

[Translation]

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For immediate release

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### **Announcement Regarding Share Consolidation, Abolishment of the Provisions for Share Units, and Partial Amendment of the Articles of Incorporation**

PanaHome announces that it resolved at the Board of Directors meeting on July 31, 2017 to convene an extraordinary general meeting of shareholders (the “**Extraordinary Shareholders Meeting**”) on August 31, 2017 and submit proposals regarding a consolidation of shares, the abolishment of share unit number provisions, and a partial amendment to the Articles of Incorporation at the Extraordinary Shareholders Meeting.

The common shares of PanaHome (the “**PanaHome Shares**”) will come to fall under the delisting criteria prescribed in the Securities Listing Regulations of the Tokyo Stock Exchange (“**TSE**”) through the above procedures. Therefore, the PanaHome Shares will be designated as stock to be delisted for the period from August 31, 2017 through September 26, 2017 and delisted on September 27, 2017. Please note that after the delisting, the PanaHome Shares may not be traded on the TSE.

#### **I. Consolidation of Shares**

##### **1. Purpose and Reasons for the Consolidation of Shares**

As announced in the press release dated June 14, 2017, “Announcement Regarding Results of the Tender Offer for the PanaHome Shares by Panasonic Corporation, the Controlling Shareholder of PanaHome,” Panasonic Corporation (“**Panasonic**”) conducted a tender offer (the “**Tender Offer**”) for the PanaHome Shares during the 30-business day period from April 28 through June 13, 2017 (the “**Tender Offer Period**”). As a result, Panasonic owns 134,613,389 shares (80.12% of the total number of voting rights held by the shareholders of PanaHome, rounded to two decimal places; the same applies to all ownership percentages hereinafter) as of June 20, 2017 (the commencement date of settlement of the Tender Offer). The ownership percentage is calculated as a percentage of the number of voting rights (168,021) that pertain to the difference (168,021,742 shares) of the total number of outstanding shares of PanaHome as of March 31, 2017 as announced in the annual securities report of the 60th fiscal year filed by PanaHome on June 23, 2017 (168,563,533 shares) and the number of treasury shares held by PanaHome as of that date as announced in that annual securities report (541,791 shares) (the same applies to all ownership percentages hereinafter).

As announced in our press release dated April 21, 2017 titled “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 Shares by Panasonic Corporation and Recommendation to Tender Shares" (the "**Press Release dated April 21, 2017**") and our press release dated May 26, 2017 titled "Announcement of Receipt of Letter from a PanaHome Shareholder and PanaHome Maintains its Opinion in Favor of the Tender Offer for the PanaHome Shares by Panasonic Corporation and Recommendation to Tender Shares," according to Panasonic, Panasonic 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 Panasonic and PanaHome, thereby making it possible to further enhance the value of the Panasonic Group in the housing market. Panasonic 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 Panasonic. Thus, Panasonic proposed the share exchange 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 (the "**Share Exchange**") to PanaHome in early November 2016.

In the domestic housing market, a decrease of new housing starts is expected due to demographic movement, and therefore the transformation and diversification of our business model for the urban development business, remodeling business, overseas business, etc. is urgently needed in the increasingly competitive market. Under the rapidly changing business environment surrounding us, 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 Panasonic's proposal for the Share Exchange, PanaHome has recognized that it is essential for Panasonic and PanaHome to have a stronger collaborative relationship and realize the following synergies as the Panasonic Group.

As a result of a transaction aiming to make PanaHome a wholly owned subsidiary of Panasonic (the "**Transaction to Make PanaHome a Wholly Owned Subsidiary**"), specifically, Panasonic and PanaHome believe that both companies will realize the following synergies. Panasonic and PanaHome believe that these synergies would be realizable only if PanaHome becomes a wholly owned subsidiary of Panasonic (i) through promoting business strategies that maximize the use of the management resources of both Panasonic 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 Panasonic becomes the only shareholder of PanaHome.

- (a) It will become possible to promote the effective use of the management resources held by Panasonic, 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, Panasonic believes that, by integrating the overseas network and global personnel held by Panasonic with PanaHome's design and architecture know-how, the development of overseas businesses mainly in the ASEAN region will accelerate.

- (b) It will become possible to effectively utilize Panasonic'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.
- (c) 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 Panasonic's domestic and overseas sales channels. Accordingly, Panasonic 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, Panasonic 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 Panasonic (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 Panasonic came to mutually agree that it would be highly beneficial for them to make PanaHome a wholly owned subsidiary of Panasonic, so that Panasonic 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.

According to Panasonic, Panasonic 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 Panasonic in terms of taxation, because, such scheme would not be eligible for a tax deferral (Note) upon PanaHome's entry into Panasonic'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 Panasonic and enters into Panasonic'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 Panasonic'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 Panasonic 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 Panasonic'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 Panasonic, 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 Panasonic and PanaHome's 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**"). Therefore, even after the execution of the Share Exchange Agreement, Panasonic 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, Panasonic 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 to Make PanaHome a Wholly Owned Subsidiary by way of Tender Offer and the following procedures (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, Panasonic 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 Panasonic and (ii) the scheme under the Transaction will contribute to the benefit of shareholders of Panasonic

by anticipating an increase of net income per share of Panasonic's common shares by preventing a dilution of their shares. In early March 2017, Panasonic proposed to PanaHome a change in scheme from the Share Exchange to the Transaction.

In addition, according to Panasonic, when Panasonic 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 Panasonic's business judgement taking into account the financial benefit that will be received by the Panasonic Group and the benefits of the shareholders of Panasonic, in the case of delivering cash as consideration under the new scheme. Upon such re-examination, Panasonic 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 Shares, by giving maximum consideration to the interest of shareholders of PanaHome other than Panasonic, 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, Panasonic conducted due diligence on PanaHome after obtaining PanaHome's approval and, from March 27, 2017 until April 10, 2017, Panasonic has continued to hold consultations and negotiations with PanaHome with respect to the terms and conditions of Panasonic, including the Tender Offer Price (defined below). In addition, Panasonic 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, Panasonic 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 for the Tender Offer (the "**Tender Offer Price**"). As a result thereof, Panasonic resolved, at the meeting of its board of directors held on April 21, 2017, to implement the Tender Offer as a part of the Transaction, with the commencement date of Tender Offer being April 28, 2017, and Panasonic and PanaHome terminated the Share Exchange Agreement by mutual agreement as of April 21, 2017 after each obtaining approval at meetings of their respective boards of directors also held on April 21, 2017.

As stated above, Panasonic 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 Panasonic and PanaHome, and appointed Mori Hamada & Matsumoto as a legal advisor independent from Panasonic 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 Panasonic and PanaHome, to calculate the value of PanaHome 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 Panasonic 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. Since receiving Panasonic'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 Shares and financial advice from SMBC Nikko and an interim report on the calculation of value of PanaHome Shares from Plutus, received recommendations from the Special Committee at important stages of negotiation, and discussed and negotiated with Panasonic on 6 occasions between March 27, 2017 and April 10, 2017. Consequently, as explained below, Panasonic proposed the Tender Offer Price which we believe would provide our shareholders other than Panasonic a reasonable opportunity to sell shares, and PanaHome agreed with Panasonic for the commencement of the Tender Offer by Panasonic on April 21, 2017 at the Tender Offer Price of 1,200 yen.

During the process of discussion and negotiation with Panasonic as stated above, 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 Shares obtained on April 21, 2017, (b) Plutus' valuation report and fairness opinion on the value of PanaHome Shares obtained on April 21, 2017, 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 on April 21, 2017 to the extent possible (please refer to the section titled "B. Obtaining the response to referral from an independent special committee" in "(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest" in "3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation" below for details).

As stated 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 Panasonic more than ever, but if PanaHome remains independent as a listed company, the interests of PanaHome and that of Panasonic will not necessarily align. In particular, Panasonic 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 Panasonic through the Transaction, interests of both companies will be aligned and PanaHome will have more access to Panasonic's resources, as stated 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 Panasonic 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, based on the reasons given in the section titled "(ii) Method of handling of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the handling of fractions and matters relating to the appropriateness of such amount" in "(1) Grounds and reasons for the amount expected to be delivered to the shareholders as a result of the handling of fractions" in "3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions

Relating to the Share Consolidation” below. By changing the scheme from the Share Exchange to the Transaction, the timing as to when PanaHome will become a wholly owned subsidiary of Panasonic 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 Panasonic, 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 against the total number of outstanding shares of PanaHome: 8.95%) of PanaHome 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 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 dated April 20, 2017. PanaHome reviewed the Oasis Proposal, while reviewing the proposal for the Transaction by Panasonic. 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 Panasonic 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 Panasonic. 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 Panasonic 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 on April 21, 2017 to express an opinion in favor of the Tender Offer, and to recommend that the shareholders of PanaHome accept the Tender Offer.

Subsequently, we received a letter dated April 28, 2017 from Oasis (the “**Oasis Letter dated April 28, 2017**”).

There being many unclear points in the proposal made in the Oasis Letter dated April 28, 2017, and because we doubt the feasibility of the proposal, we asked Oasis about the details and requested the Special Committee to review the proposal from Oasis. After we received a response from the Special Committee, we reviewed the proposal carefully. As a result, we resolved at the Board of Directors meeting held on May 26, 2017 as follows to maintain our opinion in favor of the Tender Offer for the PanaHome Shares by Panasonic and

recommendation to tender shares as of such day.

(i) Oasis' Proposal and Our Review

In the Oasis Letter dated April 28, 2017, Oasis changed the Oasis Proposal, offering the revised purchase price of JPY1,300, for a minimum of 33.5% of PanaHome's outstanding shares and for a maximum of 100% of PanaHome's outstanding shares, subject to the fulfillment of several conditions, including the completion of due diligence satisfactory to Oasis, the completion of financing to Oasis, and the execution of shareholder and employment agreements (the "**Revised Oasis Proposal**").

There being many unclear points regarding the details of the conditions and others in the Revised Oasis Proposal and because we doubt the feasibility of the Revised Oasis Proposal in terms of the satisfaction of the conditions and the purchase funds, we sent a letter dated May 2, 2017 to Oasis with questions regarding the details of the Revised Oasis Proposal, and we received a response from Oasis to some of our questions on May 9, 2017 (the "**Oasis Response dated May 9, 2017**").

However, the Oasis Response dated May 9, 2017 still does not clarify the terms and conditions and details of the Revised Oasis Proposal; rather it implies the possibility of a partial tender offer, which was not stated in the Oasis Letter dated April 28, 2017, and includes other matters that are different from what was initially stated in the Oasis Letter dated April 28, 2017, and for these reasons, we believed we should meet with Oasis in person to review the Revised Oasis Proposal (including the Oasis Response of May 9, 2017; hereinafter the same will apply) and confirm the details of the Revised Oasis Proposal. The Special Committee met with Oasis on May 19, 2017, and the management of PanaHome met with Oasis on May 23, 2017. In each of these meetings, Oasis explained about the Revised Oasis Proposal, and question-and-answer sessions were held. In addition, at the meeting between our management and Oasis, our management provided certain information to Oasis, including responses to Oasis' questions to PanaHome.

PanaHome's understanding based on the letters we have received and our meetings is that the Revised Oasis Proposal is generally to make a purchase offer at JPY1,300 per share with respect to (i) all of PanaHome's outstanding stock, if Panasonic sells all of the PanaHome Shares that it owns (or if it is uncertain whether Panasonic will sell its PanaHome Shares) or (ii) for a maximum of the remaining amount of the PanaHome Shares and a minimum of 33.5% of the PanaHome Shares, if Panasonic does not sell the PanaHome Shares that it owns, conditional on receiving support from PanaHome's management, receiving financing from financial institutions in the case of a buyout of all of the PanaHome Shares, completion of due diligence satisfactory to Oasis, and other conditions to be separately determined based on the results of due diligence. We thought that, however, the details of, and the conditions required for the implementation of, the Revised Oasis Proposal remain unclear, and there may be conditions that are difficult to satisfy.

After receiving the Oasis Letter dated April 28, 2017, PanaHome asked the Special Committee for its opinion on whether the Response to Referral dated April 21, 2017 with respect to the Tender Offer should be revised in any way in light of the Revised Oasis Proposal. The Special Committee met with Oasis in person and submitted the supplementary opinion dated May 26, 2017 to the Board of Directors of PanaHome in

connection with the Response to Referral. For the details of supplementary opinion, please refer to the section titled “B. Obtaining the response to referral from an independent special committee” in “(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest” in “3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation” below.

Having received the above opinion from the Special Committee with respect to the Revised Oasis Proposal, PanaHome resolved at the Board of Directors meeting held on May 26, 2017 to maintain its opinion in favor of Panasonic’s Tender Offer and recommendation that shareholders accept the Tender Offer, for the reasons given in “(ii) Reasons for PanaHome Maintaining Its Opinion in Favor of the Tender Offer and Recommendation to Tender Shares” below.

(ii) Reasons for PanaHome Maintaining Its Opinion in Favor of the Tender Offer and Recommendation to Tender Shares

PanaHome has analyzed and deliberated the result of the meeting between PanaHome’s management and Oasis, the letters received from Oasis and the information independently gathered by PanaHome, and carefully considered how to handle the Revised Oasis Proposal based on the Special Committee’s supplementary opinion as described in the section titled “B. Obtaining the response to referral from an independent special committee” in “(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest” in “3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation” below. PanaHome resolved, at the meeting of Board of Directors held on May 26, 2017, to maintain the resolution dated April 21, 2017 with respect to “expressing an opinion in favor of Panasonic’s Tender Offer and recommending that PanaHome’s shareholders accept the Tender Offer,” which was announced that same day. Based on the details and conditions of the Revised Oasis Proposal as we understand them, in making that resolution, PanaHome’s board of directors comprehensively considered various factors including (i) the fact that there are concerns about whether the Revised Oasis Proposal is feasible when given (a) that the conditions required for the Revised Oasis Proposal to be conducted are unclear and it is likely that some may be difficult to meet, (b) that there is no proof of the financing required to conduct the Revised Oasis Proposal, and (c) that it is likely that Oasis’s preparations for conducting the Revised Oasis Proposal are still in the early stages considering the history of changes to the details of Oasis’s purchase offer proposal, the status of Oasis’s discussions with relevant parties regarding the Revised Oasis Proposal, and status of Oasis’s preparation of the required documents, and (ii) the acquisition of PanaHome as a wholly-owned subsidiary by Panasonic would be more beneficial for enhancing PanaHome’s corporate value than the Revised Oasis Proposal considering the fact that the acquisition of PanaHome as a wholly-owned subsidiary by Panasonic, which has significant human and material resources, would create more synergies with PanaHome than the Revised Oasis Proposal, the fact that the Revised Oasis Proposal, if conducted, would be detrimental to relationships with PanaHome’s stakeholders, including Panasonic, the fact that Oasis’s proposal with respect to enhancing PanaHome’s corporate value is not specific, and the fact that, comprehensively considering Oasis’s understanding of the Japanese and overseas housing markets of which PanaHome is part and Oasis’s past record of investments in Japan.

The resolutions of the Board of Directors described above were made by the method as described in the section titled “D. Unanimous approval of directors and the no objection opinion of all company auditors (excluding directors and company auditors with conflicts of interest)” in “(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest” in “3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation” below.

Although the Tender Offer was completed successfully as described above, Panasonic did not acquire 90% or more of the PanaHome Shares (excluding the treasury shares held by PanaHome) in the Tender Offer. Panasonic then issued a request to PanaHome on June 22, 2017 to hold the extraordinary shareholders meeting between late August, 2017 and late September, 2017 at which the following proposals will be submitted: (i) to carry out a consolidation of PanaHome Shares with the effective date of October 2, 2017 or later, and (ii) to make a partial amendment to the Articles of Incorporation to abolish the provisions for share units subject to the effective share consolidation. Considering the Tender Offer executed as part of the Transaction through the process described above being completed, PanaHome resolved at its board of directors meeting held today to submit for deliberation to carry out a consolidation of shares by which 33,589,784 shares of PanaHome are consolidated to one share (the “**Share Consolidation**”) in order to make Panasonic the only shareholder of PanaHome subject to the approval of the shareholders at the Extraordinary Shareholders Meeting.

As a result of the Share Consolidation, the number of PanaHome Shares held by the shareholders other than Panasonic will be a fraction less than one share.

## 2. Summary of Share Consolidation

### (1) Schedule of share consolidation

(i) Date of announcement of record date for the Extraordinary Shareholders Meeting	Friday, June 30, 2017
(ii) Record date for the Extraordinary Shareholders Meeting	Friday, July 14, 2017
(iii) Date of resolution by the board of directors	Monday, July 31, 2017
(iv) Date of the Extraordinary Shareholders Meeting	Thursday, August 31, 2017 (scheduled)
(v) Date of designation as stock to be delisted	Thursday, August 31, 2017 (scheduled)
(vi) Last trading date	Tuesday, September 26, 2017 (scheduled)
(vii) Delisting date	Wednesday, September 27, 2017 (scheduled)
(viii) Effective date of Share Consolidation	Monday, October 2, 2017 (scheduled)

### (2) Details of share consolidation

- (i) Class of shares to be consolidated

Common stock

- (ii) Ratio of consolidation

The 33,589,784 shares of PanaHome held by the shareholders entered or recorded in the register of shareholders of PanaHome as of the end of October 1, 2017 will be consolidated to one share on October 2, 2017 (scheduled).

- (iii) Total number of issued shares to be decreased

167,948,916 shares

- (iv) Total number of issued shares before the share consolidation takes effect

167,948,921 shares

(Note) Total number of issued shares before the share consolidation takes effect (167,948,921 shares) is obtained by deducting the number of treasury shares (614,612 shares) which are scheduled to be extinguished on September 28, 2017 from total number of outstanding shares of PanaHome as of March 31, 2017 as announced in the annual securities report of the 60th fiscal year filed by PanaHome on June 23, 2017 (168,563,533 shares).

- (v) Total number of issued shares after the share consolidation takes effect

5 shares

- (vi) Total number of authorized shares on the effective date

20 shares

- (vii) Method of handling of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the handling of fractions

As described in the section titled “1. Purpose and Reasons for the Consolidation of Shares” above, due to the Share Consolidation, the number of PanaHome Shares held by each of the shareholders other than Panasonic will be a fraction less than one share.

With respect to the handling of a fraction less than one share arising from the Share Consolidation, PanaHome will sell the shares equivalent to the total number of such fractional shares (with such aggregate sum rounded down to the nearest whole number pursuant to the provision of Article 235, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended); hereinafter the same will apply) in accordance with Article 235 of the Companies Act and other relevant laws or ordinances, and deliver the proceeds from such sale to the shareholders in accordance with such fraction. Upon such sale, PanaHome intends to sell the shares equivalent to the total number of such fractional shares to Panasonic with

permission from a court in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act which applies *mutatis mutandis* through Article 235, Paragraph 2 of the Companies Act, or to sell the shares equivalent to the total number of such fractional shares to PanaHome with permission from a court in accordance with the provisions of Article 234, Paragraph 4 of the Companies Act which applies *mutatis mutandis* through Article 235, Paragraphs 2 of the Companies Act.

If the permission is obtained from a court as described above, as planned, the sale price will equal to the number of the PanaHome Shares held by shareholders multiplied by 1,200 yen, which is equivalent to the Tender Offer Price.

### **3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as a Result of the Handling of Fractions Relating to the Share Consolidation**

#### **(1) Grounds and reasons for the amount expected to be delivered to the shareholders as a result of the handling of fractions**

- (i) Matters to be noted so that the interests of shareholders of PanaHome other than the parent company (if any) are not impaired

Considering the facts that (a) PanaHome is a consolidated subsidiary of Panasonic as of the commencement of the Tender Offer 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 Panasonic and other shareholders of PanaHome, Panasonic and PanaHome have implemented measures as described in the section titled “(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest” from the perspective of ensuring the fairness of the Tender Offer and avoid conflicts of interest. The description of the measures implemented by Panasonic is based on the explanation given by Panasonic.

- (ii) Method of handling of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the handling of fractions and matters relating to the appropriateness of such amount

As described in the section titled “(vii) Method of handling of fractions less than one share, and amount expected to be delivered to the shareholders as a result of the handling of fractions” in “(2) Details of share consolidation” in “2. Summary of Share Consolidation” above, the price will equal to the number of the PanaHome Shares held by shareholders multiplied by 1,200 yen, which is equivalent to the Tender Offer Price.

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) 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 Panasonic, (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

Panasonic, 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 Shares in the Share Exchange, and the contents of Oasis Proposal 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, (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, 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 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 Shares has been affected by the share exchange ratio for the Share Exchange (0.8 shares of Panasonic 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 "(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest" 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 PanaHome Shares as calculated using the Share Exchange Ratio based on the closing price of Panasonic 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 Panasonic, but rather, we believe it will make it possible to provide an opportunity for our shareholders other than Panasonic to enjoy a higher premium than under the Share Exchange.

Based on the above, PanaHome considers that the amount expected to be delivered to the shareholders as a result of the handling of fractions is appropriate.

- (iii) Disposal by PanaHome of Material Assets, Assumption of Material Debts, and

## Other Events That Materially Affect PanaHome's Financial Condition After the Last Day of the Last Fiscal Year

As described in the section titled "1. Purpose and Reasons for the Consolidation of Shares" above, Panasonic executed the Tender Offer during the tender offer period, the 30 business days from April 28, 2017 to June 13, 2017. As a result, Panasonic came to hold 134,613,389 PanaHome Shares (80.12% of the number of voting rights of all shareholders of PanaHome) as of the settlement commencement date of the tender offer (June 20, 2017).

### (2) Expected delisting

#### (i) Delisting

As described in the section titled "1. Purpose and Reasons for Consolidation of Shares" above, the PanaHome will execute the Share Consolidation and cause only Panasonic to be PanaHome's shareholder subject to the approval of the Shareholders at the Extraordinary Shareholders Meeting. As a result, the PanaHome Shares will be delisted through prescribed procedures in accordance with the delisting criteria of the Tokyo Stock Exchange. According to the schedule, the PanaHome Shares will be designated as stock to be delisted for the period from August 31, 2017 to September 26, 2017 and delisted on September 27, 2017. After the delisting, the PanaHome Shares may not be traded on the Tokyo Stock Exchange.

#### (ii) Reason for the purpose of delisting

As described in the section titled "1. Purpose and Reasons for the Consolidation of Shares" 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 Panasonic more than ever, but if PanaHome remains independent as a listed company, the interests of PanaHome and those of Panasonic will not necessarily align. In particular, Panasonic 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 Panasonic through the Transaction, the interests of both companies will be aligned and PanaHome will have more access to Panasonic's resources. Therefore, PanaHome will be able to increase its corporate value by becoming a wholly owned subsidiary of Panasonic through the Transaction.

#### (iii) Effect on the minority shareholders and opinion thereon

As described in the section titled "B. Obtaining the response to referral from an independent special committee" in "(3) Measures to ensure the fairness of the

Transaction and avoid conflicts of interest” below, pursuant to the resolutions of the Board of Directors on March 15, 2017 and March 22, 2017, PanaHome asked the Special Committee whether the Board of Director’s approval of implementation of the Tender Offer and the procedures for making PanaHome a wholly owned subsidiary would disadvantage minority shareholders of PanaHome, and received a Response to Referral on April 21, 2017 to the effect that the Board of Director’s approval of implementation of the Tender Offer and the procedures for making PanaHome a wholly owned subsidiary would not disadvantage minority shareholders of PanaHome.

Moreover, after receiving the Oasis Letter Dated April 28, 2017, PanaHome asked the Special Committee whether the content of its response dated April 21, 2017 should be amended in light of the Revised Oasis Proposal, and the Special Committee submitted the Supplementary Opinion to the effect that as of the preparation of the Supplementary Opinion on May 26, 2017, there was no reason to amend the content of its original Response to Referral.

**(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest**

**A. Obtaining the valuation report and a fairness opinion from independent third-party valuation institutions**

To ensure the fairness of decision-making process for the Tender Offer Price presented by Panasonic, PanaHome requested SMBC Nikko and Plutus both of whom are a third party valuation institution independent from PanaHome and Panasonic 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. On April 21, 2017, 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 Panasonic 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	△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 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. On April 21, 2017, 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 Panasonic, is not a related party of PanaHome or Panasonic, and does not now have and has never had any business relationship or any other interest in PanaHome or Panasonic, 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 (Note 3) 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	△19,712	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 April 21, 2017. 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 on April 21, 2017, 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 Panasonic 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.

#### **B. 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 Panasonic 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 Panasonic, 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 Panasonic, the controlling shareholder of PanaHome, or PanaHome itself) 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 Panasonic 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 Shares together with timely reports from SMBC Nikko on the negotiations with Panasonic, as well as recommending PanaHome staff on our negotiation policy at important stages of negotiation. The Special Committee also asked questions to Panasonic 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 Panasonic'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 "1. Purpose and Reasons for the Consolidation of Shares" above, the Special Committee, at the request of PanaHome, evaluated whether PanaHome should accept the Oasis Proposal. The Special Committee, independent of Panasonic 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 Panasonic.

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 on April 21, 2017.

- (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 Panasonic, 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 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 Panasonic 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, 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)." (We have also disclosed "Standards for Determining the Independence of Independent Directors/Auditors" of the same content in the corporate governance report disclosed on June 26, 2017.)
- Mr. Takashi Goto neither has nor has had a relationship with or any

other interest in PanaHome or Panasonic, 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 ten months as of April 21, 2017 since Mr. Goto left that firm (and it had been almost nine years and one month as of July 31, 2017 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 Panasonic, 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 Panasonic, and he is an independent outside expert.

As stated in “1. Purpose and Reasons for the Consolidation of Shares” above, after receiving the Oasis Letter dated April 28, 2017, PanaHome asked the Special Committee for its opinion on whether the Response to Referral dated April 21, 2017 with respect to the Tender Offer should be revised in any way in light of the Revised Oasis Proposal. The Special Committee met with Oasis in person and submitted the following supplementary opinion on May 26, 2017 to the Board of Directors of PanaHome in connection with the Response to Referral.

- (i) As of the preparation of this supplementary opinion, there is no evidence that Oasis has or is able to secure the finances necessary to conduct a purchase offer, and it is highly likely that other preparations for the purchase offer remain in the initial stages; thus, it is difficult for the Special Committee to confirm that Oasis can implement the purchase offer for the PanaHome Shares, which was proposed after the announcement of the Tender Offer.
- (ii) As of the preparation of this supplementary opinion, there is neither any evidence that the measures asserted by Oasis is feasible or possible, nor that it is superior to PanaHome’s existing measures; but rather in fact, possibility of reduction of the corporate value due to the loss or reduction of the capital and business relationship with Panasonic may not be denied; therefore, the Special Committee does not find there is evidence that the proposed purchase offer would increase corporate value any more than would the acquisition of PanaHome as a wholly-owned subsidiary by Panasonic.
- (iii) In light of the foregoing, as of the preparation of this supplementary opinion, the Special Committee does not believe there is any reason to revise the Response to Referral.

### **C. 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 Panasonic and PanaHome, and has no material interest in Panasonic and PanaHome.

**D. 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 Panasonic'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 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 Panasonic 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 Panasonic, and in fact we believe it will make it possible to provide an opportunity for our shareholders other than Panasonic 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 on April 21, 2017, to terminate by mutual agreement the Share Exchange Agreement as of April 21, 2017, and to recommend that the shareholders of PanaHome accept the Tender Offer.

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 Panasonic, 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.

In addition, as stated in "1. Purpose and Reasons for the Consolidation of Shares" above, we received the Oasis Letter dated April 28, 2017 following the announcement of Press Release dated April 21, 2017. PanaHome reviewed the details of the letter, and as a result, we resolved at the Board of Directors meeting

held on May 26, 2017 to maintain our opinion in favor of the Tender Offer and recommendation to tender shares as such day. Four of the nine directors of PanaHome who concurrently serve as officers of Panasonic (Mr. Ryuji Matsushita, Mr. Nobuhiko Teranishi, Mr. Hideyo Hamatani and Mr. Shinichi Watabe) did not participate in the deliberations with respect to the proposal. The remaining five directors unanimously passed the resolution and PanaHome's three company auditors expressed the opinion that they had no objections with respect to the Board of Directors of PanaHome maintaining its opinion in favor of the Tender Offer and recommendation that the shareholders of PanaHome accept the Tender Offer.

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

According to Panasonic, Panasonic has set 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 Panasonic to offer to purchase PanaHome Shares.

In addition, Panasonic 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 Panasonic 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.

**F. Measures implemented by Panasonic to ensure the fairness of the Tender Offer**

According to Panasonic, in order to prevent arbitrariness in the decision making process reaching the Tender Offer, Panasonic 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 Panasonic and PanaHome and have no material interest with each of Panasonic and PanaHome.

In order to ensure the fairness of the Tender Offer Price, Panasonic requested Nomura Securities, a financial advisor and third-party appraiser that is independent from Panasonic and PanaHome, to calculate the value of PanaHome Shares for determining the Tender Offer Price. Nomura Securities calculated the value of PanaHome Shares by employing the average market price analysis, the comparable company analysis and the DCF analysis, and Panasonic obtained the share valuation report from Nomura Securities as of April 21, 2017. Panasonic 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 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 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 Shares was analyzed to fall within the range of 933 yen to 1,014 yen, based on the closing price of PanaHome 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 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 PanaHome Shares was analyze 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 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 Panasonic, 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 Panasonic obtained from Nomura Securities, Panasonic 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 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, Panasonic ultimately determined on the Tender Offer Price per share of 1,200 yen.

According to Panasonic, 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 Panasonic, 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 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 Panasonic, (b) a premium of 18.81% on 1,010 yen, which is the simple average closing price of PanaHome 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 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 Shares quoted for the past six (6) months (from October 21, 2016 to April 20, 2017).

In addition, according to Panasonic, in comparison with the calculation of the share value of PanaHome 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, such as the selection of comparable companies. However, PanaHome's profit plan used by Nomura Securities in preparing the Share Valuation Report, which was provided by PanaHome and confirmed by Panasonic, will reflect the downward adjustment stated in "PanaHome Announces to have Revised the Financial Forecasts" which was announced by PanaHome as of April

21, 2017 after the Press Release dated December 20, 2016. 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 Panasonic, 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 Panasonic.

#### **4. Future Outlook**

Upon the Share Consolidation, the PanaHome Shares will be delisted as described in the section titled "(i) Delisting" in "(2) Expected delisting" in "3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation" above.

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

Panasonic is a parent company of PanaHome as of today. For this reason, transactions concerning the Share Consolidation correspond to transactions with the controlling shareholder.

##### **(1) State of compliance with guidelines concerning the policy of protecting minority shareholders in transactions with the controlling shareholder**

PanaHome has taken measures to ensure the fairness of the Transaction and avoid conflicts of interests as set out in "Measures to ensure the fairness of the Transaction and avoid conflicts of interest" in "Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation" above. PanaHome believes these measures are consistent with the matters described in the Corporate Governance Report disclosed on June 26, 2017.

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 Panasonic 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**

PanaHome has implemented each of the measures as set out in the section titled "(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest" in "3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation" above.

##### **(3) Outline of opinion obtained from a party who has no interest in the controlling**

## **shareholder stating that the transaction would not be disadvantageous to the minority shareholders**

As stated in the section titled “B. Obtaining the response to referral from an independent special committee” in “(3) Measures to ensure the fairness of the Transaction and avoid conflicts of interest” in “3. Grounds, Etc. for Amount Expected to be Delivered to the Shareholders as Result of the Handling of Fractions Relating to the Share Consolidation” above, PanaHome received a Response to Referral on April 21, 2017 to the effect that the Board of Director’s approval of implementation of the Tender Offer and the procedures for making PanaHome a wholly owned subsidiary would not disadvantage minority shareholders of PanaHome.

Moreover, after receiving the Oasis Letter Dated April 28, 2017, PanaHome asked the Special Committee whether the content of its response dated April 21, 2017 should be amended in light of the Revised Oasis Proposal, and the Special Committee submitted the Supplementary Opinion to the effect that as of the preparation of the Supplementary of Opinion on May 26, 2017, there was no reason to amend the content of its original Response to Referral.

## **II. Abolishment of share unit number provisions**

### **1. Reason for abolishment**

If the Share Consolidation takes effect, the total number of issued shares of PanaHome will be 5 shares, and it is not necessary to provide for the share unit number.

### **2. Scheduled abolishment date**

October 2, 2017 (Monday) (scheduled)

### **3. Conditions for abolishment**

The provisions will be abolished on the condition that the proposals for the Share Consolidation and the partial amendment to the Articles of Incorporation relating to the abolishment of share unit number provisions are approved and passed as proposed at the Extraordinary Shareholders Meeting, and the Share Consolidation takes effect.

## **III. Partial Amendment to the Articles of Incorporation**

### **1. Purpose of Amendments to the Articles of Incorporation**

If the proposal for the Share Consolidation is approved and passed as proposed and the Share Consolidation takes effect, the number of authorized shares of PanaHome will be reduced to 20 pursuant to the provisions of Article 182(2) of the Companies Act. In order to clarify that point, Article 6 of the Articles of Incorporation (Total Number of Authorized Shares) will be amended subject to the Share Consolidation taking effect.

If the Share Consolidation takes effect, the total number of issued shares of the Company will be 5 shares, and it is not necessary to provide for the share unit number. Therefore, subject to the Share Consolidation taking effect, the provisions of Article 7 (Number of Shares Constituting One Unit) and Article 8 (Demand for Sale to Shares of Less Than One Unit) of the Articles of Incorporation will be entirely deleted in order to

abolish the provisions relating to the share unit number (currently 1,000 shares), and the remaining provisions will be renumbered accordingly.

## 2. Details of Amendments to the Articles of Incorporation

The details of the amendments are as set forth below. The amendments to the Articles of Incorporation relating to this proposal will become effective on October 2, 2017, the effective date of the Share Consolidation, on the condition that the proposal for the Share Consolidation is approved and passed as proposed at this Extraordinary Shareholders Meeting, and the Share Consolidation takes effect.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Changes
<p>Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by PanaHome shall be <u>596,409,000</u>.</p>	<p>Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by PanaHome shall be <u>20</u>.</p>
<p><u>Article 7 (Number of Shares Constituting One Unit)</u> <u>One thousand shares of PanaHome shall constitute one share unit.</u></p>	<p>(Deleted)</p>
<p><u>Article 8 (Demand for Sale to Shares of Less Than One Unit)</u> <u>A shareholder who holds less than one share unit may demand PanaHome to sell him/her the number of shares that would, when added with his/her shares less than one share unit, constitute one share unit, unless PanaHome does not hold treasury shares sufficient to conduct such a sale.</u></p>	<p>(Deleted)</p>
<p>Articles <u>9</u> through <u>37</u> (omitted)</p>	<p>Articles <u>7</u> through <u>35</u> (Same as the current provisions)</p>

### 3. Amendment date

October 2, 2017 (Monday) (scheduled)

### 4. Conditions for Amendments to the Articles of Incorporation

The Articles of Incorporation will be amended on the condition that the proposal for the Share Consolidation is approved and passed as proposed and the Share Consolidation takes effect.

End