial Co., Ltd. and 49.87% by Matsushita Electric Works, Ltd.) with founder Konosuke Matsushita’s strong

sense of mission that “creating optimal houses to provide the most important foundation for human lives”. Thereafter, in October 1971, the Target Company listed its stock on the Second Section of the Tokyo Stock Exchange and the Second Section of the Osaka Securities Exchange, and in August 1972, its stock was allocated to the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange. In addition, in August 1982, the Target Company changed its trade name to National House Industrial Co., Ltd. (*National Juutaku Sangyou Kabushiki Kaisha*, no change was made to the English translation of the trade name); and in October 2002, it merged with 28 major consolidated subsidiaries that handled marketing, logistics, construction and services and also changed its trade name to PanaHome Corporation, the same name as its product brand. As Panasonic Electric Works became a subsidiary of the Tender Offeror in April 2004, the Target Company became a consolidated subsidiary of the Tender Offeror. In January 2012, as a result of an absorption-type merger of Panasonic Electric Works by the Tender Offeror, the Tender Offeror succeeded to the Target Company’s Shares that had been held by Panasonic Electric Works, and the number of the Target Company’s Shares held by the Tender Offeror has been 91,036,634 shares since then.

As a core company in the Panasonic Group’s housing business, by utilizing the Tender Offeror’s know-how and technologies for home construction centered on the housing equipment business, in addition to the housing design and architecture technologies and the materials and construction quality management know-how that the Target Company has developed over many years, the Target Company has been aiming to become a company that is able to move people and generate creativity in life and constantly provide optimum comfort, health and joy based on its basic policy, “Customers First”. In recent years, the Target Company has placed four business areas, “custom-built housing,” “urban development,” “residential stock,” and “overseas businesses,” at the heart of its business operations and has promoted its growth strategy by strengthening its partnership with each company of the Panasonic Group.

In addition, recently, as one of the engagements by Tender Offeror and the Target Company covering “Remodeling Business,” “New Construction and Urban Development Business,” “Age-Free (elderly-care) Business,” “Home Energy Management Business” and “Overseas Business” as major areas in the housing business strategies of the Panasonic Group, the Tender Offeror subscribed the capital increase of PanaHome Reform Co., Ltd., which is a subsidiary of the Target Company, in December 2015 (the paid-in amount by the Tender Offeror was 19,200,000,000 yen, and, since the capital increase, the investment ratio of the Tender Offeror has been 49%, and the investment ratio of the Target Company has been 51%), and PanaHome Reform Co., Ltd. changed its name to Panasonic Home Renovation Co., Ltd. in April 2016. Accordingly, the Tender Offeror and the Target Company have integrated the brand in the remodeling business, the market of which is expected to grow going forward, into “Panasonic Reform” and strengthened the customer connection in the remodeling business within the Panasonic Group as a whole, and the Tender Offeror and the Target Company have thus engaged in further enforcing the capacity to propose designs and construction service system, etc. in aiming for providing more comfortable housing spaces. Including the foregoing measures, the Tender Offeror and the Target Company have shared their management strategies as group companies in order to expand their businesses.

On the other hand, the Tender Offeror and the Target Company realize that the business environment surrounding the Target Company has been changing at an accelerating pace. In the domestic housing market, a decrease of new housing starts is expected due to demographic movement, and therefore the transformation and diversification of their business model for the urban development business, remodeling business, overseas business, etc. is urgently needed in the increasingly competitive market.

(ii) Background to the execution of the Share Exchange Agreement

Under the circumstances set forth above, the Tender Offeror has come to believe that, in order to cause the housing business, as a business of the Panasonic Group, to grow even faster than the average growth level of the other companies operating housing businesses in the market, it is effective to address customer needs swiftly and precisely, by sharing and utilizing management resources of both the Tender Offeror and the Target Company, thereby making it possible to further enhance the value of the Panasonic Group in the housing market. The Tender Offeror has been considering a method to make the Target Company its wholly owned subsidiary since the beginning of October 2016. As a

result of the consideration, the Target Company has come to believe that it should make the Target Company its wholly owned subsidiary under a scheme where the consideration will be paid in shares, taking into consideration, among other things, that, a scheme of delivering cash to shareholders of the Target Company as consideration will not be eligible for a tax deferral upon the Target Company's entry into the consolidated taxation structure of the Tender Offeror. Thus, the Tender Offeror proposed the Share Exchange to the Target Company in early November 2016.

Under the rapidly changing business environment as set forth above, the Target Company is facing the following major management challenges: to improve its market share in Japan; to further expand its business operations in overseas markets and to solve its shortage of human resource necessary therefor; and to further reduce its costs such as selling, general and administrative expenses. In order to resolve these challenges and enhance its competitive advantage and grow in the housing business, after having carefully considered the Tender Offeror's proposal for the Share Exchange, the Target Company has recognized that it is essential for the Tender Offeror and the Target Company to have a stronger collaborative relationship and realize the following synergies as the Panasonic Group.

As a result of the Transaction to Make the Target Company a Wholly Owned Subsidiary, specifically, the Tender Offeror and the Target Company believe that both companies will realize the following synergies. The Tender Offeror and the Target Company believe that these synergies would be realizable only if the Target Company becomes a wholly owned subsidiary of the Tender Offeror (i) through promoting business strategies that maximize the use of the management resources of both the Tender Offeror and the Target Company by fully integrating the capital and businesses of both companies, and (ii) through flexible and prompt decision-making, and innovative management of the Target Company based on a long-term perspective that will be unaffected by its short-term operating results after the Tender Offeror becomes the only shareholder of the Target Company.

- i) It will become possible to promote the effective use of the management resources held by the Tender Offeror, such as its brands, thereby making it possible to not only enhance customer awareness but also enhance the quality of services provided to customers in the major businesses, such as the Remodeling Business, the New Construction and Urban Development Business, the Age-Free (elderly-care) Business, the Home Energy Management Business and the Overseas Business. In particular, it will become possible to create housing space having Panasonic brand characteristics through the integration of consumer electronics equipment and housing technologies and strengthen IoT technical developments in smart houses (Note), based on integrated Panasonic brand strategies. In addition, the Tender Offeror believes that, by integrating the overseas network and global personnel held by the Tender Offeror with the Target Company's design and architecture know-how, the development of overseas businesses mainly in the ASEAN region will accelerate.
- ii) It will become possible to effectively utilize the Tender Offeror's creditworthiness, thereby making it possible to enhance the potential for the implementation of mergers and acquisitions as well as capital and business alliances and the potential for the implementation of large-scale investments that were difficult for the Target Company to implement alone.
- iii) It will become easy to appropriately and promptly carry out the re-distribution of management resources across the companies of the Panasonic Group, thereby making it possible to focus on investment of resources into the major businesses of the Panasonic Group.

(Note) Smart houses are houses that enable comfortable and energy-efficient living by enhancing housing heat insulation and airtightness, and by combining a system to "generate" and "accumulate" electricity (such as solar power generation, household fuel cells, batteries, etc.) and a home energy management system (HEMS), that enables the efficient control and use of energy.

Furthermore, the Target Company will also be able to accelerate the collaborative projects between the two companies in order to implement cost reductions in indirect business units and efficiently operate indirect business units through the integration of management resources, reinforcing the recruitment activities of the Panasonic Group companies for new graduates and the specialized human resource of the Panasonic Group, and increasing the introduction of large-scale projects utilizing the Tender

Offeror's domestic and overseas sales channels. Accordingly, the Tender Offeror and the Target Company believe that both companies can maximize the group's synergies at an early stage.

With this understanding, from the beginning of November 2016, the Tender Offeror and the Target Company held consultations many times during which both companies shared their knowledge about the differences in the positions of the Target Company (as a housing builder) and the Tender Offeror (which also has a role as a supplier of the housing equipment such as building materials, air conditioner and lighting fixtures) in the housing business, and challenges to strengthening their competitive power in light of such differences, and repeatedly discussed the form that both companies should adopt in the future. The Target Company independently considered advantages and risks and effects on stakeholders caused by delisting. As a result, the Target Company and the Tender Offeror came to mutually agree that it would be highly beneficial for them to make the Target Company a wholly owned subsidiary of the Tender Offeror, so that the Tender Offeror would be able to strengthen its housing businesses, a key business field, thereby contributing to an increase in the corporate value not only of the Target Company but also of the entire Panasonic Group. Thus, both companies resolved at meetings of their respective boards of directors held on December 20, 2016 to conduct the Share Exchange, and executed the Share Exchange Agreement. For details of the Share Exchange, please refer to the December 20, 2016 Press Release.

(iii) Background to the implementation of the Tender Offer by the Tender Offeror after the execution of the Share Exchange Agreement

As set forth in "(ii) Background to the execution of the Share Exchange Agreement" above, the Tender Offeror was, before having proposed the Share Exchange to the Target Company, considering a scheme, as one of the options, to deliver cash to the Target Company's shareholders as consideration. At that point, however, the scheme of delivering cash as consideration was not favorable to the Tender Offeror in terms of taxation, because, such scheme would not be eligible for a tax deferral (Note) upon the Target Company's entry into the Tender Offeror's consolidated taxation structure.

(Note) Prior to the relevant amendment by the 2017 Tax Reform (i.e., the tax reform pursuant to the Act on Partial Revision, etc. of the Income Tax Act, etc. promulgated on March 31, 2017; hereinafter the same shall apply), when the Target Company becomes a wholly owned subsidiary of the Tender Offeror and enters into the Tender Offeror's consolidated taxation structure through the scheme where cash is delivered to the Target Company's shareholders as consideration, some assets (certain fixed assets, lands, securities, monetary claims and deferred assets) are required to be revalued to fair market value at the time of the Target Company's entry into the Tender Offeror's consolidated taxation structure. Resultantly, taxable gain would be recognized. In contrast, after the relevant amendment by the 2017 Tax Reform, when making the Target Company a wholly owned subsidiary of the Tender Offeror on and after October 1, 2017 through the scheme where cash is delivered to the Target Company's shareholders as consideration, such revaluation of these assets to fair market value at the time of the Target Company's entry into the Tender Offeror's consolidated taxation structure will not be required, and thus, taxable gain would not be recognized at that time to the extent certain requirements are met. The language "tax deferral" used herein describes the effect that the timing of recognition of unrealized taxable gain on the assets is to be later than the timing when the Target Company becomes a wholly owned subsidiary of the Tender Offeror, as explained above.

However, the 2017 Tax Reform, including an amendment to the Corporate Tax Act to the effect that a scheme under which a party makes another party its wholly owned subsidiary by delivering cash to such other party's shareholders as consideration will be eligible for a tax deferral upon the other party's entry into its consolidated taxation structure, was approved in a Cabinet meeting on December 22, 2016 after the announcement of the December 20, 2016 Press Release. Therefore, even after the execution of the Share Exchange Agreement, the Tender Offeror continued to consider the positioning of the Share Exchange within the Panasonic Group's capital strategies and financial strategies, while assessing the status and movements of deliberations with respect to the tax reform. Thereafter, the certainty of the scheme delivering cash as consideration being eligible for the tax deferral was increased to a satisfactory level based on relevant circumstances including the fact that a bill for the Act on Partial Revision, etc. of the Income Tax Act was submitted to the Diet on February 3, 2017. In consideration of the circumstances above, the Tender Offeror has come to believe that, if the

scheme of delivering cash as consideration will be eligible for the tax deferral, the scheme under the Transaction will be more favorable than the scheme under the Share Exchange for the following reasons: (i) in terms of the financial strategies of the Panasonic Group, by adopting the scheme under the Transaction, the Tender Offeror will be able to receive financial benefits such as the reduction of cost of equity capital and enhancement of return on equity by maintaining the capital composition of the Tender Offeror and (ii) the scheme under the Transaction will contribute to the benefit of shareholders of the Tender Offeror by anticipating an increase of net income per share of Tender Offeror's common shares ("Tender Offeror's Shares") by preventing a dilution of their shares. In early March 2017, the Tender Offeror proposed to the Target Company a change in scheme from the Share Exchange to the Transaction.

In addition, when the Tender Offeror proposed a change in the scheme of the Transaction to Make the Target Company a Wholly Owned Subsidiary to the Target Company, it re-examined the amount of consideration it could pay in terms of the Target Company's acceptability of the change in scheme from the Share Exchange to the Transaction, while ensuring the reasonable ground for the Tender Offeror's business judgement taking into account the financial benefit that will be received by the Panasonic Group and the benefits of the shareholders of the Tender Offeror, in the case of delivering cash as consideration under the new scheme. Upon such re-examination, the Tender Offeror has also taken into account the prediction that by implementing the Tender Offer with the tender offer price, on which a certain premium is added to the valuation of the Target Company's Shares, by giving maximum consideration to the interest of shareholders of the Target Company other than the Tender Offeror, it will be able to gain the understanding and support of the Target Company's shareholders and further ensure the completion of the Transaction to Make the Target Company a Wholly Owned Subsidiary.

After the foregoing, from the middle of March 2017 until the end of that month, the Tender Offeror conducted due diligence on the Target Company after obtaining the Target Company's approval and, from March 27, 2017 until April 10, 2017, the Tender Offeror has continued to hold consultations and negotiations with the Target Company with respect to the terms and conditions of the Tender Offer, including the tender offer price per share of the Target Company's Shares (the "Tender Offer Price") in the Tender Offer. In addition, the Tender Offeror has confirmed that, with the promulgation of the Act on Partial Revision, etc. of the Income Tax Act, etc. on March 31, 2017 in relation to the 2017 Tax Reform, the scheme of delivering cash as consideration would be eligible for the tax deferral, on the basis of consummating the Procedures for Making the Target Company a Wholly Owned Subsidiary on or after October 1, 2017.

Through the above consultations and negotiations, the Tender Offeror has agreed, with the Target Company, on the termination of the Share Exchange Agreement by mutual agreement and on the terms and conditions of the Tender Offer, including the Tender Offer Price. As a result thereof, the Tender Offeror resolved, at the meeting of its board of directors held today, to implement the Tender Offer as a part of the Transaction, with the commencement date of the Tender Offer being April 28, 2017 subject to the Conditions of the Tender Offer being satisfied, and the Tender Offeror and the Target Company terminated the Share Exchange Agreement by mutual agreement as of today after each obtaining approval at meetings of their respective boards of directors also held today.

(iv) Background to the decision of the Target Company to support the Tender Offer and reasons therefor

As set forth in "(iii) Background to the implementation of the Tender Offer by the Tender Offeror after the execution of the Share Exchange Agreement" above, the Tender Offeror offered the Target Company an initial proposal to change the scheme for the Transaction to Make the Target Company a Wholly Owned Subsidiary from the Share Exchange to the Tender Offer and explained to the Target Company the reasons for changing the scheme in early March 2017. In response to the proposal, the Target Company appointed SMBC Nikko Securities Inc. ("SMBC Nikko") as a financial advisor independent from the Tender Offeror and the Target Company, and appointed Mori Hamada & Matsumoto as a legal advisor independent from the Tender Offeror and the Target Company, in order to review the details of proposal for the Transaction, including whether to accept or reject the change of scheme, as the Target Company previously did in reviewing the Share Exchange. The Target



Company further requested Plutus Consulting Co., Ltd. (“Plutus”), a third-party valuation institution independent from the Tender Offeror and the Target Company, to calculate the value of the Target Company’s Shares and submit a fairness opinion to the effect that the Tender Offer Price is fair to the minority shareholders of the Target Company from a financial point of view. For the purpose of reviewing the Transaction, the Target Company once again established a Special Committee which the Target Company had established to avoid conflicts of interest with the Tender Offeror and ensure the fairness of the Transaction to Make the Target Company a Wholly Owned Subsidiary through the Share Exchange to the shareholders of the Target Company other than the controlling shareholder. For the details of establishment of the Special Committee, please refer to the section titled “c. Obtaining the Response to Referral From an Independent Special Committee” (“Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest”) under “(ii) Background of Calculation” of “(4) Basis of Calculation, etc. of the Tender Offer Price” of “2. Outline of the Tender Offer” below.

Since receiving the Tender Offeror’s initial proposal regarding the terms and conditions of the Transaction (including the Tender Offer Price) in late March 2017, the Target Company has received an interim report on the calculation of value of the Target Company’s Shares and financial advice from SMBC Nikko and an interim report on the calculation of value of the Target Company’s Shares from Plutus, received recommendations from the Special Committee at important stages of negotiation, and discussed and negotiated with the Tender Offeror on six occasions between March 27, 2017 and April 10, 2017. Consequently, as explained below, the Tender Offeror proposed the Tender Offer Price which the Target Company believes would provide the Target Company’s shareholders other than the Tender Offeror a reasonable opportunity to sell shares, and the Target Company agreed with the Tender Offeror for the commencement of the Tender Offer by the Tender Offeror today at the Tender Offer Price of 1,200 yen.

During the process of discussion and negotiation with the Tender Offeror, the board of directors of the Target Company discussed and reviewed the terms and conditions of the Transaction, based on (a) SMBC Nikko’s valuation report on the value of the Target Company’s Shares obtained today, (b) Plutus’ valuation report and fairness opinion on the value of the Target Company’s Shares obtained today, and (c) legal advice from Mori Hamada & Matsumoto, as well as paying regard to the contents of the Special Committee’s response to referral (the “Response to Referral”) received today to the extent possible (please refer to section titled “c. Obtaining the Response to Referral From an Independent Special Committee” (“Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest”) under “(ii) Background of Calculation” of “(4) Basis of Calculation, etc. of the Tender Offer Price” of “2. Outline of the Tender Offer” below for details).

As set forth in the section titled “(ii) Background to the execution of the Share Exchange Agreement” in “a. Background to, purpose of and decision making process of the Tender Offer” above, in order for the Target Company to deal with medium to long term management challenges in terms of brand strategies, large-scale investment, and reallocating management resources, it is desirable to increase the Target Company’s corporate value in the medium to long term, rather than focusing on the risk of short-term negative effects on profitability. As a listed subsidiary, it has been difficult for the Target Company to take adequately bold or quick measures, but the implementation of the Transaction will enable the Target Company to do so. In order for the Target Company to deal with medium to long term management challenges forcefully, the Target Company believes that the Target Company will need to utilize the resources of Tender Offeror more than ever, but if the Target Company remains independent as a listed company, the interests of the Target Company and that of the Tender Offeror will not necessarily align. In particular, the Tender Offeror and the Target Company have had a supplier-customer relationship with respect to housing materials due to the characteristics of each business, and the conflicts of interest between the two companies are quite apparent in this respect. By becoming a wholly owned subsidiary of the Tender Offeror through the Transaction, interests of both companies will be aligned and the Target Company will have more access to the Tender Offeror’s resources, as stated in “(ii) Background to the execution of the Share Exchange Agreement” of “a. Background to, purpose of and decision making process of the Tender Offer” above. Therefore, as the Target Company determined in reviewing the Share Exchange, the Target Company

will be able to increase the Target Company's corporate value by becoming a wholly owned subsidiary of the Tender Offeror through the Transaction.

The Target Company determined that the Transaction provides to the Target Company's shareholders a reasonable opportunity to sell shares, with respect to the Tender Offer Price, considering that (i) as stated in "(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" under "(ii) Background of Calculation" of "(4) Basis of Calculation, etc. of the Tender Offer Price" of "2. Outline of the Tender Offer" below, the Target Company agreed to the Tender Offer Price after it took measures to ensure the fairness of the Tender Offer, received advices from SMBC Nikko, received reports from Plutus, received recommendations from the Special Committee, and discussed and negotiated sincerely with the Tender Offeror, (ii) the Tender Offer Price is evaluated as (a) in determining the Tender Offer Price, the Tender Offer Price was agreed after the Target Company's secretariat, consisting of persons who have no interest in the Tender Offeror, actually negotiated in good faith multiple times on the basis of non-arbitrary valuations by the independent experts and with the advice of the financial advisor and the recommendations of the Special Committee, and (b) the Tender Offer Price is within the range of valuations by SMBC Nikko, higher than the range of valuations set out in the valuation report obtained from Plutus and is in line with the average premium offered in similar cases, demonstrating concern for minority shareholders' expected acquisition price, the theoretical stock price of the Target Company's Shares in the Share Exchange, and the contents of Oasis Proposal (defined below) in the Response to Referral by the Special Committee independent from the Target Company, (iii) the Tender Offer Price falls within the range of calculation results derived from the comparable companies analysis and within the range of calculation results derived by the discounted cash flow analysis (the "DCF Analysis") that are the result of calculation by SMBC Nikko as set forth in the section titled "b. Obtaining a share valuation report and a fairness opinion from an independent third-party appraiser by the Target Company" "(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" under "(ii) Background of Calculation" of "(4) Basis of Calculation, etc. of the Tender Offer Price" of "2. Outline of the Tender Offer" below, (iv) the Tender Offer Price is higher than the range of all calculation results derived from the market price analysis, comparable companies analysis and DCF Analysis that are the result of calculation by Plutus as set forth in the section titled "b. Obtaining a share valuation report and a fairness opinion from an independent third-party appraiser by the Target Company" "(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" under "(ii) Background of Calculation" of "(4) Basis of Calculation, etc. of the Tender Offer Price" of "2. Outline of the Tender Offer" below, (v) the Tender Offer Price includes a sizeable premium in contrast to previous tender offer cases of shares, etc. of listed companies by companies other than the issuer as provided by SMBC Nikko, given that a premium of 40.35% (rounded to two decimal places; hereinafter the same will apply to the size (%) of premiums on the value of shares) on 855 yen, which is the closing price of the Target Company's Shares quoted on the Tokyo Stock Exchange on December 19, 2016 (the business day immediately preceding the announcement date for the Share Exchange which was a day before the value of the Target Company's Shares has been affected by the share exchange ratio for the Share Exchange (0.8 shares of Tender Offeror will be allotted in exchange for each share of the Target Company; the "Share Exchange Ratio")), a premium of 47.24% on 815 yen (rounded to the nearest whole yen; hereinafter the same will apply to simple average closing prices), which is the simple average closing price for the last one month period from December 19, 2016, a premium of 51.32% on 793 yen for the last three month period, and a premium of 50.00% on 800 yen for the last six month period are included in the Tender Offer Price, (vi) the Target Company has taken measures to ensure fairness of the Tender Offer as set out in "(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" and "(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)" under "(ii) Background of Calculation" of "(4) Basis of Calculation, etc. of the Tender Offer Price" of "2. Outline of the Tender Offer" below, and has taken into consideration the interest of minority shareholders, and (vii) the Tender Offer Price is higher than any of the theoretical stock prices of the Target Company's Shares as calculated using the Share Exchange Ratio based on the closing price of the Tender Offeror shares at Tokyo Stock Exchange on each business day between December 21, 2016 (the business day immediately after the announcement of the Share

Exchange) and April 20, 2017 (the business day immediately preceding the announcement of the Tender Offer), and the Target Company believes that changing the scheme from the Share Exchange to the Transaction will not cause any particular disadvantages to the Target Company's shareholders other than the Tender Offeror, but rather, the Target Company believes it will make it possible to provide an opportunity for its shareholders other than the Tender Offeror to enjoy a higher premium than under the Share Exchange. By changing the scheme from the Share Exchange to the Transaction, the timing as to when the Target Company will become a wholly owned subsidiary of the Tender Offeror will be slightly later than the Target Company initially expected through the Share Exchange. However, comprehensively considering various circumstances including the conditions for the Transaction etc., the implementation of the Transaction instead of the Share Exchange will not cause any particular disadvantages to the Target Company's shareholders other than the Tender Offeror, but rather, the Target Company believes it will contribute to the interest of the Target Company's shareholders.

The Target Company received a letter dated February 22, 2017 from one of the Target Company's shareholders, Oasis Management Company Ltd ("Oasis") (according to the change report pertaining to report of possession of large volume that Oasis submitted on April 3, 2017, Oasis owns 15,085,000 shares (a shareholding ratio of 8.98%) of the Target Company's Shares as of March 28, 2017), which operates Oasis Investment II Master Fund Ltd., in which Oasis stated that it is willing to make a tender offer with cash consideration of 1,050 yen per share for PanaHome's Shares subject to due diligence, and if agreed by the Target Company, Oasis is willing to implement the tender offer (the "Oasis Proposal"). Since the conditions of Oasis Proposal (including scope of the purchase and whether a maximum or minimum number of shares to be purchase will be set) and the policy after the acquisition remained unclear, the Target Company sent a letter to Oasis on April 3, 2017 to confirm the details of Oasis Proposal, and the Target Company received the response from Oasis on April 20, 2017. The Target Company reviewed the Oasis Proposal, while reviewing the proposal for the Transaction by the Tender Offeror. The board of directors at the Target Company requested the Special Committee to evaluate whether the Target Company should accept the Oasis Proposal. The Special Committee provided the Target Company with its opinion that (i) the feasibility of Oasis Proposal is doubtful in the first place; (ii) even if one assumes that a certain increase in corporate value of the Target Company may be expected, the profitability of the main business may decrease, and corporate value may decline from the current level because if the Target Company accepted the Oasis Proposal and existing the capital relationship and collaboration between the Tender Offeror and the Target Company were changed, it would have a negative impact on the structure of business relying on the Panasonic brand; (iii) the Special Committee does not see any reason that the Oasis Proposal would in any way increase corporate value more than the Transaction to Make the Target Company a Wholly Owned Subsidiary would, and (iv) the Tender Offer Price is well above the price offered by the Oasis Proposal, and therefore the Oasis Proposal does not affect the contents of the Response to Referral by the Special Committee regarding the implementation of the Transaction with the Tender Offeror. Therefore, as stated above, the Target Company determined that the Target Company will not accept to the Oasis Proposal because the Target Company believes that the implementation of the Transaction with the Tender Offeror will increase the Target Company's corporate value and contribute to the interest of its shareholders.

For these reasons, the Target Company has resolved at its board of directors meeting held today to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of the Target Company accept the Tender Offer.

For the details of resolution of board of directors meeting above, please refer to "e. Unanimous Approval of Directors and the No Objection Opinion of All Company Auditors (Excluding Directors and Company Auditors with Conflicts of Interest) at the Target Company," "(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest)" under "(ii) Background of Calculation" of "(4) Basis of Calculation, etc. of the Tender Offer Price" of "2. Outline of the Tender Offer" below.

b. Management Policy After the Tender Offer

If the Tender Offer and the Transaction to Make the Target Company a Wholly Owned Subsidiary are completed, the Tender Offeror, with the Target Company and other companies of the Panasonic Group, intends to continue a management policy aimed at further increasing the Target Company's corporate value, and, after making the Target Company its wholly owned subsidiary, the Tender Offeror will seek to enhance the Target Company's business, giving consideration to the necessity to manage the Target Company by fully utilizing the Target Company's relationship with its business partners and general customers and its platform of business operations and systems.

Although the management structure following the Transaction has yet to be determined as of today, through the discussion committee consisting of officers and employees of both companies, the Tender Offeror plans to hold further discussions with respect to specific cooperation in order to formulate a specific action plan for efforts toward growth acceleration and realization of synergy, and to discuss the most appropriate system to fulfill the synergies described in the section titled "(ii) Background to the execution of the Share Exchange Agreement" of "a. Background to, purpose of and decision making process of the Tender Offer" above. As of today, of the nine directors and three company auditors of the Target Company, four directors concurrently hold positions as officers and employees of the Tender Offeror.

Since the Tender Offeror is aiming to make the Target Company wholly owned subsidiary of the Tender Offeror, if the Tender Offeror is unable to acquire all of the Target Company's Shares (excluding the Target Company's Shares held by the Tender Offeror and the treasury shares held by the Target Company) through the Tender Offer, in principle, it plans to implement Procedures for Making the Target Company a Wholly Owned Subsidiary as described in the section titled "(3) Policy for Organizational Restructuring, etc., After the Tender Offer (Matters Relating to So-called 'Two-tier Acquisitions')" below. However, if implementation of the Procedures for Making the Target Company a Wholly Owned Subsidiary is rejected at the shareholders' meeting of the Target Company, the Target Company will not become a wholly owned subsidiary of the Tender Offeror. In that case, there is a possibility that the synergies described above to be realized will become limited, however, even under such circumstance, the Tender Offeror is planning to cooperate with the Target Company and maximize the synergies as much as possible.

(3) Policy for Organizational Restructuring, etc., After the Tender Offer (Matters Relating to So-called "Two-tier Acquisitions")

As stated in "(1) Overview of the Tender Offer" above, Tender Offeror plans to make the Target Company a wholly owned subsidiary of the Tender Offeror, and if the Tender Offeror is unable to acquire all of the Target Shares (excluding the Target Shares held by the Tender Offeror and the treasury shares held by the Target Company) upon completion of the Tender Offer, the Tender Offeror plans to request the Target Company to implement the following procedures:

Specifically, if upon completion of the Tender Offer, the Tender Offeror owns at least 90% of the voting rights of all shareholders of the Target Company and the Tender Offeror may exercise its rights as the special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), the Tender Offeror plans to request all of the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) (the "Shareholders Subject to the Cash-Out") to sell all of the Target Company's Shares they own (excluding the Target Company's Shares held by the Tender Offeror and the treasury shares held by the Target Company) pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act (the "Demand for Shares Cash-Out"), promptly after the completion of the settlement of the Tender Offer. In the Demand for Shares Cash-Out, the Tender Offeror plans to set forth that the amount equivalent to the Tender Offer Price will be delivered to the Shareholders Subject to the Cash-Out as the price per share of the Target Company's Shares, and that the acquisition date will be October 2, 2017 or any date thereafter. In such case, the Tender Offeror will notify the Target Company to such effect and will require the Target Company to approve the Demand for Shares Cash-Out. If the Target Company approves the Demand for Shares Cash-Out by a resolution of its board of directors, in accordance with the procedures set forth in the relevant laws and ordinances, without individual approval by the Shareholders Subject to the Cash-Out, the Tender Offeror will acquire, as of the acquisition date set forth in the Demand for Shares Cash-Out, all of the

Target Company's Shares owned by the Shareholders Subject to the Cash-Out (excluding the Target Company's Shares held by the Tender Offeror and the treasury shares held by the Target Company). The Tender Offeror plans to deliver the amount equivalent to the Tender Offer Price per share of the Target Company's Shares to each of the Shareholders Subject to the Cash-Out as the price per share of the Target Company's Shares owned by each of the Shareholders Subject to the Cash-Out. In addition, according to the Target Company's press release, if the Target Company receives a notice regarding the matters set forth in each item of Article 179-2, Paragraph 1 of the Companies Act to the effect that the Tender Offeror will conduct the Demand for Shares Cash-Out, the board of directors of the Target Company plans to approve the Demand for Shares Cash-Out by the Tender Offeror.

It is provided under the Companies Act, as a measure to secure the rights of minority shareholders in relation to the Demand for Shares Cash-Out, that Shareholders Subject to the Cash-Out may file a petition with a court to determine the sale price of such Target Company's Shares they own, pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws or ordinances. In addition, if the aforementioned petition is filed, the sale price will ultimately be determined by a court.

On the other hand, if, after the completion of the Tender Offer, the Tender Offeror does not own 90% or more of the Target Company's voting rights, the Tender Offeror plans to request the Target Company to hold an extraordinary shareholders' meeting during the period from around late August 2017 to late September 2017 (the "Extraordinary Shareholders' Meeting") promptly after the completion of the settlement of the Tender Offer that includes each of the following as proposals submitted for deliberation: (x) a proposal regarding consolidation of the Target Company's Shares (the "Share Consolidation") with an effective date being on or after October 2, 2017 and (y) subject to the Share Consolidation becoming effective, a proposal regarding partial amendment to the articles of incorporation for the purpose of abolishing the provision regarding the number of shares constituting one whole unit of stock. Even if the voting rights of the Target Company held by the Tender Offeror after the Tender Offer are less than two-thirds ( $2/3$ ) of the entire voting rights of the Target Company, the Tender Offeror does not plan to additionally acquire the Target Shares from the shareholders of the Target Company (excluding the Tender Offeror) upon implementation of the Share Consolidation, but plans to make the above request in principle, at present. As an exception, such request may not be made if the implementation of such procedures is reasonably found to be likely to cause a breach of the fiduciary duties of the Target Company's directors, including a case where the number of shares tendered is extremely small and the implementation of such procedures is likely to harm the interests of the minority shareholders. In addition, the Tender Offeror plans to approve each of the above mentioned proposals at the Extraordinary Shareholders' Meeting. If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will own, as of the effective date of the Share Consolidation, the number of the Target Company's Shares that accords with the percentage of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. In the case where any fraction of one share arises as a result of the Share Consolidation, the amount of money to be obtained through the sale, etc., of the Target Company's Shares equivalent to the total of such fraction (with respect to such total, any fraction of one share will be rounded down; hereinafter the same) to the Target Company or the Tender Offeror, will be delivered to the shareholders pursuant to Article 235 of the Companies Act and other relevant laws or ordinances. With respect to the sales price of the Target Company's Shares equivalent to the total number of such fraction, the Target Company plans to file a petition with a court for permission for sale by private contract after calculating so that the amount of money to be delivered to each of the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror and the Target Company) as a result of such sale will be equal to the price obtained by multiplying (a) the Tender Offer Price by (b) the number of the Target Company's Shares held by each shareholder. Furthermore, the percentage of the consolidation of the Target Company's Shares is undetermined as of today; however, it will be determined in such manner that the Tender Offeror will hold all of the Target Company's Shares (excluding the treasury shares held by the Target Company) and that the number of the Target Company's Shares owned by the Target Company's shareholders (excluding the Tender Offeror and the Target Company) who did not tender their shares in the Tender Offer will be a fraction of one share.

It is provided under the Companies Act, as a measure to secure the rights of minority shareholders in relation to the Share Consolidation in the case where the Share Consolidation is conducted and any

fraction of one share arises, that the Target Company's Shareholders may request the Target Company to purchase at a fair price all fractions of one share owned by them and file a petition for determination of the price for the acquisition of the Target Company's Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or ordinances. As stated above, with respect to the Share Consolidation, since the number of the Target Company's Shares held by the Target Company shareholders (excluding the Tender Offeror and the Target Company) who did not tender their shares in the Tender Offer will be fraction of one share, the shareholders of the Target Company who oppose to the Share Consolidation will be able to file petition for price determination pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or ordinances. If the petition above is filed, the purchase price will ultimately be determined by a court.

The timing for each of the procedures above may change, depending on the status of amendment, enforcement, the governmental authorities' interpretation, etc., of the relevant laws and ordinances, the ownership percentage of shares of the Tender Offeror after the Tender Offer, and the ownership status of the Target Company's Shares by the shareholders other than the Tender Offeror, or the foregoing may be changed to other methods with effects roughly equivalent thereto. Provided, however, even in such case, with respect to each of the Target Company's shareholders (excluding the Tender Offeror and the Target Company) who did not tender their shares in the Tender Offer, money will be ultimately delivered, and in such case, the amount of money to be delivered to each shareholder will be equal to the price obtained by multiplying (a) the Tender Offer Price by (b) the number of the Target Company's Shares held by each shareholder. In such case, the specific procedure and the timing of the implementation thereof, etc., will be decided upon discussion with the Target Company, and as soon as they are determined, they will be promptly announced.

The Tender Offer does not intend to solicit the endorsement of the Target Company's shareholders at the Extraordinary Shareholders' Meeting. Further, shareholders may need to consult, at their own responsibility, with a tax accountant with respect to the tax treatment in case of receipt of monies pursuant to the Tender Offer or the procedure described above and in case of purchase, etc., pursuant to a share purchase demand.

(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

Given that the Target Company is a consolidated subsidiary of the Tender Offeror as of today and the Transaction in which the Tender Offer is included falls under a material transaction, etc., with the controlling shareholder, and that there is a structural conflict of interest between the Tender Offeror and other shareholders of the Target Company, and in view of ensuring the fairness of the Tender Offer and avoiding conflicts of interest, the Tender Offeror and the Target Company respectively implemented the following measures:

The Tender Offeror believes that the interests of the minority shareholders of the Target Company have been sufficiently considered since the Tender Offeror and the Target Company have taken the measures stated in a. through f. below.

- a. Measures to ensure the fairness of the Tender Offer Price and other measures to ensure the fairness of the Tender Offer by the Tender Offeror;
- b. Obtaining by the Target Company of a share valuation report and a fairness opinion from independent third-party appraisers;
- c. Obtaining the response to referral from an Independent Special Committee;
- d. Obtaining by the Target Company of opinions from an independent outside law firm;
- e. Unanimous approval of directors and no objection opinion of all company auditors (excluding Directors and Company Auditors with conflicts of interest) at the Target Company;
- f. Measures to ensure opportunities to purchase from other offerors.

For details of the above, please refer to the section titled "(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to

Avoid Conflicts of Interest)” under “(ii) Background of Calculation” of “(4) Basis of Calculation, etc. of the Tender Offer Price” of “2. Outline of the Tender Offer” below.

(5) Possibility of and reasons for delisting

As of today, the Target Company’s Shares are listed on the First Section of Tokyo Stock Exchange. However, since the Tender Offeror has not set a limit on the maximum number of shares to be purchased in the Tender Offer, depending on the results of the Tender Offer, the Target Company’s Shares may be delisted pursuant to the procedures prescribed by Tokyo Stock Exchange in accordance with Tokyo Stock Exchange’s criteria for delisting shares. In addition, even if the Target Company’s Shares do not fall under such criteria at the time of the completion of the Tender Offer, after the Tender Offer is completed, the Tender Offeror plans to implement the Procedures for Making the Target Company a Wholly Owned Subsidiary, aiming to acquire all of the Target Company’s Shares (excluding, however, the Target Company’s Shares owned by the Tender Offeror and the treasury shares owned by the Target Company), as described in “(3) Policy for Organizational Restructuring, etc. After the Tender Offer (Matters Relating to So-called ‘Two-tier Acquisitions’). In such case, the Target Company’s Shares will be delisted pursuant to the procedures prescribed by Tokyo Stock Exchange in accordance with Tokyo Stock Exchange’s criteria for delisting shares. The Target Company’s Shares will not be able to be sold or purchased on the First Section of Tokyo Stock Exchange after delisting.

(6) Matters Concerning Material Agreement Related to the Tender Offer

The Tender Offeror and the Target Company have executed the MoU as of today. In the MoU, the Tender Offeror and the Target Company agreed upon, among other things, the followings: (i) the Share Exchange Agreement shall be terminated by mutual agreement; (ii) the Tender Offeror shall implement the Tender Offer subject to the Conditions of the Tender Offer being satisfied; and (iii) until the completion of the Transaction to Make the Target Company a Wholly Owned Subsidiary, the Target Company shall operate its business, maintain and manage its property and govern itself with the care of a good manager, and if Target Company intends to take an action which has material effect on its property or rights and duties, the Target Company shall consult with and make an agreement with the Tender Offeror prior to taking such action.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(1) Name	PanaHome Corporation
(2) Location	1-4, Shinsenri-nishimachi, 1 Chome, Toyonaka, Osaka
(3) Name and Title of Representative	Ryuji Matsushita, President, Chief Executive Officer
(4) Description of Business	Manufacturing, construction and sales of custom-built detached houses and apartments, sales of built-for-sale houses and land, sales of condominiums, and home remodeling business, etc.
(5) Amount of Stated Capital	28,375,000,000 yen (as of December 31, 2016)
(6) Date of Establishment	July 1, 1963

(7)	Major Shareholders and Shareholding Ratios	Panasonic Corporation	54.00%
		NORTHERN TRUST CO. (AVFC) RE-SSDOO	2.38%
		Japan Trustee Services Bank, Ltd. (trust account)	1.96%
		The Master Trust Bank of Japan, Ltd (trust account)	1.89%
		PanaHome Employee Shareholding Association	1.86%
		Sumitomo Mitsui Banking Corporation	1.39%
		GOLDMAN SACHS INTERNATIONAL	1.24%
		STATE STREET BANK AND TRUST COMPANY 505001	1.23%
		THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1.20%
		NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	1.05%
(8)	Relationship between the Listing Company and the Target Company		
	Capital Relationship	As of today, the Tender Offeror owns 91,036,634 shares (a shareholding ratio of 54.18%) of the Target Company's Shares.	
	Personnel Relationship	The Target Company currently accepts eighty-seven (87) employees who are seconded by the Tender Offeror, three (3) of whom have assumed the office as directors of the Target Company. Additionally, the Tender Offeror currently accepts six (6) employees who are seconded by the Target Company.	
	Business Relationship	The Target Company deposits funds with the Tender Offeror through group financing. The Target Company purchases products and raw materials, etc., from the Tender Offeror.	
	Status as Related Party	The Target Company is a consolidated subsidiary of the Tender Offeror; and therefore, the Tender Offeror and the Target Company are related parties of each other.	

(Note) The information contained in the above chart was current as of September 30, 2016 unless other date is specified therein.

(2) Schedule, etc.

(i) Schedule

Date of Resolution by Tender Offeror's Board of Directors	April 21, 2017 (Friday)
Scheduled Date of Public Notice of Tender Offer	April 28, 2017 (Friday) Public disclosure will be made electronically, and a notice of such disclosure will be published in the <i>Nihon Keizai Shimbun</i> . (website address of electronic notice: <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
Scheduled Filing Date of Tender Offer Registration Statement	April 28, 2017 (Friday)

(Note) The Tender Offeror does not plan to hold a board of directors meeting again at the time of commencement of the Tender Offer.

(ii) Tender Offer Period as of the time of filing of the Registration Statement



From Friday, April 28, 2017 (Friday) through Tuesday, June 13, 2017 (Tuesday) (30 business days)

(iii) Possible extension of the Tender Offer Period based on the Target Company's request

N/A

(3) Tender Offer Price

1,200 yen per share of common stock

(4) Basis of Calculation, etc. of the Tender Offer Price

(i) Basis of Calculation

In order to ensure the fairness of the Tender Offer Price, the Tender Offeror requested Nomura Securities Co., Ltd. ("Nomura Securities"), a financial advisor and third-party appraiser that is independent from the Tender Offeror and the Target Company, to calculate the value of the Target Company's Shares for determining the Tender Offer Price. Nomura Securities calculated the value of the Target Company's Shares by employing the average market price analysis, the comparable company analysis and the DCF analysis, and the Tender Offeror obtained the share valuation report from Nomura Securities as of today ("Share Valuation Report"). The Tender Offeror has not obtained an opinion concerning the appropriateness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

The ranges of the valuations per share of the Target Company's Shares analyzed based on each of the aforementioned methods are as follows:

The average market price analysis (i):	793 yen to 855 yen
The average market price analysis (ii):	933 yen to 1,014 yen
The comparable company analysis:	396 yen to 1,181 yen
The DCF analysis:	618 yen to 1,283 yen

For the average market price analysis, (i) the reference date was set for December 19, 2016, which is the business day immediately preceding the announcement date of the Share Exchange and it is considered that the share price on that date was not affected by the Transaction to Make the Target Company a Wholly Owned Subsidiary, and, pursuant to this analysis, the valuation range per the Target Company's Shares was analyzed to fall within a range of 793 yen to 855 yen based on the closing price of the Target Company's Share at the reference date quoted on the First Section of the Tokyo Stock Exchange (855 yen), the average closing price quoted for the past five (5) business days (849 yen) (any amount less than one (1) yen has been rounded up or down to the nearest one (1) yen; the same applies to the calculation of average closing price), the average closing price quoted for the past one (1) month (815 yen), the average closing price quoted for the past three (3) months (793 yen) and the average closing price quoted for the past six (6) months (800 yen). In addition, (ii) the reference date was set for April 20, 2017, which is the business day immediately preceding the announcement date of the Tender Offer; and pursuant to this analysis, the valuation range per share of the Target Company's Shares was analyzed to fall within the range of 933 yen to 1,014 yen, based on the closing price of the Target Company's Shares at the reference date quoted on the First Section of Tokyo Stock Exchange (1,013 yen); the average closing price quoted for the past five (5) business day period (1,001 yen); the average closing price quoted for the past one (1) month period (1,010 yen); the average closing price quoted for the past three (3) months (1,014 yen); and the average closing price quoted for the past six (6) months (933 yen).

For the comparable company analysis, the share value of the Target Company's Shares has been analyzed by comparing the market price of shares and financial indicators representing profitability, etc. of listed companies engaged in business similar to that conducted by the Target Company and pursuant to this analysis, the valuation per share of the Target Company's Shares was analyzed to fall within a range of 396 yen to 1,181 yen.

For the DCF analysis, the Target Company's enterprise value and share value have been analyzed by taking the free cash flow that the Target Company is expected to create for the fiscal year ended March 2017 and subsequent fiscal years based on the estimated future earnings of the Target Company for the fiscal year ended March 2017 and subsequent fiscal years, taking into consideration factors such as the business plan for the period from the fiscal year ended March 2017 until the fiscal year ended March 2020 of the Target Company; trends in the Target Company's operating results to date; publicly disclosed information; and effects resulting from the Transaction, etc. and determining the present value of such free cash flow by discounting it by using a certain discount rate. Pursuant to this analysis, the valuation per share of the Target Company's Shares was analyzed to fall within a range of 618 yen to 1,283 yen. The business plan above is not premised on the implementation of the Transaction. In addition, the Target Company's profit plan, which was provided by the Target Company and confirmed by the Tender Offeror, that Nomura Securities used as a basis for applying the DCF method does not contain a significant increase or decrease in earnings in any fiscal year. In addition to the valuation results in the Share Valuation Report obtained from Nomura Securities, the Tender Offeror considered the Tender Offer Price by comprehensively taking into account such factors as: the result of due diligence conducted on the Target Company for the period from the middle to the end of March 2017, whether the Target Company's board of directors would support the Tender Offer; examples of the premiums added when determining tender offer prices in tender offers conducted in the past by a party other than the issuer in a similar situation to the Tender Offer (tender offers against listed subsidiaries aiming to make such listed subsidiary a wholly owned subsidiary of the tender offeror); the market price of the Target Company's Shares; and the estimated number of shares to be tendered in the Tender Offer; and in light of the results of the discussion and negotiation with the Target Company and other factors, the Tender Offeror ultimately determined on the Tender Offer Price per share of 1,200 yen today.

The Tender Offer Price, 1,200 yen per share, represents (a) a premium of 40.35% (rounded to second decimal place; the same applies to the calculation of premium) on 855 yen, which is the closing price of the Target Company's Share quoted on the First Section of the Tokyo Stock Exchange on December 19, 2016, which is the business day immediately preceding the announcement date of the Share Exchange and it is considered that such price is not affected by the Transaction to Make the Target Company a Wholly Owned Subsidiary, (b) a premium of 47.24% on 815 yen, which is the simple average closing price of the Target Company's Share quoted for the past one (1) month (from November 21, 2016 to December 19, 2016), (c) a premium of 51.32% on 793 yen, which is the simple average closing price of the Target Company's Share quoted for the past three (3) months (from September 20, 2016 to December 19, 2016), and (d) a premium of 50.00% on 800 yen, which is the simple average closing price of the Target Company's Share quoted for the past six (6) month (from June 20, 2016 to December 19, 2016).

The Tender Offer Price, 1,200 yen per share, represents (a) a premium of 18.46% on 1,013 yen, which is the closing price of the Target Company's Shares quoted on the Tokyo Stock Exchange on April 20, 2017, which is the business day immediately preceding the announcement date of the Tender Offer by the Tender Offeror, (b) a premium of 18.81% on 1,010 yen, which is the simple average closing price of the Target Company's Shares quoted for the past one (1) month (from March 21, 2017 to April 20, 2017), (c) a premium of 18.34% on 1,014 yen, which is the simple average closing price of the Target Company's Shares quoted for the past three (3) months (from January 23, 2017 to April 20, 2017), and (d) a premium of 28.62% on 933 yen, which is the simple average closing price of the Target Company's Shares quoted for the past six (6) months (from October 21, 2016 to April 20, 2017).

In addition, in comparison with the calculation of the share value of the Target Company's Shares pertaining to the share exchange rate conducted by Nomura Securities in relation to the Share Exchange, there is no change in the material assumptions for the calculation by Nomura Securities in the Share Valuation Report, such as the selection of comparable companies. However, the Target Company's profit plan used by Nomura Securities in preparing the Share Valuation Report, which was provided by the Target Company and confirmed by the Tender Offeror, reflects the downward adjustment to the performance forecast for the fiscal year ended March 2017 which was announced by the Target Company as of today after the December 20, 2016 Press Release. Further, even after the downward adjustment, the Target Company's profit plan that Nomura Securities used as a basis for applying the DCF method, which was provided by the Target Company and confirmed by the Tender

Offeror, does not contain a significant increase or decrease in earnings in any fiscal year. Please refer to the December 20, 2016 Press Release for the basis of the calculation of the share exchange rate conducted by Nomura Securities through the Share Exchange and the background for determining the share exchange rate by the Tender Offeror.

(ii) Background of Calculation

(Background to the determination of the Tender Offer Price)

The Tender Offeror proposed the Tender Offer to the Target Company at the beginning of March 2017, and the Tender Offeror has continued to hold consultations and negotiations with the Target Company with respect to the terms and conditions of the Tender Offer, including the Tender Offer Price. Through the above consultations and negotiations, the Tender Offeror has agreed with the Target Company to terminate the Share Exchange Agreement by mutual agreement and upon the terms and conditions of the Tender Offer, including the Tender Offer Price. As a result thereof, the Tender Offeror resolved at the meeting of its board of directors held today to implement the Tender Offer, as a part of the Transaction, with the commencement date of the Tender Offer being April 28, 2017, and the Tender Offeror and the Target Company terminated the Share Exchange Agreement by mutual agreement as of today after obtaining approval at respective meetings of their boards of directors held on the same day. For details, please refer to the sections titled “(1) Overview of the Tender Offer” and “(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer” under “1. Purpose, etc. of Tender Offer” above.

The Tender Offeror determined the Tender Offer Price based on the following background.

i. Obtaining the share valuation report from a third-party appraiser

The Tender Offeror requested Nomura Securities, a financial advisor and third-party appraiser that is independent from the Tender Offeror and the Target Company, to calculate the value of the Target Company’s Shares upon determining the Tender Offer Price, and the Tender Offeror obtained the Share Valuation Report from Nomura Securities as of today. Nomura Securities is not a related party of the Tender Offeror or the Target Company and has no material interest regarding the Transaction.

ii. Outline of advice from Nomura Securities

According to the Share Valuation Report, the methods adopted for calculating the value of the Target Company’s Shares and the ranges of the valuation of the Target Company’s Shares calculated based on each of the methods adopted above are as follows:

The average market price analysis (i):	793 yen to 855 yen
The average market price analysis (ii):	933 yen to 1,014 yen
The comparable company analysis:	396 yen to 1,181 yen
The DCF analysis:	618 yen to 1,283 yen

iii. Background to determination of the Tender Offer Price upon consideration of the advice

In addition to the valuation results in the Share Valuation Report obtained from Nomura Securities, the Tender Offeror considered the Tender Offer Price by comprehensively taking into account such factors as: the result of due diligence conducted on the Target Company for the period from the middle to the end of March 2017, whether the Target Company’s board of directors would support the Tender Offer; the premiums added when determining tender offer prices in tender offers conducted in the past by a party other than the issuer in a similar situation to the Tender Offer (tender offers against listed subsidiaries aiming to make such listed subsidiary a wholly owned subsidiary of the tender offeror); the market price of the Target Company’s Shares; and the estimated number of shares to be tendered in the Tender Offer; and in light of the results of the discussion and negotiation with the Target Company and other factors, the Tender Offeror ultimately determined on the Tender Offer Price per share of 1,200 yen as of today.

(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)

Given that the Target Company is a consolidated subsidiary of the Tender Offeror as of today and the Transaction in which the Tender Offer is included falls under a material transaction, etc., with the controlling shareholder, and that there is a structural conflict of interest between the Tender Offeror and other shareholders of the Target Company, and in view of ensuring the fairness of the Tender Offer and avoiding conflicts of interest, the Tender Offeror and the Target Company respectively implemented the following measures.

The Tender Offeror believes that the interests of the minority shareholders of the Target Company have been sufficiently considered since the Tender Offeror and the Target Company have taken the measures stated in a. through f. below.

In addition, the measures, etc. described below that have been conducted by the Target Company are based on the Target Company's Press Release and the explanation by the Target Company.

- a. Measures by the Tender Offeror to ensure the fairness of the Tender Offer Price and other measures to ensure the fairness of the Tender Offer

In order to prevent arbitrariness in the decision making process reaching the Tender Offer, the Tender Offeror requested Nomura Securities to be its financial advisor, appointed Nagashima, Ohno & Tsunematsu as its legal advisor, and obtained legal advice from that law firm. In addition, Nomura Securities and Nagashima, Ohno & Tsunematsu are independent from the Tender Offeror and the Target Company and have no material interest with each of the Tender Offeror and the Target Company. The Tender Offeror obtained the Share Valuation Report from Nomura Securities as of today. The Tender Offeror has not obtained an opinion concerning the appropriateness of the Tender Offer Price (a fairness opinion) from Nomura Securities. For details, please refer to "(i) Basis of Calculation" above.

- b. Obtaining a share valuation report and a fairness opinion from an independent third-party appraiser by the Target Company

According to the Target Company, to ensure the fairness of decision-making process for the Tender Offer Price presented by the Tender Offeror, the Target Company requested SMBC Nikko and Plutus both of whom are a third party valuation institution independent from the Target Company and the Tender Offeror to calculate the value of the Target Company's Shares, and requested Plutus to submit a fairness opinion with respect to the fairness of the Tender Offer Price.

SMBC Nikko has adopted an approach of comparable companies analysis as there are several comparable listed companies for which comparison to the Target Company is possible, and analogical inference of share value is possible through this approach. Simultaneously, SMBC Nikko performed a DCF analysis in order to reflect in the calculation the situation of future business activities. Today, the Target Company received a valuation report from SMBC Nikko. On the other hand, the Target Company has not obtained an opinion to the effect that the tender offer price is fair from a financial viewpoint (fairness opinion) from SMBC Nikko. SMBC Nikko is not a related party of the Target Company or the Tender Offeror and does not have any material interest which should be described regarding the Transaction including the Tender Offer.

SMBC Nikko did not adopt the market price analysis, deeming it difficult to conduct an unbiased assessment via the market price analysis regarding the stock value of the Target Company whose stock price has been running mostly parallel to that of Panasonic following the Press Release dated December 20, 2016. On the other hand, SMBC Nikko provided to the Target Company the market price information (1,003 yen - 1,014 yen) as reference. In calculating the market price information, SMBC Nikko set April 20, 2017, the business day before the announcement date of the Tender Offer, as the reference date and used the simple average of the closing prices of the Target Company on the First Section of the Tokyo Stock Exchange over certain periods ending on the reference date.

The following represent the approaches that SMBC Nikko opted to adopt and the ranges of value per Target Company's Share based upon the approaches (Note 1).

Comparable Companies Analysis	475yen - 1,452yen
DCF Analysis	800yen - 1,256yen

In performing the comparable companies analysis, SMBC Nikko selected, Sumitomo Forestry Co., Ltd., Mitsui Home Co., Ltd., Open House Co., Ltd. and Tama Home Co., Ltd. as comparable publicly listed companies which had similar characteristics with the Target Company (Note 2), and applied EV/EBITDA multiple, EV/EBIT multiple, P/E Ratio and P/B Ratio as multiple ratios.

In performing the DCF Analysis, SMBC Nikko evaluated the enterprise value by discounting to the present value at certain rates, the future cash flows estimated based upon the financial forecasts by the Target Company for the period from the fiscal year ended March 31, 2018 (FY2017) through the fiscal year ending March 31, 2020 (FY2019) (Note 3). SMBC Nikko calculated terminal value by perpetual growth rate method and exit multiples method. For the perpetual growth rate method, SMBC Nikko applied perpetual growth rate of 0.0%, and for the exit multiples method, SMBC Nikko applied EBITDA multiples of 4.7 - 5.8x. As for the discount rate, SMBC Nikko applied the rate of 6.94 - 8.49% (Note 4).

According to SMBC Nikko, the cash and deposits (sum of “cash and deposits” and “deposit paid in parent company”; hereinafter the same will apply) were reflected appropriately in the calculation of share value, while the method differed depending on the approach of valuation. In performing the comparable companies analysis, the calculation of EV/EBIT and EV/EBITDA multiples fully reflected the balance of cash and deposits of the Target Company. In the Comparable Company Analysis, balance sheet figures were directly used for the purpose of comparing with peers. As such, share value in this case was calculated based upon the actual figures for cash and deposits stated on the Target Company’s balance sheet in order to ensure the consistency of criteria. On the other hand, it is understood that the analysis of PER and PBR does not reflect specific figures of cash and deposits directly, as PER is a multiple based upon a company’s profitability, and PBR is a ratio of stock price to net assets that a company has accumulated as a going concern. (In the case of PBR, cash and deposits of a company are valued as part of its assets and reflected indirectly in the value of net assets, although there is no formula that includes cash and deposits explicitly in the process of calculation.) In performing the DCF analysis, in the process, cash and deposits were categorized to into two separate items i.e. the working capital needed for the business operation, and the funds available for other purposes. The latter was added to the enterprise value as surplus funds in the process of calculating share value. At the same time, the funds set aside for the purpose of land acquisition etc. in the business of selling real-estate lots were dealt with as an outflow of cash in the period of business plan.

The following table shows the financial forecasts made by the Target Company, which SMBC Nikko used as a basis for performing the DCF analysis. These financial forecasts do not contain a significant increase or decrease in earnings in any fiscal year. In addition, these financial forecasts are not based on the assumption of implementation of the Transaction.

(Millions of yen)

	FY2017	FY2018	FY2019
Net Sales	370,000	390,000	404,000
Operating Income	13,000	16,500	20,000
EBITDA	18,000	21,500	25,000
Free Cash Flow	(17,740)	4,123	13,719

Please refer to the Press Release dated December 20, 2016, for the basis for calculation of the share exchange ratio conducted by SMBC and the process for determining the Share Exchange Ratio.

On the other hand, Plutus has adopted the market price analysis for the Target Company since the Target Company’s Shares are listed on a financial instruments exchange and a market price is available. In addition, as there are several comparable listed companies that operate business similar with the Target Company and analogical inference of share value through the comparable company analysis is possible, Plutus has adopted the comparable companies analysis for calculation. Furthermore, in order to take into account the state of future business operations in the assessment,

Plutus has adopted the DCF analysis as well. Today, the Target Company received a valuation report from Plutus. In addition, the Target Company obtained a fairness opinion to the effect that the Tender Offer Price is fair from a financial point of view to the minority shareholders of the Target Company from Plutus. Plutus is a valuation institution independent from the Target Company and the Tender Offeror, is not a related party of the Target Company or the Tender Offeror, and does not now have and has never had any business relationship or any other interest in the Target Company or the Tender Offeror, excluding services with respect to the Share Exchange and the Transaction to Make the Target Company a Wholly Owned Subsidiary.

The methods used by Plutus in calculating the value of the Target Company's Share and the ranges of per share value calculated by those methods are as follows (Note 5):

Market Price Analysis (reference)	794yen - 1,014yen
Comparable Companies Analysis	574yen - 1,024yen
DCF Analysis	827yen - 996yen

In performing the market price analysis, Plutus set December 20, 2016, the announcement date of the Share Exchange, and April 20, 2017, the business day before the announcement date of the Tender Offer, as the reference dates, and used the simple average closing prices of the Target Company on the First Section of the Tokyo Stock Exchange over certain periods ending on the respective reference date.

In order to carry out the market price analysis separately for the period before the announcement date of the Share Exchange and the period after the next business day, Plutus set the reference dates on December 20, 2016 and April 20, 2017. In the case that December 20, 2016 is set as the reference date, it is an analysis at the time four months dated back from the scheduled announcement date of the Tender Offer, and in the case that April 20, 2017 is set as the reference date, there is a possibility that the market price of the Target Company was affected by the Share Exchange Ratio. Judging that the objectivity of the market price is limited, the calculation result based on the market price analysis is regarded as reference information. In performing the comparable companies analysis, Plutus selected MISAWA HOMES CO., LTD. (Note 6), Mitsui Home Co., Ltd., Open House Co., Ltd. and Tama Home Co., Ltd as comparable publicly listed companies which had similar characteristics with the Target Company, and applied PER, EV/EBIT ratio and EV/EBITDA ratio as multiples.

In performing the DCF analysis, Plutus evaluated the equity value by discounting the future cash flow based on the financial forecasts for the period from the fiscal year ending March 31, 2018 to the fiscal year ending March 31, 2020 prepared by the Target Company and the terminal value after the fiscal year ending March 31, 2021 to the present value at discount rate of 4.308% - 6.151%. Plutus calculated the terminal value by exit multiples method, and applied EV/EBIT multiple of 5.50x - 6.69x and EV/EBITDA multiple of 4.31x - 4.93x.

The following table shows the financial forecasts which Plutus used as a basis for performing the DCF analysis. Plutus did not assume any significant fluctuations in earnings in the financial forecast. The financial forecasts of the Target Company do not reflect the consummation of the Transaction.

(Millions of yen)

	FY2017	FY2018	FY2019
Net Sales	370,000	390,000	404,000
Operating Income	13,000	16,500	20,000
EBITDA	18,000	21,500	25,000
Free Cash Flow	(19,712)	6,348	15,276

Regarding the Share Exchange, please refer to the Target Company's press release "PanaHome obtained a fairness opinion with regard to the Share Exchange Ratio in the Share Exchange between PanaHome and Panasonic and discloses an FAQ" announced on February 28, 2017 (the "Press Release dated February 28, 2017") for the circumstances of the Target Company's obtainment of Plutus's fairness opinion on the Share Exchange Ratio and its outlines.

(Note 1) According to SMBC Nikko, in calculating the stock value of the Target Company, SMBC Nikko has relied upon the assumptions that all information and materials that were furnished

by the Target Company and publicly available information were accurate and complete and all facts that could materially affect the calculation of the stock value were disclosed to SMBC Nikko, and SMBC Nikko has used the materials and information as it was and has not independently verified the accuracy and completeness thereof. Similarly, SMBC Nikko has not independently evaluated, appraised or assessed assets and liabilities (including contingent liabilities) of the Target Company and their respective subsidiaries and affiliates, and has not made any analysis and valuation of individual assets and liabilities. SMBC Nikko has not independently requested any third-party institution to make such valuation, appraisal or assessment. SMBC Nikko assumed that the Target Company's financial forecasts and other materials used as base materials for preparing the value report were prepared by the management of the Target Company based on the best estimation and judgment which could be obtained at this point and in accordance with reasonable and appropriate methods. Accordingly, the result of the calculation of the Target Company's stock value by SMBC Nikko reflects the information and economic conditions up to today. The results of the calculation of the Target Company's stock value by SMBC Nikko are not expressions of opinion concerning the fairness of the Tender Offer Price.

(Note 2) According to SMBC Nikko, to establish a peer group of similar public companies in the comparable companies analysis and to appropriately evaluate the stock value, SMBC Nikko put emphasis on following factors appropriate process of selecting peers, integrity and consistency of logic, objectivity of criteria. SMBC Nikko checked (1) similarity in contents of business, (2) similarity in size of business and on top of (1) and (2), (3) non-existence of stock price anomalies and other abnormal factors, in the process of screening the comparable companies.

Based upon the above mentioned criteria, four companies (Sumitomo Forestry Co., Ltd., Mitsui Home Co., Ltd., Open House Co., Ltd., and Tama Home Co., Ltd.) were selected as peers for the calculation of the stock value. For further details concerning the comparable listed company analysis, please refer to the Press Release dated February 28, 2017.

(Note 3) The Target Company has revised the financial forecasts for the period from the fiscal year ended March 2017 to the fiscal year ending March 2020 from the forecast figures used in the Press Release dated December 20, 2016. Specifically, the Target Company has revised the financial forecasts for the fiscal year ended March 2017 downward as set out in the press release "PanaHome Announces to have Revised the Financial Forecasts" disclosed today, given that (i) the orders of products such as box unit houses have been sluggish due to the persistent trend of home-buyer behavior towards the lengthening of negotiations in the expectation that mortgage rates will continue to hover near the current low level, (ii) deliveries of some multi-story residential building have been delayed into the next fiscal year due to completion dates being concentrated near the end of fiscal year and the associated workforce shortages, and (iii) the sales of condominiums have not grown at the expected pace; in light of such revision, and taking into account the effects of the Target Company's efforts to spread out construction completion dates under concrete study and secure additional personnel, the Target Company has also revised the forecasts for the period from the fiscal year ending March 2018 to the fiscal year ending March 2020 downward. The revision also took into consideration the Target Company's expectation that the gross margin rate will improve due to the reduction of work costs by the Target Company's efforts to spread out construction completion dates and the effects of ensuring sales strategies that emphasize added value. SMBC Nikko and Plutus calculated the stock value by discounting the future cash flows etc. which the Target Company is expected to generate based upon the revised financial forecasts for the period from the fiscal year ended March 2018 to the fiscal year ending March 2020 to arrive at a present value in the DCF Analysis.

(Note 4) According to SMBC Nikko, it applied the discount rate calculated based upon the median of the beta (a measure of the relationship between the price movements of individual stocks and the fluctuations of the TOPIX) values of the four peers selected for the comparable listed company analysis, deeming it difficult to conduct an unbiased assessment if they use the beta value of the Target Company whose stock price has been running mostly parallel to that of the Tender Offeror following the Press Release dated December 20, 2016.

(Note 5) In preparing and submitting the fairness opinion, etc. and conducting the calculation of the Target Company's stock value underlying the opinion, Plutus has relied upon the assumptions that all information and materials that were furnished by the Target Company

and publicly available information were accurate and complete and all facts that could materially affect the calculation of the Target Company's stock value were disclosed to Plutus, and Plutus has used the materials and information as it was and has not independently verified the accuracy and completeness thereof, and is not obliged to verify them.

Plutus has not independently evaluated, appraised or assessed assets and liabilities (including off-balance-sheet assets, off-balance-sheet liabilities and other contingent liabilities) of the Target Company and their respective subsidiaries and affiliates, and has not made any analysis and valuation of individual assets and liabilities. Plutus has not independently requested any third-party institution to make such valuation, appraisal or assessment. Plutus has not independently assessed creditworthiness of the Target Company under applicable laws or ordinances in respect of insolvency, suspension of payment or similar matters.

Plutus assumed that the Target Company's financial forecasts and other materials used as base materials for preparing the fairness opinion, etc. were prepared by the management of the Target Company based on the best estimation and judgment which could be obtained at this point and in accordance with reasonable and appropriate methods. Plutus has not guaranteed their feasibility, nor expressed any opinion on the analyses or forecasts subject to which they were prepared or the assumptions on which they were based.

The fairness opinion, etc. constitutes an expression of opinion as of the date of its preparation regarding whether the Transaction is fair from a financial point of view to the Target Company's minority shareholders. Such opinion is based on the premise of the financial and capital markets, economic conditions and other environment as of the preparation date, and based on the information that Plutus has obtained on or before the preparation date. The content of the fairness opinion, etc. may be affected by subsequent changes in circumstances. In such case, Plutus will not, however, be obligated to update, revise or supplement the content of the fairness opinion, etc. In the fairness opinion, etc. Plutus does not infer or indicate any opinion other than those expressly indicated in the fairness opinion, etc. or with respect to the matters after the submission date of the fairness opinion, etc.

The fairness opinion, etc. was provided for the purpose of being used as a base material upon the Target Company in order to verify the fairness of the Tender Offer Price. Accordingly, the fairness opinion, etc. does not express any opinion on the relative benefit of the Target Company's decision or the Transaction compared to alternative strategic solutions which the Target Company can select. In addition, the fairness opinion, etc. does not express any opinion for shareholders, creditors, or any other stakeholders of the Target Company, nor recommend shareholders any actions regarding the Transaction.

(Note 6) According to Plutus, MISAWA HOMES CO., LTD is newly added as a comparable publicly listed company in performing the valuation this time. The reason is that, in performing the valuation for the Share Exchange, MISAWA HOMES CO., LTD was excluded because a tender offer was made to its shares on the valuation date, however on the reference date in performing the valuation this time, the ordinary market transactions were taking place after the tender offer for the MISAWA HOMES CO., LTD's shares.

c. Obtaining the Response to Referral From an Independent Special Committee

According to the Target Company, on November 14, 2016, the Target Company established a special committee to avoid conflicts of interest with the Tender Offeror and prevent the Share Exchange from becoming disadvantageous to the non-controlling shareholders of the Target Company. The Special Committee consisted of Mr. Naoto Terakawa, an outside director and independent officer of the Target Company, Mr. Katsuhiko Arita, an outside company auditor and independent officer of the Target Company, and Mr. Takashi Goto (an attorney at STW & Partners) and Mr. Akira Sakata (a certified public accountant at AKIRA SAKATA Certified Public Accountant Office), both of whom are independent and outside experts having no interest in the Tender Offeror, the controlling shareholder of the Target Company, or the Target Company itself. Pursuant to the resolutions of the board of directors on March 15, 2017 and March 22, 2017, in examining the Transaction (including the Tender Offer), the Target Company referred the following matters (collectively, the "Questions") to the Special Committee (consisting of four members; Mr. Naoto Terakawa declined to be a member of the Special Committee due to scheduling difficulties, and his position was replaced by Mr. Haruo



Kawamura, Representative Director of CAS Capital, Inc., who is an independent and outside expert having no interest in the Tender Offeror, the controlling shareholder of the Target Company, or the Target Company itself) (for the independence of the members of Special Committee, please see “Note: Independence of members of Special Committee” below) and requested their opinion (I) whether the Target Company’s board of directors should vote to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company accept the Tender Offer, and to implement the Transaction to Make the Target Company a Wholly Owned Subsidiary by its shareholders other than the Tender Offeror if the Tender Offer is executed, taking into account (i) whether the Transaction to Make the Target Company a Wholly Owned Subsidiary through the Tender Offer and the Procedures for Making the Target Company a Wholly Owned Subsidiary will enhance the Target Company’s corporate value, (ii) whether the determination of the Transaction to Make the Target Company a Wholly Owned Subsidiary has been conducted using fair procedures, giving due consideration so as not to undermine the interest of the minority shareholders of the Target Company, and (II) whether the board of director’s approval of implementation of the Tender Offer and the transaction for making the Target Company a wholly owned subsidiary will disadvantage minority shareholders of the Target Company.

From March 22, 2017 to April 21, 2017, the Special Committee carefully reviewed the Questions by holding ten meetings in total, as well as by gathering information through the Target Company secretariat and other staff and consulting with each other whenever necessary. In conducting their examination, the Special Committee asked the Target Company secretariat questions concerning the Target Company’s recent performance and financial status, the process of preparing the business plan and its details, how the Transaction has been discussed, the purpose of the Transaction, the advantages and disadvantages of the Transaction, the background of changing the scheme for the Transaction from the Share Exchange, and the background of Oasis Proposal. The Target Company received from SMBC Nikko and Plutus explanations concerning the calculation of value of the Target Company’s Shares together with timely reports from SMBC Nikko on the negotiations with the Tender Offeror, as well as recommending the Target Company staff on its negotiation policy at important stages of negotiation. The Special Committee also asked questions to the Tender Offeror to confirm the Target Company’s position within the Panasonic group, the background of changing the scheme for the Transaction to Make the Target Company a Wholly Owned Subsidiary from the Share Exchange to the Tender Offer, the purpose of the Transaction and the Tender Offeror’s intended strategy for after the Transaction, and the advantages and disadvantages of the Transaction. In addition, the Special Committee also asked Mori Hamada & Matsumoto, legal advisor to the Target Company, questions concerning the measures to avoid conflicts of interest, including measures to ensure the fairness of the procedures of the Transaction, the decision making method, and the procedures implemented by the Target Company board of directors with respect to the Transaction.

As stated in the section titled “(iv) Background to the decision of the Target Company to support the Tender Offer and reasons therefor” under “a. Background to, purpose of and decision making process of the Tender Offer” of “(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose, etc. of Tender Offer” above, the Special Committee, at the request of the Target Company, evaluated whether the Target Company should accept the Oasis Proposal. The Special Committee, independent of the Tender Offeror and the Target Company, carefully considered the details of Oasis Proposal, and submitted its opinion below to the board of directors of the Target Company to the effect that the Oasis Proposal does not affect the contents of the Response to Referral by the Special Committee regarding the implementation of the Transaction with the Tender Offeror.

After taking the said procedures and in light of each investigation, discussions and negotiation, the Special Committee carefully discussed and reviewed the Questions and submitted the Response to Referral as follows to the board of directors of the Target Company today.

- (i) The Target Company has made no obviously irrational judgments in determining to that effect, and therefore the Transaction to Make the Target Company a Wholly Owned Subsidiary will enhance the Target Company’s corporate value, considering that: (a) the necessity of the Transaction to Make the Target Company a Wholly Owned Subsidiary is acknowledged given that the majority of the Target Company’s profit comes from the Japanese housing business, which is projected to decline in the medium to long term, making

it the Target Company's most important challenge to maintain or increase domestic sales and profit and expand overseas business; (b) the implementation of the post- Transaction to Make the Target Company a Wholly Owned Subsidiary strategy can be viewed as contributing to the Target Company's overcoming its business challenges; (c) the expected disadvantages can be viewed as minor; and (d) the Target Company do not find any reason to believe that maintaining current capital relationship or alliance with a third party is an effective alternative to the Transaction to Make the Target Company a Wholly Owned Subsidiary.

- (ii) All decisions with respect to the Transaction to Make the Target Company a Wholly Owned Subsidiary, including the determination of the consideration for the Transaction to Make the Target Company a Wholly Owned Subsidiary, were made using fair procedures, giving due consideration, and therefore it will not undermine the interest of the minority shareholders of the Target Company, considering that: (a) in determining the Tender Offer Price, the Tender Offer Price was agreed after the Target Company's secretariat, consisting of persons who have no interest in the Tender Offeror, actually negotiated in good faith multiple times on the basis of non-arbitrary valuations by the independent experts and with the advice of the financial advisor and the recommendations of the Special Committee; (b) the Tender Offer Price is within the range of valuations set out in the valuation report obtained from SMBC Nikko, higher than the range of valuations set out in the valuation report obtained from Plutus, and is in line with the average premium offered in similar cases, demonstrating concern for minority shareholders' expected acquisition price, theoretical stock price of the Target Company's Shares in the Share Exchange and the contents of Oasis Proposal; and (c) other fair procedures have been performed giving due consideration to the interest of shareholders, including the establishment of the Special Committee.
- (iii) In light of the above, the Special Committee believes that it is reasonable for the Target Company's board of directors to approve to express an opinion in favor of the Tender Offer and to recommend that the shareholders of the Target Company accept the Tender Offer, and to implement the procedure for squeeze-out of the Target Company's shareholders other than the Tender Offeror if the Tender Offer is executed.
- (iv) In addition, based on the reasons (i) and (ii) above, the Special Committee believes that the approval by the Target Company's board of directors of the implementation of the Tender Offer and the Transaction to Make the Target Company a Wholly Owned Subsidiary will not cause any disadvantages to the Target Company's shareholders.

Note: The Independence of Members of Special Committee

- Mr. Katsuhiko Arita qualifies as "Outside Company Auditor" under the Companies Act, and is also independent in light of the Target Company's "Standards for Determining the Independence of Independent Directors/Auditors (please refer to the Corporate Governance Report disclosed by the Target Company on June 24, 2016)"
- Mr. Takashi Goto neither has nor has had a relationship with or any other interest in the Target Company or the Tender Offeror, and he is an independent outside expert. In the past, Mr. Goto worked for the independent law firm that currently advises the Target Company in relation to the Transaction (including the Tender Offer), but it had been almost eight years and 10 months since Mr. Goto left that firm and, considering the fact that the said law firm and the firm he currently works for have a competitive relationship, the Special Committee has determined that this will not affect the independence of Mr. Goto.
- Mr. Akira Sakata neither has nor has had a relationship with or any other interest in the Target Company or the Tender Offeror, and he is an independent outside expert.
- Mr. Haruo Kawamura neither has nor has had a relationship with or any other interest in the Target Company or the Tender Offeror, and he is an independent outside expert.

d. Obtaining Opinions from an Independent Outside Law Firm by the Target Company

According to the Target Company, it appointed Mori Hamada & Matsumoto as its legal advisor and received legal advice concerning the decision making method and procedures to be implemented by the board of directors, including for the procedures of the Transaction (including the Tender Offer).

Mori Hamada & Matsumoto is independent from the Tender Offeror and the Target Company, and has no material interest in the Tender Offeror and the Target Company.

e. Unanimous Approval of Directors and the No Objection Opinion of All Company Auditors (Excluding Directors and Company Auditors with Conflicts of Interest) at the Target Company

According to the Target Company, during the process of discussion and negotiation with the Tender Offeror, the board of directors of the Target Company discussed and reviewed the terms and conditions of the Transaction, based on (a) SMBC Nikko's valuation report on the value of the Target Company's Shares obtained today, (b) Plutus' valuation report and fairness opinion on the value of the Target Company's Shares obtained today, and (c) legal advice from Mori Hamada & Matsumoto, as well as paying regard to the contents of the Response to Referral to the extent possible (please refer to the section titled "c. Obtaining the Response to Referral From an Independent Special Committee" above for details).

As set forth in the section titled "(ii) Background to the execution of the Share Exchange Agreement" under "a. Background to, purpose of and decision making process of the Tender Offer" of "(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer" of "1. Purpose, etc. of Tender Offer" above, in order for the Target Company to deal with medium to long term management challenges in terms of brand strategies, large-scale investment, and reallocating management resources, it is desirable to increase the Target Company's corporate value in the medium to long term, rather than focusing on the risk of short-term negative effects on profitability. As a listed subsidiary, it has been difficult for the Target Company to take adequately bold or quick measures, but the implementation of the Transaction will enable the Target Company to do so. In order for the Target Company to deal with medium to long term management challenges forcefully, the Target Company believes that the Target Company will need to utilize the resources of Tender Offeror more than ever, but if the Target Company remains independent as a listed company, the interests of the Target Company and that of the Tender Offeror will not necessarily align. In particular, the Tender Offeror and the Target Company have had a supplier-customer relationship with respect to housing materials due to the characteristics of each business, and the conflicts of interest between the two companies are quite apparent in this respect. By becoming a wholly owned subsidiary of the Tender Offeror through the Transaction, interests of both companies will be aligned and the Target Company will have more access to the Tender Offeror's resources, as stated in "(ii) Background to the execution of the Share Exchange Agreement" under "a. Background to, purpose of and decision making process of the Tender Offer" of "(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer" of "1. Purpose, etc. of Tender Offer" above. Therefore, as the Target Company determined in reviewing the Share Exchange, the Target Company will be able to increase the Target Company's corporate value by becoming a wholly owned subsidiary of the Tender Offeror through the Transaction.

The Target Company determined that the Transaction provides to the Target Company's shareholders a reasonable opportunity to sell shares, with respect to the Tender Offer Price, considering that (i) as stated in the sections titled "b. Obtaining a share valuation report and a fairness opinion from an independent third-party appraiser by the Target Company," "c. Obtaining the Response to Referral From an Independent Special Committee," "d. Obtaining Opinions from an Independent Outside Law Firm by the Target Company," above and "f. Measures to ensure acquisition opportunities, etc. for other investors" below, the Target Company agreed to the Tender Offer Price after it took measures to ensure the fairness of the Tender Offer, received advices from SMBC Nikko, received reports from Plutus, received recommendations from the Special Committee, and discussed and negotiated sincerely with the Tender Offeror, (ii) the Tender Offer Price is evaluated as (a) in determining the Tender Offer Price, the Tender Offer Price was agreed after the Target Company's secretariat, consisting of persons who have no interest in the Tender Offeror, actually negotiated in good faith multiple times on the basis of non-arbitrary valuations by the independent experts and with the advice of the financial advisor and the recommendations of the Special Committee, and (b) the Tender Offer Price is within the range of valuations by SMBC Nikko, higher than the range of valuations set out in the valuation report obtained from Plutus and is in line with the average premium offered in similar cases, demonstrating concern for minority shareholders' expected acquisition price, the theoretical

stock price of the Target Company's Shares in the Share Exchange, and the contents of Oasis Proposal in the Response to Referral by the Special Committee independent from the Target Company, (iii) the Tender Offer Price falls within the range of calculation results derived from the comparable companies analysis and within the range of calculation results derived by the DCF Analysis that are the result of calculation by SMBC Nikko as set forth in the section titled "b. Obtaining a share valuation report and a fairness opinion from an independent third-party appraiser by the Target Company" above, (iv) the Tender Offer Price is higher than the range of all calculation results derived from the market price analysis, comparable companies analysis and DCF Analysis that are the result of calculation by Plutus as set forth in the section titled "b. Obtaining a share valuation report and a fairness opinion from an independent third-party appraiser by the Target Company" above, (v) the Tender Offer Price includes a sizeable premium in contrast to previous tender offer cases of shares, etc. of listed companies by companies other than the issuer as provided by SMBC Nikko, given that a premium of 40.35% (rounded to two decimal places; hereinafter the same will apply to the size (%) of premiums on the value of shares) on 855 yen, which is the closing price of the Target Company's Shares quoted on the Tokyo Stock Exchange on December 19, 2016 (the business day immediately preceding the announcement date for the Share Exchange which was a day before the value of the Target Company's Shares has been affected by the Share Exchange Ratio), a premium of 47.24% on 815 yen (rounded to the nearest whole yen; hereinafter the same will apply to simple average closing prices), which is the simple average closing price for the last one month period from December 19, 2016, a premium of 51.32% on 793 yen for the last three month period, and a premium of 50.00% on 800 yen for the last six month period are included in the Tender Offer Price, (vi) the Target Company has taken measures to ensure fairness of the Tender Offer as set out in the sections titled "a. Measures by the Tender Offeror to ensure the fairness of the Tender Offer Price and other measures to ensure the fairness of the Tender Offer," "b. Obtaining a share valuation report and a fairness opinion from an independent third-party appraiser by the Target Company," "c. Obtaining the Response to Referral From an Independent Special Committee," "d. Obtaining Opinions from an Independent Outside Law Firm by the Target Company," above and "f. Measures to ensure acquisition opportunities, etc. for other investors" below, and (vii) the Tender Offer Price is higher than any of the theoretical stock prices of the Target Company's Shares as calculated using the Share Exchange Ratio based on the closing price of the Tender Offeror shares at Tokyo Stock Exchange on each business day between December 21, 2016 (the business day immediately after the announcement of the Share Exchange) and April 20, 2017 (the business day immediately preceding the announcement of the Tender Offer), and the Target Company believes that changing the scheme from the Share Exchange to the Transaction will not cause any particular disadvantages to the Target Company's shareholders other than the Tender Offeror, but rather, the Target Company believes it will make it possible to provide an opportunity for its shareholders other than the Tender Offeror to enjoy a higher premium than under the Share Exchange. By changing the scheme from the Share Exchange to the Transaction, the timing as to when the Target Company will become a wholly owned subsidiary of the Tender Offeror will be slightly later than the Target Company initially expected through the Share Exchange. However, comprehensively considering various circumstances including the conditions for the Transaction etc., the implementation of the Transaction instead of the Share Exchange will not cause any particular disadvantages to the Target Company's shareholders other than the Tender Offeror, but rather, the Target Company believes it will contribute to the interest of the Target Company's shareholders.

The Target Company received the Oasis Proposal from one of the Target Company's shareholders, Oasis, which operates Oasis Investment II Master Fund Ltd. Since the conditions of Oasis Proposal (including scope of the purchase and whether a maximum or minimum number of shares to be purchase will be set) and the policy after the acquisition remained unclear, the Target Company sent a letter to Oasis on April 3, 2017 to confirm the details of Oasis Proposal, and the Target Company received the response from Oasis on April 20, 2017. The Target Company reviewed the Oasis Proposal, while reviewing the proposal for the Transaction by the Tender Offeror. The board of directors at the Target Company requested the Special Committee to evaluate whether the Target Company should accept the Oasis Proposal. The Special Committee provided the Target Company with its opinion that (i) the feasibility of Oasis Proposal is doubtful in the first place; (ii) even if one assumes that a certain increase in corporate value of the Target Company may be expected, the profitability of the main business may decrease, and corporate value may decline from the current level because if the Target Company accepted the Oasis Proposal and existing the capital relationship and collaboration between the Tender Offeror and the Target Company were changed, it would have a

negative impact on the structure of business relying on the Panasonic brand; (iii) the Special Committee does not see any reason that the Oasis Proposal would in any way increase corporate value more than the Transaction to Make the Target Company a Wholly Owned Subsidiary would, and (iv) the Tender Offer Price is well above the price offered by the Oasis Proposal, and therefore the Oasis Proposal does not affect the contents of the Response to Referral by the Special Committee regarding the implementation of the Transaction with the Tender Offeror. Therefore, as stated above, the Target Company determined that the Target Company will not accept to the Oasis Proposal because the Target Company believes that the implementation of the Transaction with the Tender Offeror will increase the Target Company's corporate value and contribute to the interest of its shareholders.

For these reasons, the Target Company has resolved at its board of directors meeting held today to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of the Target Company accept the Tender Offer.

In order to avoid conflicts of interest, the Target Company's directors Mr. Ryuji Matsushita, Mr. Nobuhiko Teranishi, Mr. Hideyo Hamatani and Mr. Shinichi Watabe, who also serve as executive counsellors or employees of the Tender Offeror, did not participate in any of the discussions regarding the Transaction or vote at the board of directors meeting of the Target Company (including the meeting above), and did not participate in any of the discussions and negotiations regarding the Transaction on behalf of the Target Company.

The agenda regarding the Transaction was approved at the meeting of the board of directors of the Target Company by the unanimous vote of five out of the Target Company's nine directors excluding Mr. Ryuji Matsushita, Mr. Nobuhiko Teranishi, Mr. Hideyo Hamatani and Mr. Shinichi Watabe set forth above, and three company auditors of the Target Company expressed the opinion that they had no objections with respect to the board of directors of the Target Company expressing its opinion in favor of the Tender Offer and recommending that the shareholders of the Target Company accept the Tender Offer.

f. Measures to ensure acquisition opportunities, etc. for other investors

The Tender Offeror has set the tender offer period for the Tender Offer (the "Tender Offer Period") to be 30 business days, while the minimum tender offer period required by laws and ordinances is 20 business days. Setting a relatively long Tender Offer Period ensures an appropriate opportunity for the shareholders of the Target Company to make a decision whether to tender their shares in the Tender Offer and also ensures an opportunity for any party other than the Tender Offeror to offer to purchase the Target Company's Shares.

In addition, the Tender Offeror has never agreed with the Target Company on any matter that would restrict the Target Company's contact with any counter-offeror including any agreement such as an agreement on a transaction protection clause that prohibits the Target Company from contact with any counter-offerors and the Tender Offeror gives consideration to ensure the fairness of the Tender Offer by assuring an opportunity for counter-offer, etc. as well as setting the Tender Offer Period above.

(iii) Relationship with the Appraiser

Nomura Securities, a financial advisor (an appraiser) of the Tender Offeror, is not a related party of the Tender Offeror or the Target Company and has no material interest regarding the Tender Offer.

(5) Number of Shares to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
76,985,108 (shares)	-	-

(Note 1) Since neither a maximum number nor a minimum number of shares to be purchased has been set in the Tender Offer, the Tender Offeror will purchase all of the Tendered Shares, Etc. As indicated in the “Number of shares to be purchased” column above, the number of shares to be purchased is calculated by deducting the number of the Target Company’s Shares held by the Tender Offeror as of today (91,036,634 shares) and the treasury shares held by the Target Company as of March 31, 2017 (541,791 shares) from the number of issued shares of the Target Company as of March 31, 2017 (168,563,533 shares).

(Note 2) Shares constituting less than a whole unit and cross-held shares will also be subject to purchase through the Tender Offer. The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Companies Act to require the Target Company to purchase shares constituting less than a whole unit.

(Note 3) The Tender Offeror does not intend to acquire, through the Tender Offer, any treasury shares held by the Target Company.

(6) Transfer of Ownership Percentage of Shares through the Tender Offer, etc.

Number of Voting Rights Represented by Shares Held by the Tender Offeror before the Tender Offer, etc.	91,036	(Ownership Percentage of Shares before the Tender Offer, etc.: 54.18%)
Number of Voting Rights Represented by Shares Held by the Special Related Parties before the Tender Offer, etc.	To be determined	(Ownership Percentage of Shares before the Tender Offer, etc.: To be determined)
Number of Voting Rights Represented by Shares Held by the Tender Offeror after the Tender Offer, etc.	168,021	(Ownership Percentage of Shares after the Tender Offer, etc.: 100.00%)
Number of Voting Rights Represented by Shares Held by the Special Related Parties after the Tender Offer, etc.	0	(Ownership Percentage of Shares after the Tender Offer, etc.: 0.00%)
Total Number of Voting Rights of All Shareholders of the Target Company (As of September 30, 2016)	166,982	

(Note 1) The “Number of Voting Rights Represented by Shares Held by the Tender Offeror after the Tender Offer, etc.” is the number of voting rights obtained by adding the “Number of Voting Rights Represented by Shares Held by the Tender Offeror before the Tender Offer, etc.” to the number of voting rights pertaining to the number of shares to be purchased in the Tender Offer.

(Note 2) Although the “Number of Voting Rights Represented by Shares Held by the Special Related Parties before the Tender Offer, etc.” and its “Ownership Percentage of Shares before the Tender Offer, etc.” are unknown at present, such figures will be investigated and disclosed by April 27, 2017, the day before the commencement day of the Tender Offer Period. In addition, since all of the Target Company’s Shares held by the Target Company which is a special related party (541,791 shares, as of March 31, 2017) are treasury shares, there are no voting rights. Further, since the number of the Target Company’s Shares held by special related parties is also subject to the Tender Offer, in spite of the results of the investigation above, the “Number of Voting Rights Represented by Shares Held by the Specially Related Parties after the Tender Offer, etc.” and its “Ownership Percentage of Shares after the Tender Offer, etc.” are described as 0 and 0.00%.

(Note 3) The “Total Number of Voting Rights of All Shareholders of the Target Company” represents the total number of voting rights of all shareholders of the Target Company as of September 30, 2016, as described in the Target Company’s 60th FY 3Q Securities Report filed as of February 10, 2017 (described on the basis that 1 unit is 1,000 shares). However, as fractional shares of less than one unit and cross-held shares are subject to the Tender Offer, in calculating the “Ownership Percentage of Shares before the Tender Offer, etc.” and the “Ownership Percentage of Shares after the Tender Offer, etc.,” the denominator is the number of voting rights (168,021) corresponding to the number of shares (168,021,742 shares) obtained by deducting (a) the number of treasury shares held by the Target Company as of March 31, 2017 (541,791 shares), from (b) the number of issued shares of the Target Company as of March 31, 2017 (168,563,533 shares).

(Note 4) The “Ownership Percentage of Shares before the Tender Offer, etc.” and the “Ownership Percentage of Shares after the Tender Offer, etc.” are rounded up or down to second place.

(7) Aggregate Tender Offer Price ¥92,382,129,600

(Note) The “Aggregate Tender Offer Price” is calculated by multiplying the number of shares to be purchased upon the Tender Offer (76,985,108 shares) by the Tender Offer Price per share (1,200 yen).

(8) Method of Settlement

(i) Name and Address of the Head Office of the Financial Instruments Business Operator/Banks in Charge of Settlement for Purchase

Nomura Securities Co., Ltd. 1-9-1, Nihonbashi, Chuo-ku, Tokyo

(ii) Settlement Commencement Date

June 20, 2017 (Tuesday)

(iii) Method of Settlement

A notice of purchase by way of the Tender Offer will be mailed to the address of each tendering shareholder (or the standing proxy in the case of foreign shareholders) promptly after the end of the Tender Offer Period. If electronic delivery of documents has been approved by the tendering shareholders on Nomura Net & Call, the notice of purchase will be given to the shareholders electronically on Nomura Net & Call’s website (<https://netcall.nomura.co.jp/>).

Payment of the purchase price will be made in cash. The tendering shareholders are entitled to receive the purchase price for the shares under the Tender Offer promptly after the commencement date of settlement in a manner designated by the tendering shareholders, such as remittance (a remittance fee may be charged).

(iv) Method of Returning Share Certificates, etc.

If not all of the shares will be purchased in accordance with the terms described in the section titled “(ii) Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal” under “(9) Other Conditions and Methods of Purchase” below, the Tendered Shares, Etc. that are required to be returned will be returned to the tendering shareholders promptly after two (2) business days following the last day of the Tender Offer Period (the day of the withdrawal, etc. if the Tender Offer is withdrawn, etc.) by restoring the record of the shares in the account of the tendering shareholders to the state that existed immediately prior to the relevant tender. (If the tendering shareholders wish their share certificates, etc. to be transferred to their accounts established with other financial instruments business operators, they are asked to confirm with the head office or domestic branch office of the tender offer agent at which the relevant tender was accepted.)

(9) Other Conditions and Methods of Purchase

(i) Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act and Details thereof

Since neither a maximum nor a minimum number of shares to be purchased has been set, all of the Tendered Shares, Etc. will be purchased by the Tender Offeror.

(ii) Conditions of Withdrawal, etc., of Tender Offer, Details thereof and Method of Disclosure of Withdrawal

The Tender Offer may be withdrawn upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Items 3.1 through 3.8 and Item 3.10, as well as Article 14, Paragraph 2, Items 3 through 6 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended, the “Enforcement Order”). The “matters equivalent to the matters listed in Items 1.1 through 1.9” in Article 14, Paragraph 1, Item 3.10 of the Enforcement Order means where it is found that there is a false statement regarding, or an omission of, a material matter to be

stated, in the statutory disclosure documents which the Target Company submitted in the past, and where the Tender Offeror was not aware of the false statement or the omission and, despite using due care, the Tender Offeror was unable to be aware of the false statement or the omission.

Should the Tender Offeror intend to withdraw the Tender Offer, it will give public notice thereof through electronic disclosure as well as in the *Nihon Keizai Shimbun*; provided, that if it is difficult to give such notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the Cabinet Ordinance Concerning the Disclosure of Tender Offers for Shares, etc., by Persons Other Than Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended; the "TOB Order") and forthwith give public notice.

(iii) Conditions of Reduction of Purchase Price, Details thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any action set forth in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the tender offer price pursuant to standards set forth in Article 19, Paragraph 1, of the TOB Order.

Should the Tender Offeror intend to reduce the tender offer price, it will give public notice thereof through electronic disclosure as well as in the *Nihon Keizai Shimbun*; provided, that if it is difficult to give such notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice. If the tender offer price is reduced, the Tender Offeror will purchase the Tendered Shares, Etc. tendered on or prior to the public notice at the reduced tender offer price.

(iv) Matters Concerning Tendering Shareholders' Right of Cancellation of Contract

A Tendering Shareholder may cancel a contract related to the Tender Offer at any time during the Tender Offer Period. In order to cancel a contract related to the Tender Offer, the tendering shareholder must deliver or mail (by post) a written request for the cancellation of the contract related to the Tender Offer (the "Cancellation Documents") to the head office or a branch office in Japan of the tender offer agent that received the application from such tendering shareholder, by 15:30 on the last day of the Tender Offer Period. If cancellation is made by postal mail, the cancellation of the contract related to the Tender Offer will not be effective unless the Cancellation Documents are delivered at the head office or the relevant branch office of the tender offer agent by 15:30 on the last day of the Tender Offer Period. A contract applied through Nomura Net & Call can be canceled either via Nomura Net & Call's website (<https://netcall.nomura.co.jp/>) or by sending the Cancellation Documents. To cancel a contract via Nomura Net & Call's website, the tendering shareholder must complete the cancellation procedures in the manner prescribed on that website by 15:30 on the last day of the Tender Offer Period. To cancel a contract by sending the Cancellation Documents, the tendering shareholder must request the form of the Cancellation Documents in advance from Nomura Net & Call's customer support and then send the filled out format to Nomura Net & Call. The Cancellation Documents that are sent must arrive at Nomura Net & Call by 15:30 of the last day of the Tender Offer Period.

No compensation for damages or penalty payment will be demanded of any tendering shareholder by the Tender Offeror even if the tendering shareholder cancels a contract. The cost of returning the Tendered Shares, Etc. will be borne by the Tender Offeror.

(v) Method of Disclosure if the Conditions or other Terms of the Tender Offer are Changed

Should any terms or conditions of the Tender Offer be changed, the Tender Offeror will give public notice thereof through electronic disclosure as well as in the *Nihon Keizai Shimbun*; provided, that if it is difficult to make such notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice. Should any terms or conditions of the Tender Offer be changed, the purchase of the Tendered Shares, Etc. tendered on or prior to the date of such public notice will also be made in accordance with the terms and conditions as changed.

(vi) Method of Disclosure if Amendment to Registration Statement is Submitted



If the Tender Offeror submits an amendment to the registration statement to the Director-General of the Kanto Local Finance Bureau, the Tender Offeror will promptly make an official announcement of the details of such amended statement to the extent relevant to the contents of the public notice of the Tender Offer, pursuant to the method set forth in Article 20 of the TOB Order. The Tender Offeror will also promptly amend the explanatory statement and provide an amended statement to the tendering shareholders who have received the original statement. If the extent of the amendments is limited, however, the Tender Offeror will prepare and deliver to the tendering shareholders a document stating the reason for the amendments, the matters amended and the details thereof.

(vii) Method of Disclosure of Results of the Tender Offer

The Tender Offeror will announce the results of the Tender Offer in accordance with methods stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the Tender Offer Period.

(10) Date of Public Notice of the Tender Offer

April 28, 2017 (Friday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd. 1-9-1, Nihonbashi, Chuo-ku, Tokyo

3. Policy, etc. after the Tender Offer and Future Outlook

(1) Policy after the Tender Offer, etc.

With respect to the policy, etc. after the Tender Offer, please see the section titled “(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer” under “1. Purpose, etc. of Tender Offer” above.

(2) Future outlook

Any effect on the performance of the Panasonic Group by the Tender Offer will be promptly reported upon the occurrence of any circumstances that should be disclosed.

4. Other Information

(1) Agreements between the Tender Offeror and the Target Company or its Directors and Officers, and Details Thereof

(i) Agreements between the Tender Offeror and the Target Company and details thereof

According to the Target Company’s Press Release, at a meeting of its board of directors held today, its board of directors resolved that the Target Company will express an opinion in favor of the Tender Offer, and to recommend that the shareholders of the Target Company accept the Tender Offer. For details, please refer to the section titled “(iv) Background to the decision of the Target Company to support the Tender Offer and reasons therefor” under “a. Background to, purpose of and decision making process of the Tender Offer” of “(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer” of “1. Purpose, etc. of Tender Offer” and the section titled “e. Unanimous Approval of Directors and the No Objection Opinion of All Company Auditors (Excluding Directors and Company Auditors with Conflicts of Interest) at the Target Company” under “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(ii) Background of Calculation” of “(4) Basis of Calculation, etc. of the Tender Offer Price” of “2. Outline of the Tender Offer” above.

(ii) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer

For details, please refer to the section titled “(2) Background to, Purpose of and Decision Making Process of the Tender Offer, and Management Policy After the Tender Offer” under “1. Purpose, etc. of Tender Offer” above.

- (iii) Measures to Ensure the Fairness of the Tender Offer Such As Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflict of Interest

For details, please refer to the section titled “(Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest)” of “(ii) Background of Calculation” of “(4) Basis of Calculation, etc. of the Tender Offer Price” of “2. Outline of the Tender Offer” above.

- (2) Other Information Considered to be Necessary for Investors to Determine Whether to Tender the Tender Shares in the Tender Offer

- (a) Details, etc. of Information Received on a Fact Concerning Launch of a Tender Offer

The Tender Offeror received information from the Target Company on February 22, 2017 that Oasis informed the Target Company of Oasis’s intention to purchase the Target Company’s Shares at 1,050 yen per share subject to due diligence and to conduct a tender offer subject to the support of the Target Company as of February 22, 2017. In addition, the Tender Offeror received information from the Target Company as of today that the Target Company received a letter from Oasis stating that Oasis has an intention to purchase all of the issued shares of the Target Company. For details of the information received, the matters set forth in Article 62-2, Item 1 of the Cabinet Office Ordinance on Restrictions on Securities Transactions, etc. are as follows.

Name of the tender offeror, etc. pertaining to the tender offer	Oasis Management Company Ltd.
Address or location	Ugland House, PO Box 309, Grand Cayman, KY1-1104, Cayman Islands.
Name of issuer of the relevant shares, etc. and the class thereof	PanaHome Corporation Common shares
Period of the tender offer, etc.	Unknown
Price of the tender offer, etc.	JPY 1,050
Number of share certificates, etc. to be purchased	All of the issued shares
Details of the conditions set forth in each item of Article 27-13, Paragraph 4 of the Act	Unknown

- (b) Details, etc. of Information Received on a Fact Concerning Launch of a Tender Offer

The Target Company issued the press release titled the “PanaHome Announces to have Revised the Financial Forecasts” as of today. The summary of such announcement is as follows. For details, please refer to the press release.

The Revised Forecasts for Fiscal 2017 (from April 1, 2016 to March 31, 2017)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Net Income Attribute to Owners of Parent	Consolidated Net Income Per Share
	Million yen	Million yen	Million yen	Million yen	yen sen
Previous forecast (A)	370,000	16,000	15,900	10,100	60.15
<b>Revised forecasts (B)</b>	<b>359,600</b>	<b>11,800</b>	<b>11,600</b>	<b>7,500</b>	<b>44.67</b>
Difference (B - A)	(10,400)	(4,200)	(4,300)	(2,600)	—
Difference (%)	(2.8)%	(26.3)%	(27.0)%	(25.7)%	—
(Reference)Financial Results for Fiscal 2016	352,971	15,851	15,866	10,053	59.86

End.

**[Soliciting Regulations]**

This press release is a news statement intended for the announcement of the Tender Offer to the general public and is not intended for soliciting an offer to sell the shares in connection with the Tender Offer. If anyone desires to sell his or her shares, a shareholder should, at his or her own responsibility, review the tender offer explanatory statement for the Tender Offer and accept the Tender Offer in his or her own discretion. This press release is not considered as an offer or solicitation of sales of securities or solicitation of offer of purchase of securities and does not constitute any such part. This press release (or any part of it) or the fact of its distribution does not provide a basis for any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

**[Regulations of the United States]**

The Tender Offeror, each of the financial advisors to the Tender Offeror and the Target Company, and tender offer agent (including their affiliated companies) may, in its ordinary business, purchase shares in the Target Company's Shares for its own account or for the account of its clients prior to the Tender Offer or during the Tender Offer Period outside the Tender Offer in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934 or take actions for such purchase to the extent permitted by financial instruments and exchange related laws and regulations and other applicable laws and regulations of Japan. If any information concerning such purchase is disclosed in Japanese, the purchasing party will disclose such information on its English website (or by any other means of public disclosure).

**[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. Known and unknown risks, uncertainties and other factors may cause the actual results to be materially different from the forecast, etc. expressed or implied by the "forward-looking statements". The Tender Offeror and its related parties do not warrant the achievement of the result expressed or implied by the "forward-looking statements." The "forward-looking statements" in this press release is based on the information currently available to the Tender Offeror. The Tender Offeror and its related party undertake no obligation to publicly update or revise the "forward-looking statements" to reflect the matters and situations in the future unless it is required by the laws and regulations.

**[Other Countries]**

In certain countries or regions, the announcement, issue or distribution of this press release may be restricted by laws or regulations. In such cases, you are required to be aware of such restrictions and comply with the laws and regulations of such countries or regions. This press release does not constitute any solicitation of an offer to sell or offer to purchase shares in relation to the Tender Offer, and shall be considered as a mere distribution of informative materials.

**Disclaimer Regarding Forward-Looking Statements**

This press release includes forward-looking statements of 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. The Panasonic Group 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 the Tender Offeror in their 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, the factors listed below. The factors listed below are not all-inclusive and further information is contained in the most recent English translated version of the Tender Offeror's securities reports under the FIEA and any other documents which are disclosed on its website.

- 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 the Tender Offeror'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 B2B 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 Group systems due to unauthorized access or a detection of vulnerability of network-connected products of the Panasonic Group
- 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.