

Translation for Reference Only

JVCKENWOOD
creates excitement & peace of mind

JVCKENWOOD

Results and Forecast Briefing

Second Quarter of Fiscal Year Ending March 2014

JVC KENWOOD Corporation

November 7, 2013

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JVCKENWOOD Corporation

[Abbreviations]

- Car Ele: Car Electronics (Segment)
Consumer (Business)
OEM (Business)
- Pro: Professional Systems (Segment)
P&H: Professional and Healthcare (Business)
COM: Communications (Business)
- Optical Audio: Optical & Audio (Segment)
Audio (Business)
Imaging (Business)
Image & Optical Device (Business)
- Soft: Entertainment Software (Segment)
Content (Business)
OEM (Business)

- 1. Overview of financial results for the first half of fiscal year ending March 31, 2014**
- 2. Issues to be addressed - Major factors underlying the decline in operating income**
- 3. Priority measures**
- 4. Full-year earnings forecast for FYE3/'14**
- 5. Reinforcement of business execution structure**

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4. Full-year earnings forecast for FYE3/'14
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Financial Results for the First Half of FYE3/'14 - Summary

* Net sales and income declined year on year.

(Billion yen)

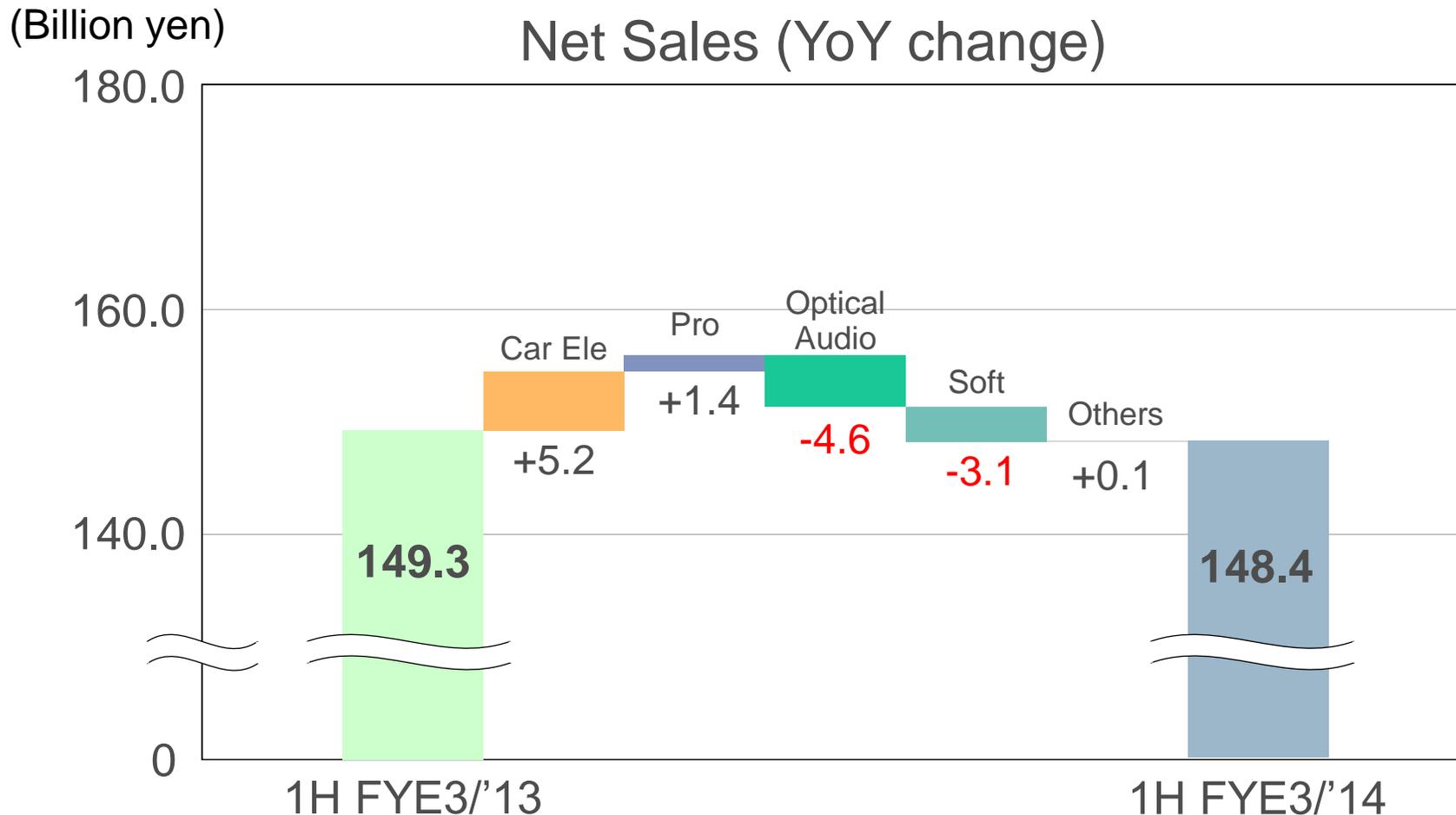
		Net sales	Operating income	Ordinary income	Net income
First half of FYE3/'14	FYE3/'14	148.4	(2.2)	(4.2)	(5.1)
	FYE3/'13	149.3	4.4	3.0	1.2
	YoY change	(0.9)	(6.5)	(7.2)	(6.4)

Profit-and-loss exchange rates		1Q	2Q
FYE3/'14	USD	JPY 99	JPY 99
	Euro	JPY 129	JPY 131
FYE3/'13	USD	JPY 80	JPY 79
	Euro	JPY 103	JPY 98

Financial Results for the First Half of FYE3/'14 - Consolidated Net Sales

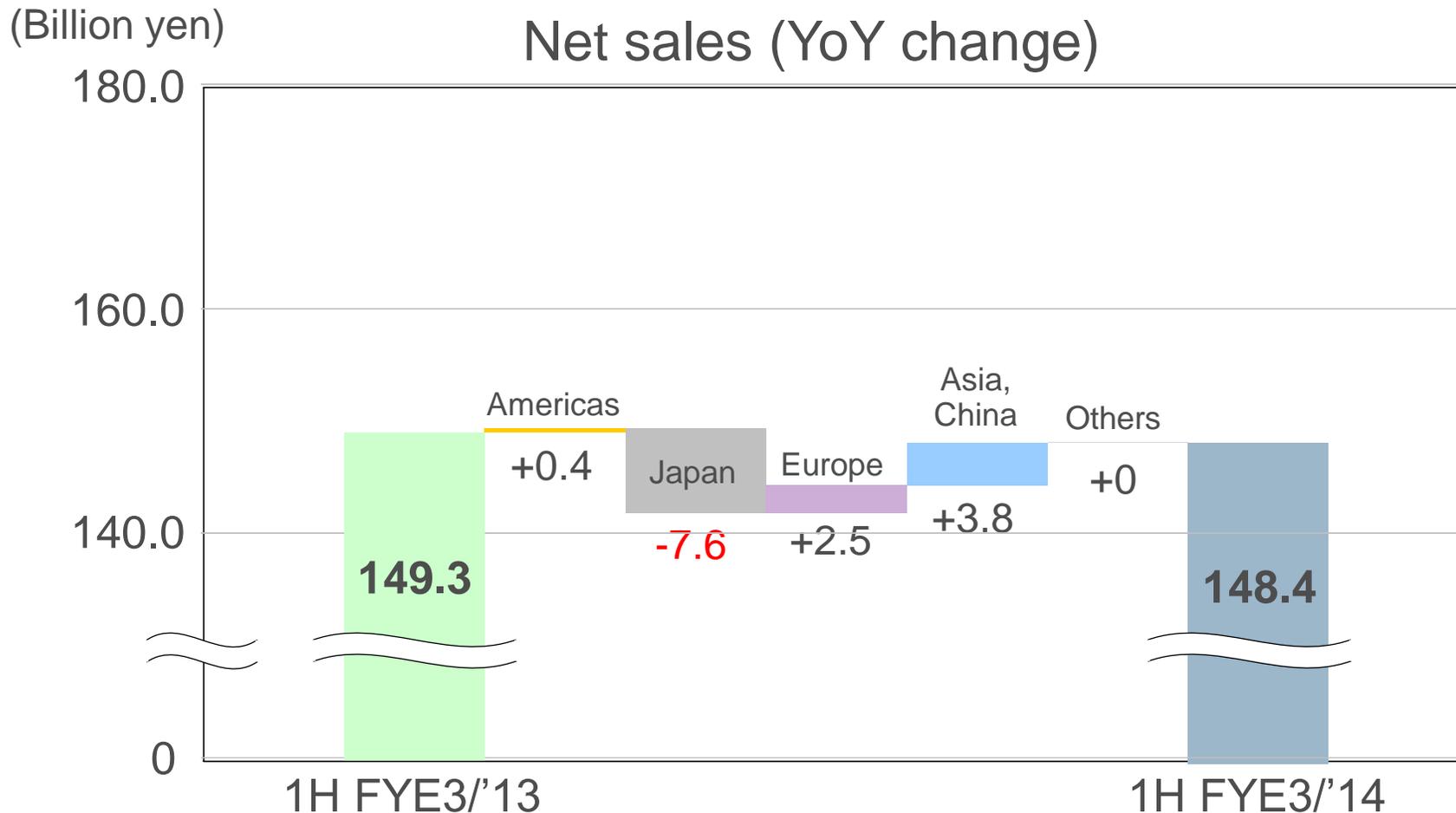
* 1H FYE3/'14 results: JPY148.4B (Down 0.6% YoY)

- Looking at the results by segment, net sales increased in Car Ele and Pro while they decreased in Optical Audio and Soft.



Financial Results for the First Half of FYE3/'14 - Consolidated Net Sales (Reference)

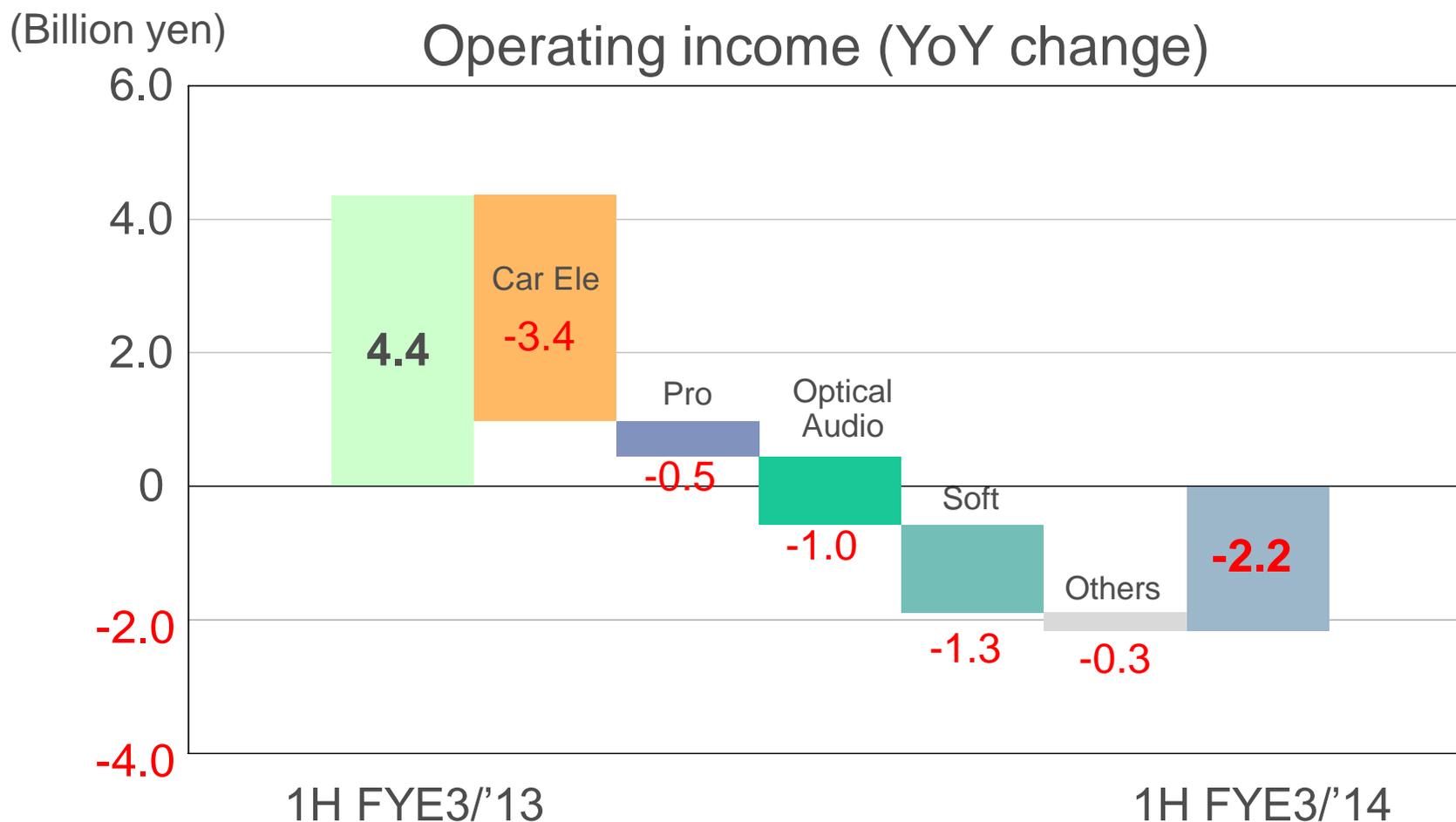
* Looking at the results by region, net sales increased in regions other than Japan.



Financial Results for the First Half of FYE3/'14 - Consolidated Operating Income

* 1H FYE3/'14 results: -JPY 2.2B (Down JPY 6.5B YoY)

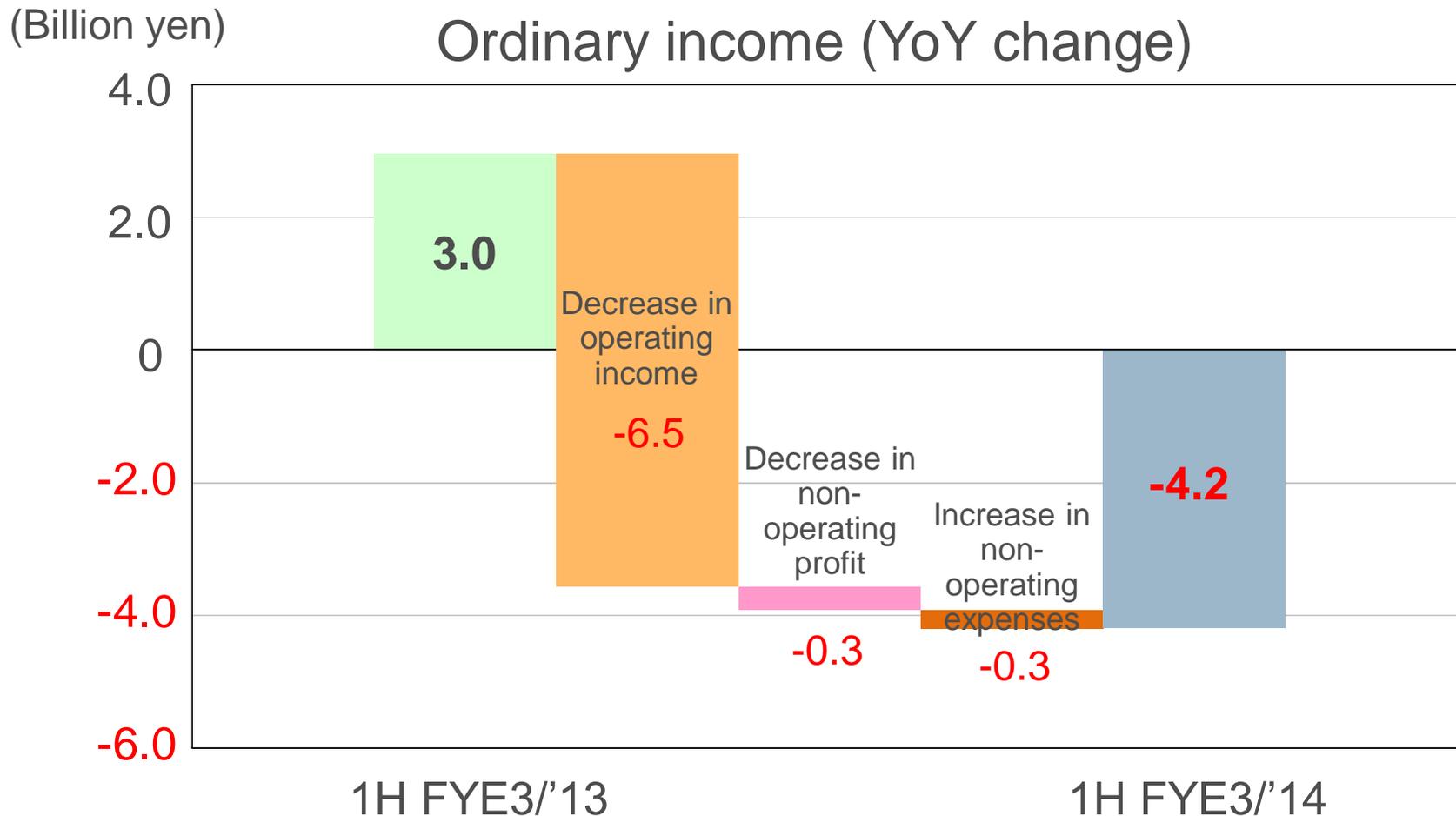
■ Operating income decreased in all segments.



Financial Results for the First Half of FYE3/'14 - Consolidated Ordinary Income

* 1H FYE3/'14 results: -JPY 4.2B (Down JPY 7.2B YoY)

■ Non-operating P/L: -JPY 2.0B (Down JPY 0.6B YoY)

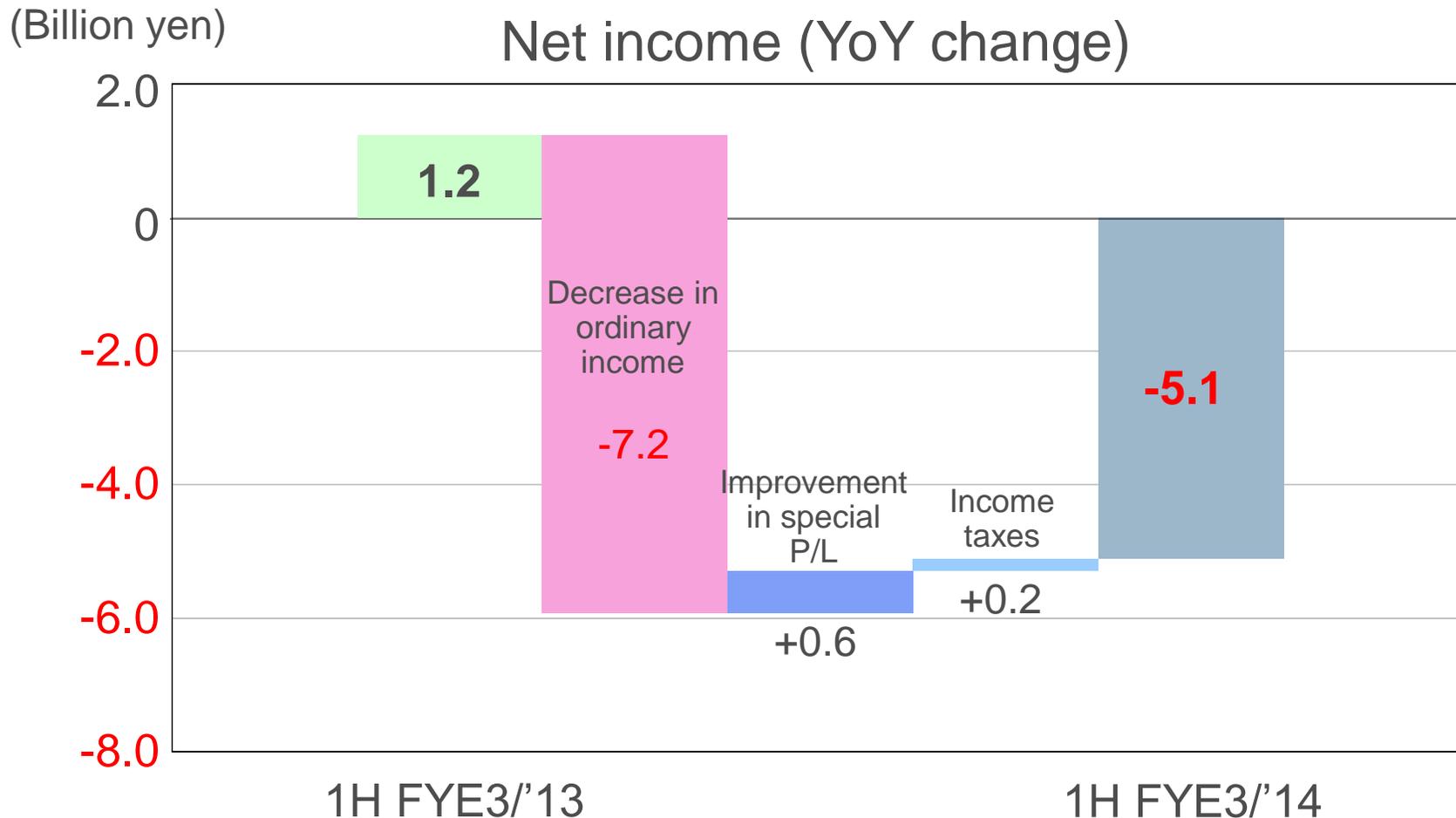


Financial Results for the First Half of FYE3/'14 - Consolidated Net Income

* 1H FYE3/'14 results: -JPY 5.1B (Down JPY 6.4B YoY)

■ Special P/L: -JPY 0.1B (Up JPY 0.6B YoY)

■ Income taxes: -JPY 0.8B (Up JPY 0.2B YoY)



Financial Results for the First Half of FYE3/'14 - Balance Sheet Summary

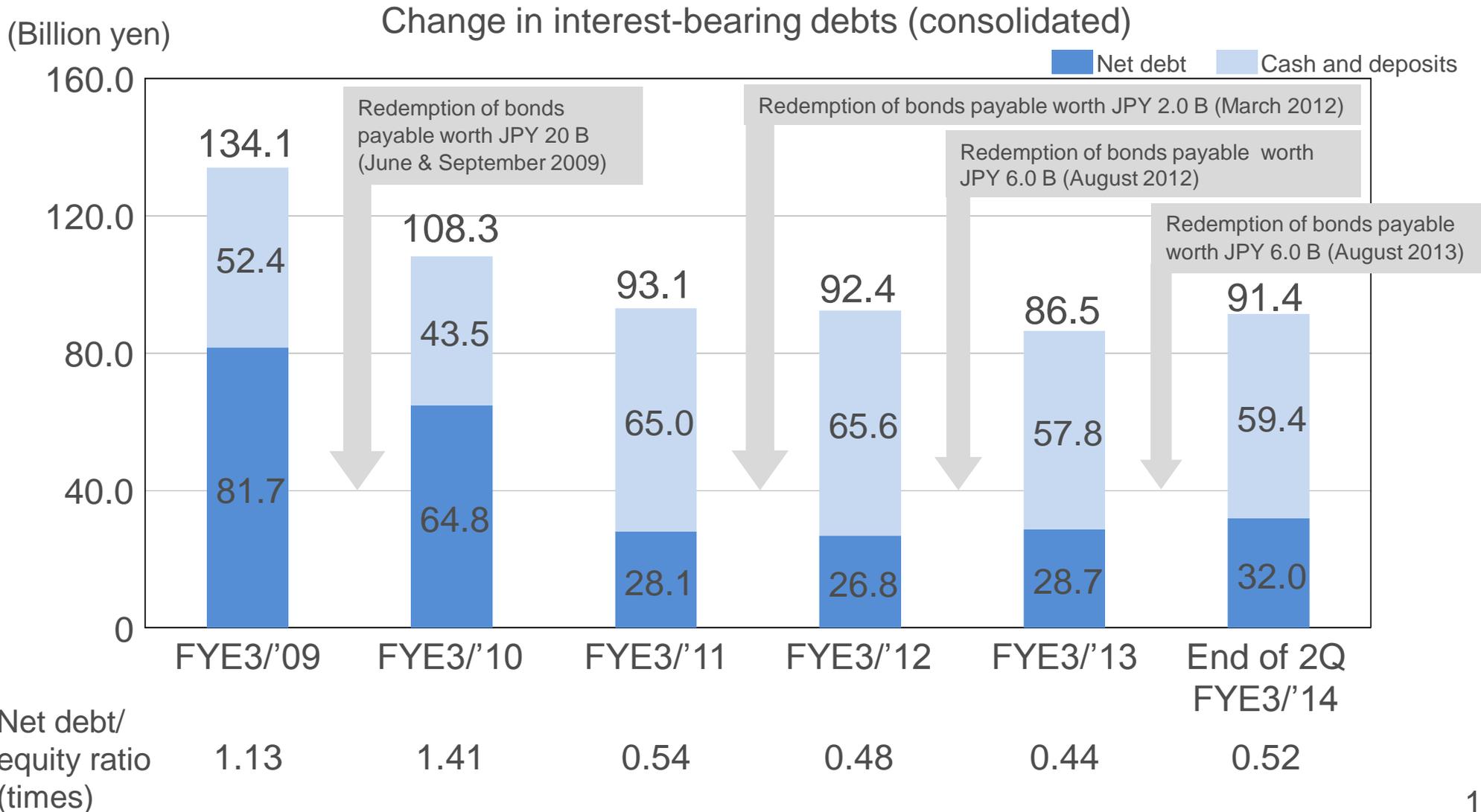
- * Total assets increased roughly JPY 5.2 billion from the end of the previous fiscal year.
- * Interest-bearing debts (sum of borrowings and bonds payable) increased roughly JPY 4.9 billion from the end of the previous fiscal year. Net debt (the amount derived by deducting cash and deposits from interest-bearing debts) also increased roughly JPY 3.3 billion from the end of the previous fiscal year.
- * Retained earnings decreased approximately JPY 5.8 billion year from the end of the previous fiscal year while shareholders' equity also decreased JPY 5.8 billion from the end of the previous fiscal year. Total net assets increased roughly JPY 0.6 billion and shareholders' equity ratio decreased 2.4% from the end of the previous fiscal year.

(Billion yen)

	End of FYE3/'13	End of 2Q FYE3/'14	Change from the previous year-end
Total assets	246.6	251.8	+5.2
Interest-bearing debts	86.5	91.4	+4.9
Net debt	28.7	32.0	+3.3
Net debt / equity ratio (times)	0.44	0.53	+0.09
Capital surplus	45.9	45.9	±0
Retained earnings	24.7	18.9	(5.8)
Net assets	67.2	67.9	+0.6
Shareholders' equity ratio (%)	26.6	24.2	(2.4)

Change in Interest-bearing Debts

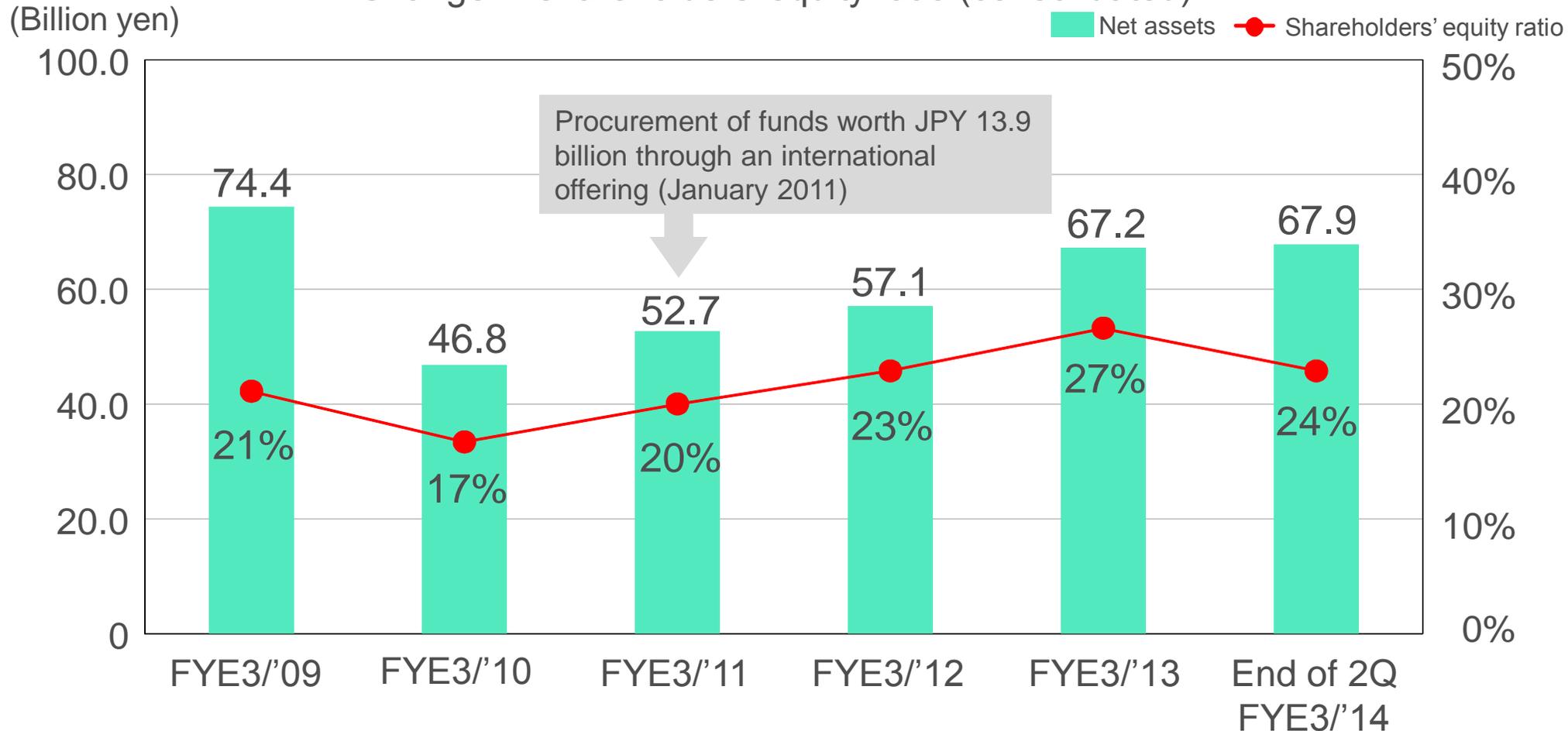
* Simultaneously as interest-bearing debts declined, loan periods lengthened even more.



Change in Shareholders' Equity Ratio

* Shareholders' equity ratio rose as a result of curtailment of total assets, an increase in net assets and an international offering in January 2011.

Change in shareholders' equity ratio (consolidated)



Financial Results for the First Half of FYE3/'14 - Cash Flow Summary

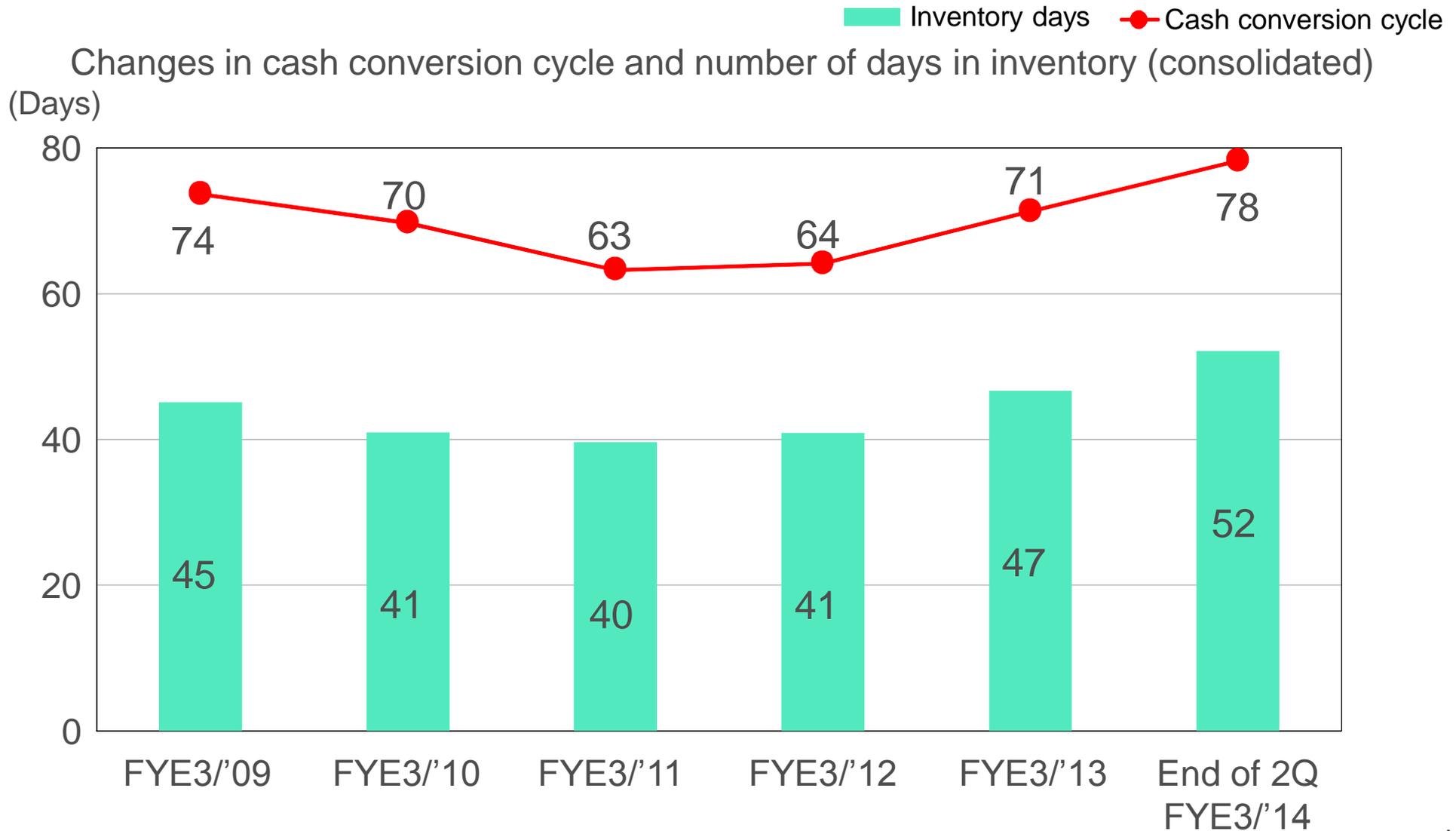
* Free cash flow decreased in FYE3/'13 and the first half of FYE3/'14 due to strategic investments (purchase of Shinwa shares).

(Billion yen)

	FYE3/'11	FYE3/'12	FYE3/'13	1H FYE3/'14
Cash flow from operating activities	20.0	8.9	9.8	3.4
Cash flow from investing activities	5.4	(6.5)	(13.4)	(3.9)
Cash flow from financing activities	(2.3)	(1.5)	(8.6)	10.0
Free cash flow	25.3	2.4	(3.6)	(0.5)
* Free cash flow = Cash flow from operating activities + Cash flow from investing activities				
Cash and cash equivalents	64.9	65.5	57.5	59.0

Changes in Cash Conversion Cycle and Number of Days in Inventory

* Inventory is on the rise due to a decline in sales.



(Reference) Information by Segment

Net Sales and Profits & Losses by Business Segment - Summary

* Both net sales and income increased in Car Ele and Pro while they decreased in Optical Audio and Soft in the first half as well as in the second quarter (July to September).

(Billion yen)

Segment		First quarter			Second quarter			First half		
		FYE3/'14	FYE3/'13	YoY change	FYE3/'14	FYE3/'13	YoY change	FYE3/'14	FYE3/'13	YoY change
Car Electronics	Net sales	23.828	25.383	(1.555)	29.849	23.053	+6.796	53.677	48.436	+5.241
	Operating income	(0.545)	1.420	(1.965)	(1.020)	0.429	-1.449	-1.565	1.849	-3.414
Professional Systems	Net sales	20.886	20.015	+0.871	23.097	22.544	+0.553	43.983	42.559	+1.424
	Operating income	(0.090)	(0.329)	+0.240	0.249	1.015	(0.766)	0.159	0.686	(0.527)
Optical & Audio	Net sales	17.126	20.244	(3.118)	19.387	20.874	(1.487)	36.513	41.118	(4.605)
	Operating income	(0.590)	0.62	(0.652)	(0.123)	0.220	(0.343)	(0.713)	0.282	(0.995)
Entertainment Software	Net sales	9.057	8.917	+0.140	7.978	11.186	(3.208)	17.035	20.103	(3.068)
	Operating income	0.264	0.702	(0.438)	(0.270)	0.608	(0.878)	(0.006)	1.310	(1.316)
Others	Net sales	1.383	1.397	(0.014)	1.642	1.545	+0.097	3.025	2.942	+0.083
	Operating income	(0.069)	0.133	(0.202)	0.027	0.104	(0.077)	(0.042)	0.237	(0.279)
Inter-segment eliminations	Net sales	(2.471)	(2.832)	+0.361	(3.352)	(3.062)	(0.290)	(5.823)	(5.894)	+0.071
Total	Net sales	69.809	73.124	(3.315)	78.604	76.142	+2.462	148.413	149.266	(0.853)
	Operating income	(1.030)	1.987	(3.017)	(1.138)	2.379	(3.517)	(2.168)	4.366	(6.534)

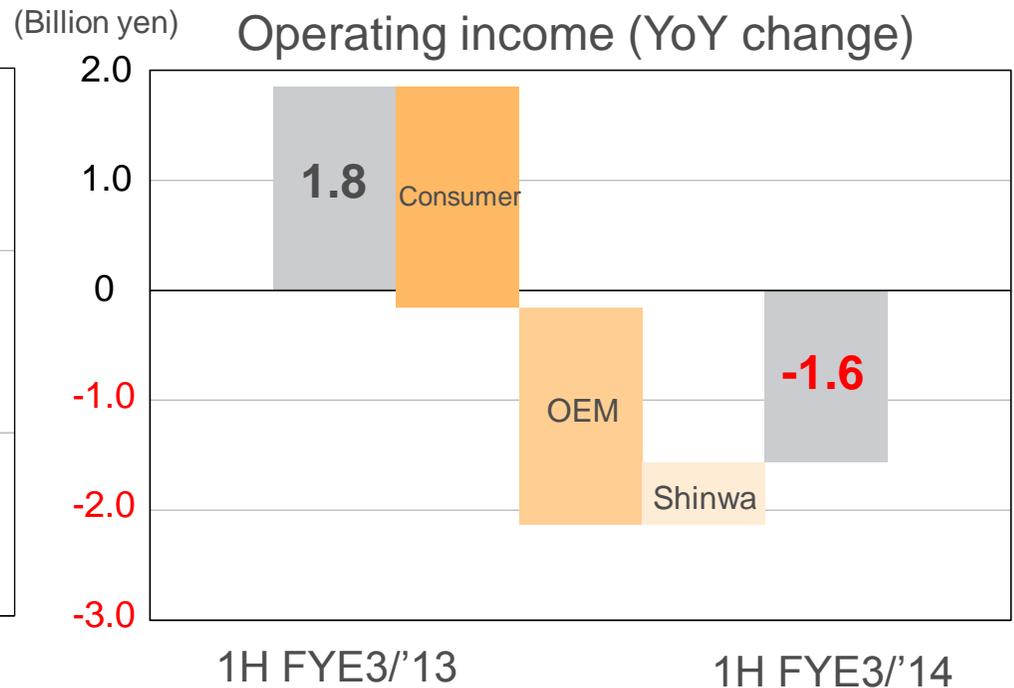
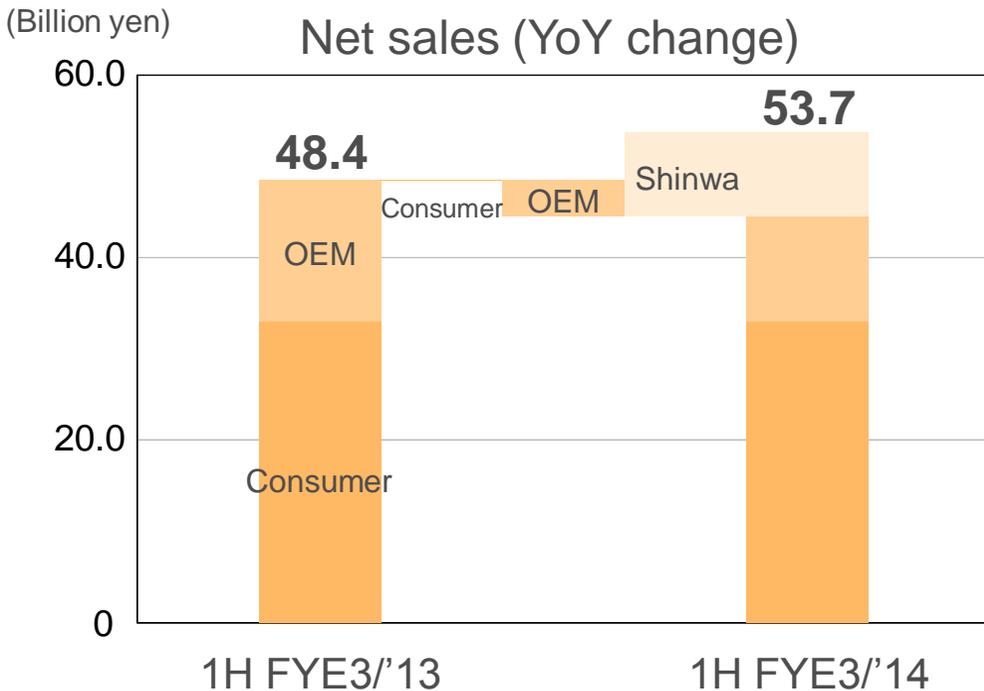
Car Electronics

* 1H FYE3/'14 results:

Net sales JPY 53.7B (Up 10.8%)

Operating income: -JPY 1.6B (Down JPY 3.4B)

- Consumer: Sales were comparable to the results of the previous period as the yen-equivalent value increased due to foreign exchange fluctuations although overseas markets shrank. Operating income fell significantly both domestically and in overseas.
- OEM: Operating income dropped significantly, due to the slowdown in dealer option navigation systems and lower earnings in CD/DVD mechanisms caused by the fall in sales.
- Shinwa: Became a consolidated subsidiary as of June 3, 2013.



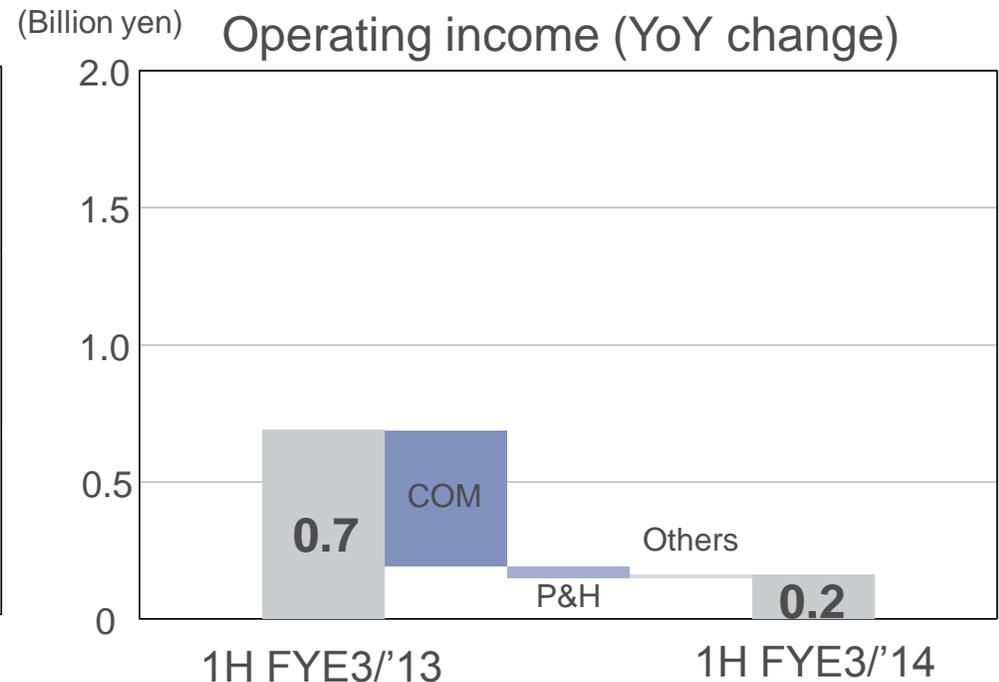
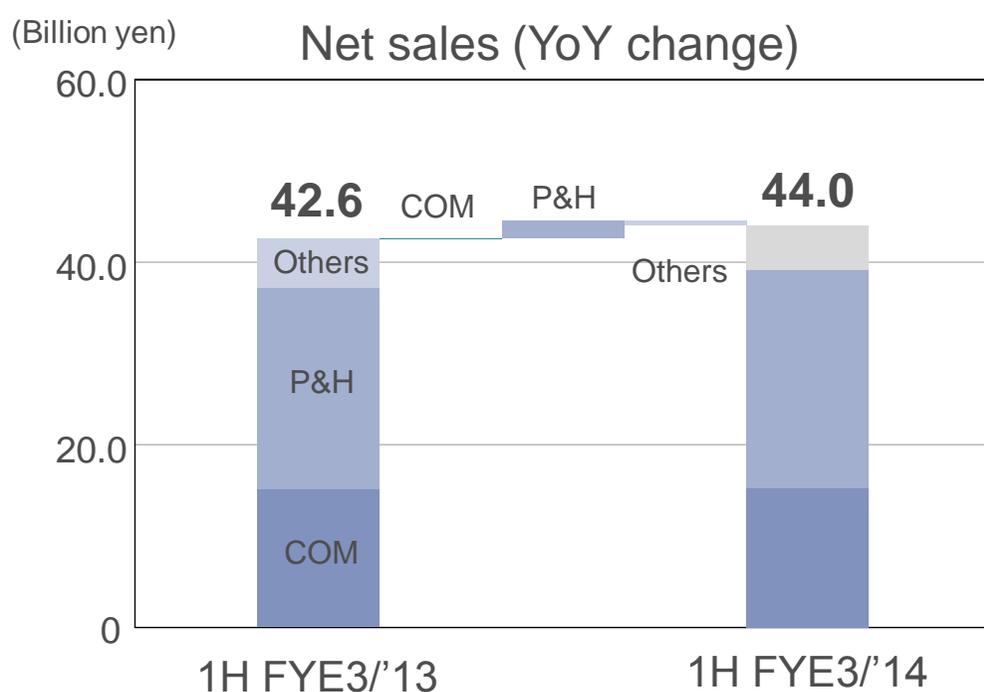
Professional Systems

* 1H FYE3/'14 results:

Net sales: JPY 44.0B (Up 3.3%)

Operating income: JPY 0.2B (Down JPY 0.5B)

- COM: Income expanded as foreign exchange fluctuations caused the yen-equivalent value to increase while new orders increased in Japan.
- P&H: Income expanded as a result of the effects of consolidating TOTOKU and the growth in sales mainly in Japan.



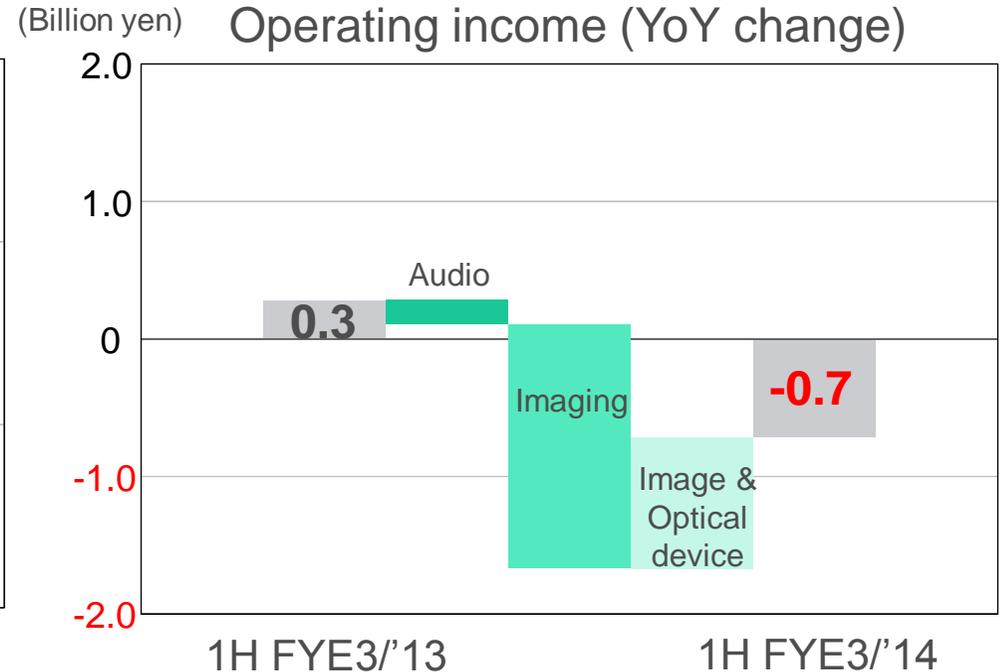
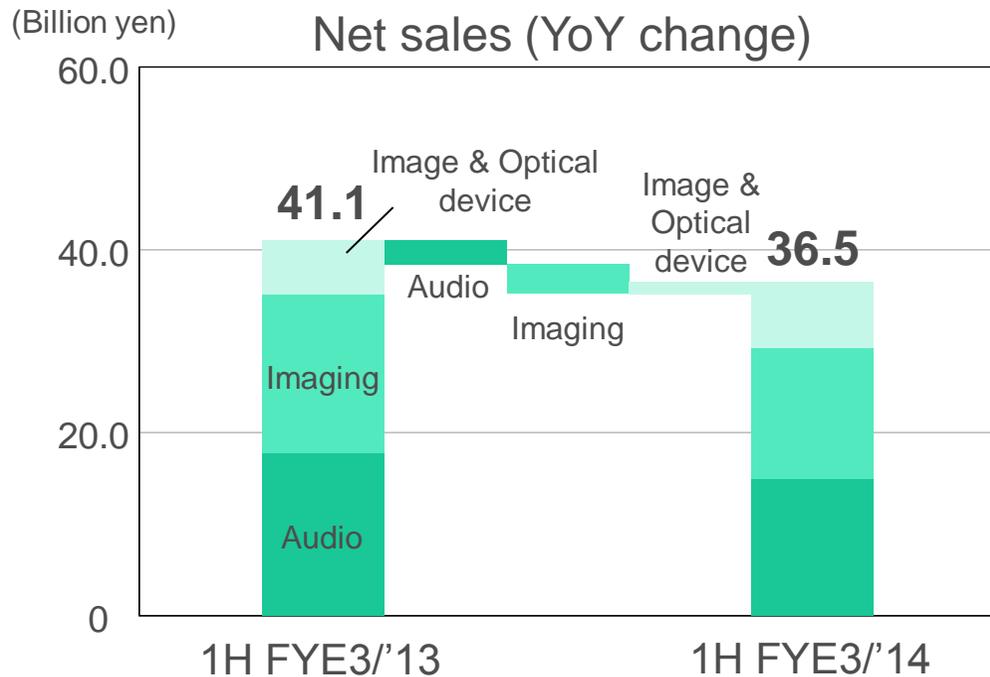
Optical & Audio

* 1H FYE3/'14 results:

Net sales: JPY 36.5B (Down 11.2%)

Operating income: -JPY 0.7B (Down JPY 1.0B)

- Audio: Income fell as products in the home audio segment were decreased through streamlining of products.
- Imaging: The camcorder category faced difficulties and had lower sales due to considerable curtailment in domestic and overseas markets, and operating income decreased significantly.
- Image & Optical device: Net sales and operating income increased mainly as a result of growth in the projector category.



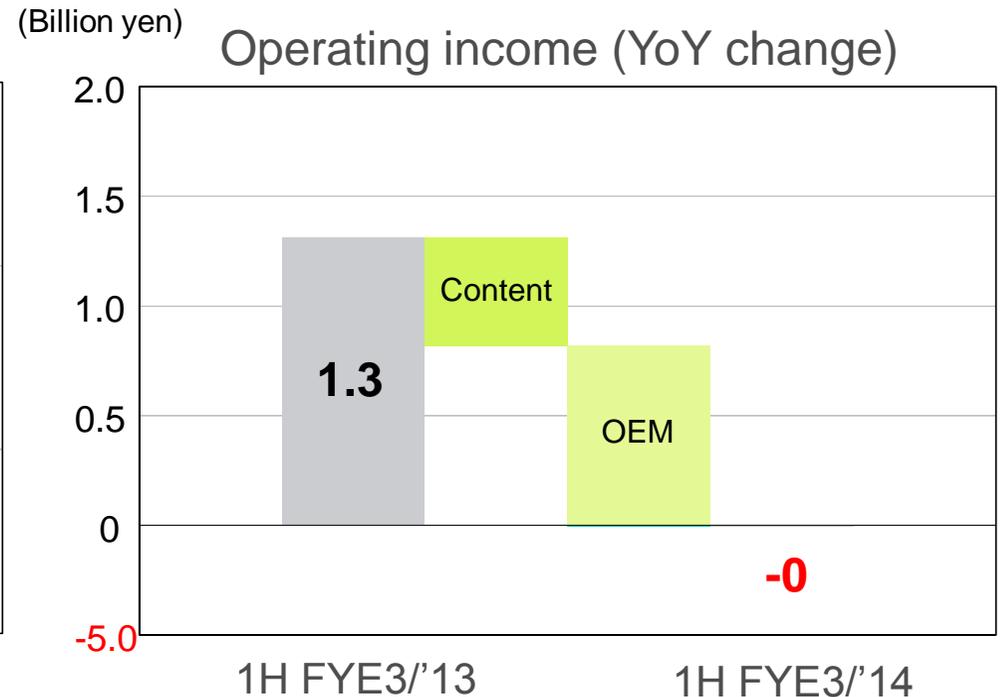
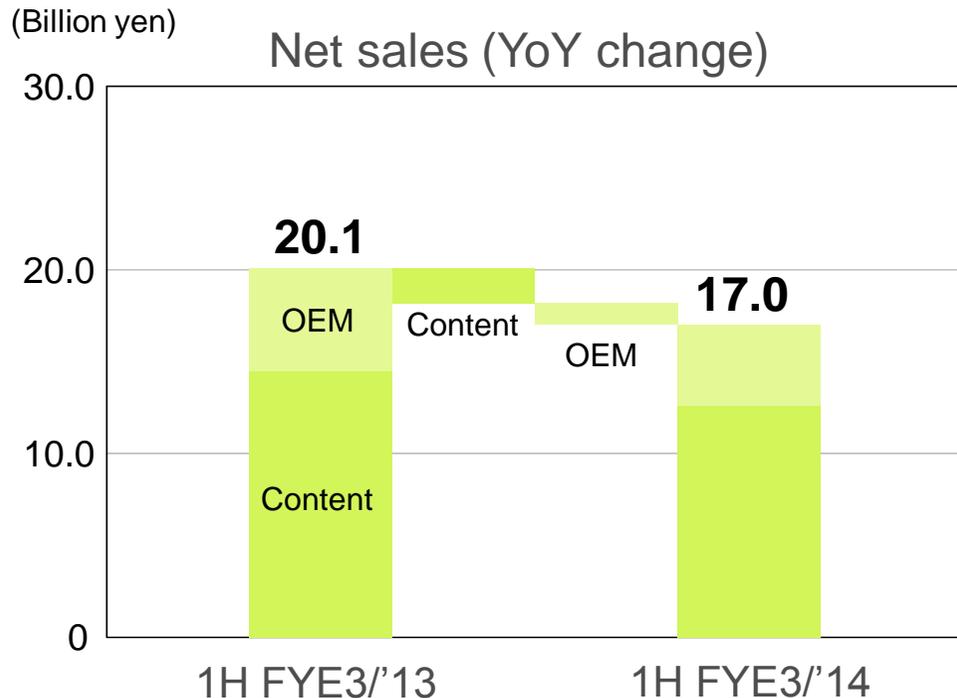
Entertainment Software

* 1H FYE3/'14 results:

Net sales: JPY 17.0B (Down 15.3%)

Operating income: -JPY 0B (Down JPY 1.3B)

- Content: Net sales and operating income declined mainly due to the postponement of releasing major titles to the second half of the year.
- OEM: Net sales and operating income declined mainly due to the effects of curtailment of the package media market in overseas.



(Reference) Topics of the Content Business in the Second Half of FYE3/'14

* In the second half of the year, plan to release titles of leading artists in the third quarter or thereafter.



Kazuyoshi Saito
"Saito" / "Kazuyoshi"
Simultaneously released
two titles in October
2013.

Kaera Kimura
"ROCK"
Released in October
2013.

Leo Ieiri
"Taiyo no Megami"
To be released in
November 2013.



KANJANI ∞
"JUKE BOX"
Released in October
2013.

Naomi Chiaki
"Honobono to Setsunasa
to Natsukashisa to"
Released in October
2013.

STARDUST REVUE
"STARDUST REVUE
LIVE TOUR
'B.O.N.D' 2012-2013"
Released in October
2013.

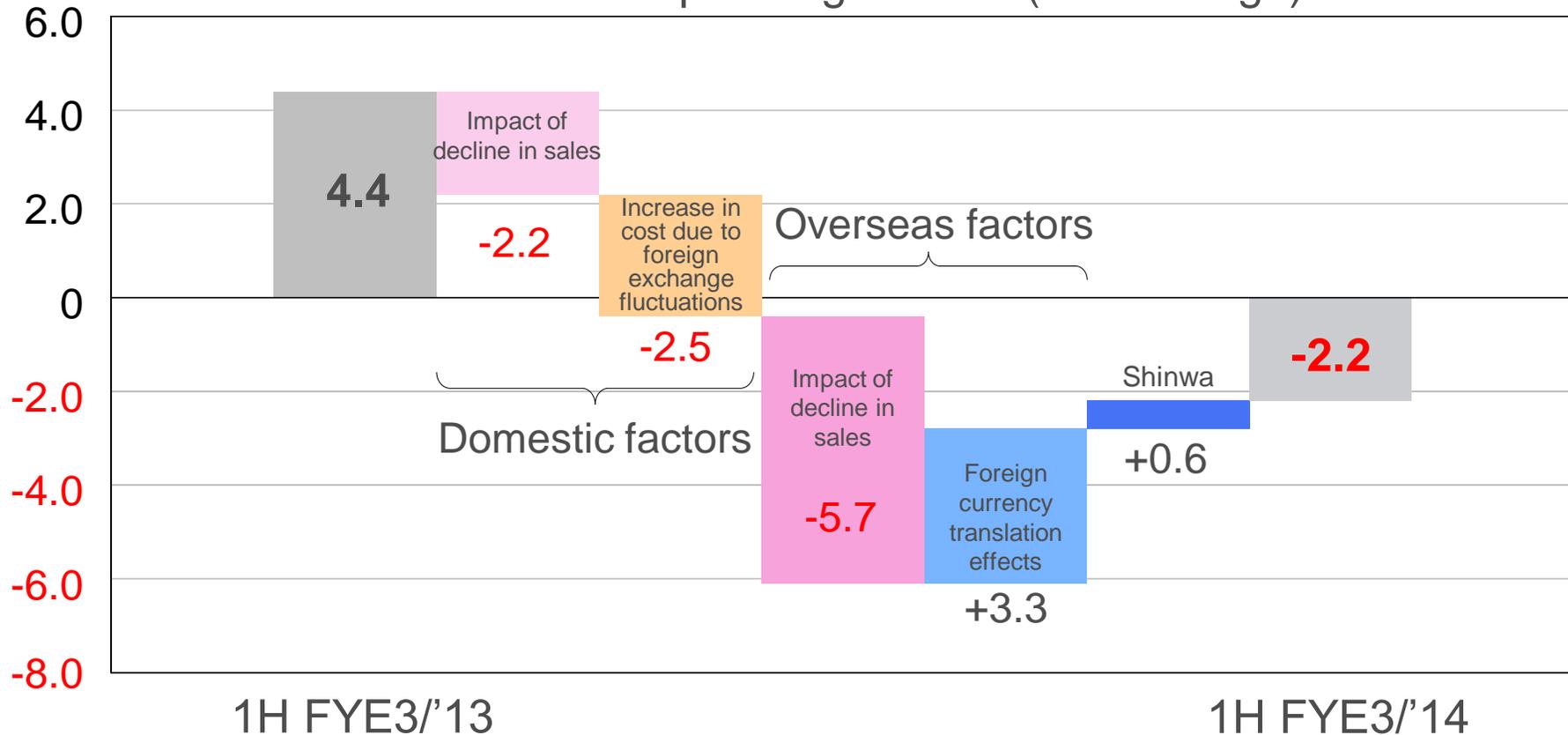
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Major Factors Underlying the Decline in Operating Income

* Operating income declined mainly due to lower sales caused by the rapid shrinkage of overseas markets and an increase in cost in Japan caused by the sudden depreciation of the yen.

(Billion yen)

Consolidated operating income (YoY change)



Cost Hike in the Domestic Market Caused by Sudden Depreciation of the Yen

- * Performance slacked due to a considerable increase in the cost of sales in Japan for models that were planned and designed prior to the sudden foreign exchange fluctuations.

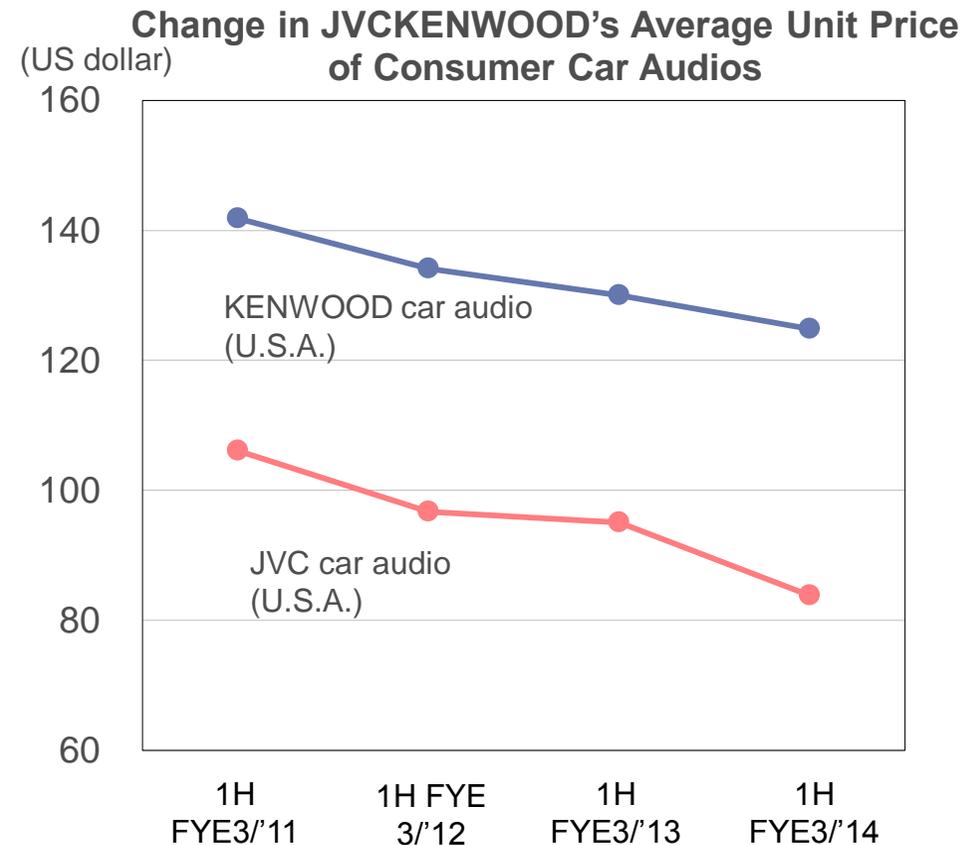
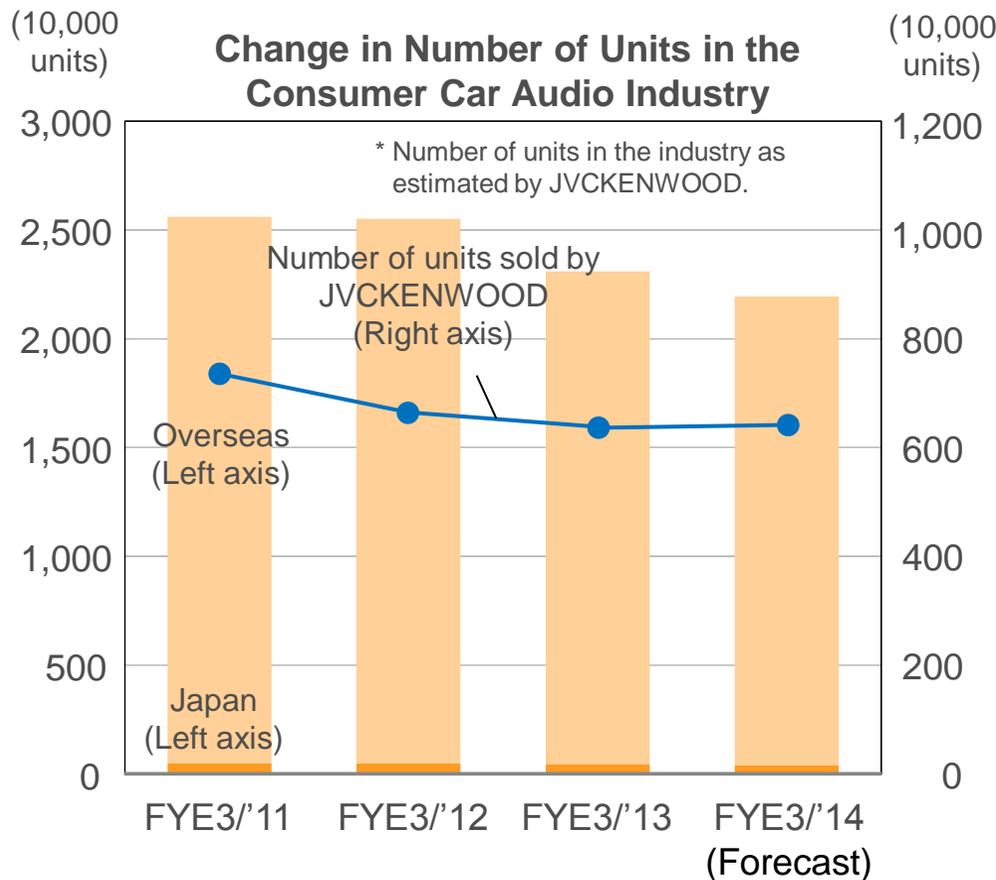
- * Factors that caused an increase in the cost of sales for 2013 models
 - Case of Saisoku-Navi (MDV-Z700)
 - In April 2012, the decision to commercialize was made and design & development were commenced.
 - Mass production began in December 2012 and the model was launched in February 2013.
 - Case of camcorder, Everio
 - In April 2012, the decision to commercialize was made and design & development were commenced.
 - Mass production began in November 2012 and the model was launched in December.
 - The assumed exchange rate at the time of planning and design was about JPY 80 to the dollar for both models.

Rapid Contraction of the Japanese and Overseas Markets

Car Ele Segment (Consumer Car Audio)

* Consumer car audios are shrinking considerably in terms of both the number of units and the unit price.

- Number of units in the industry: Continues to slide both in Japan and in overseas.
- Average unit price of JVCKENWOOD products: Continues to fall for both JVC and KENWOOD brands.

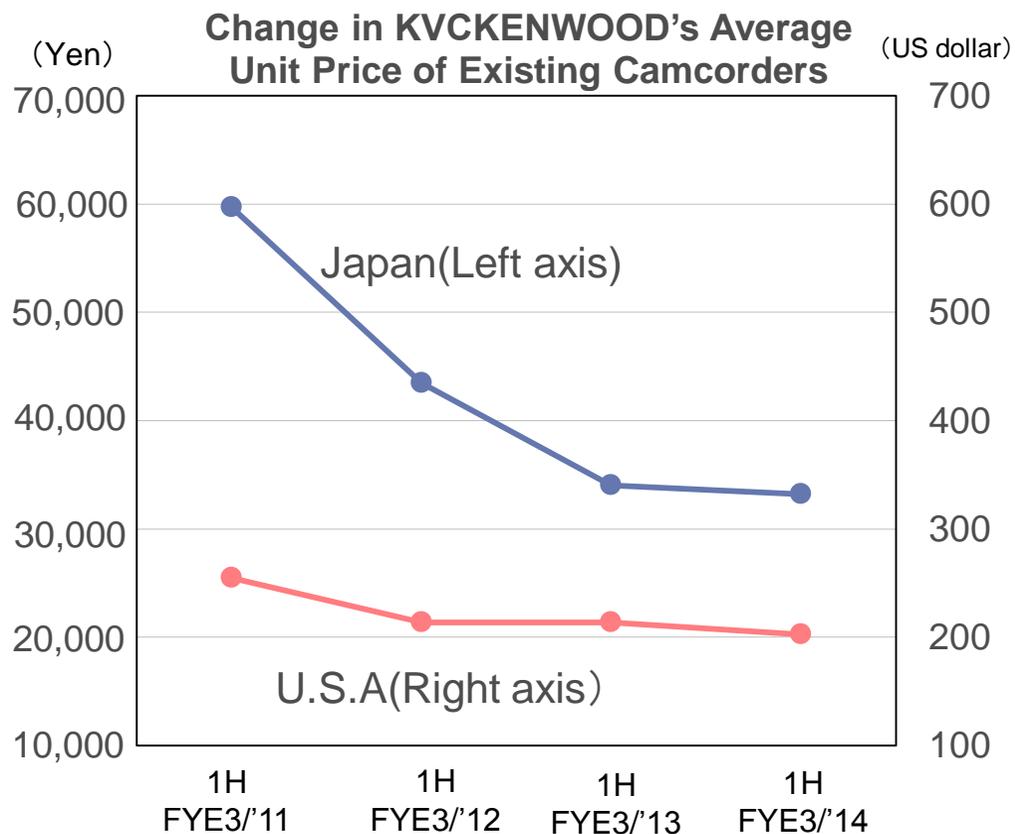
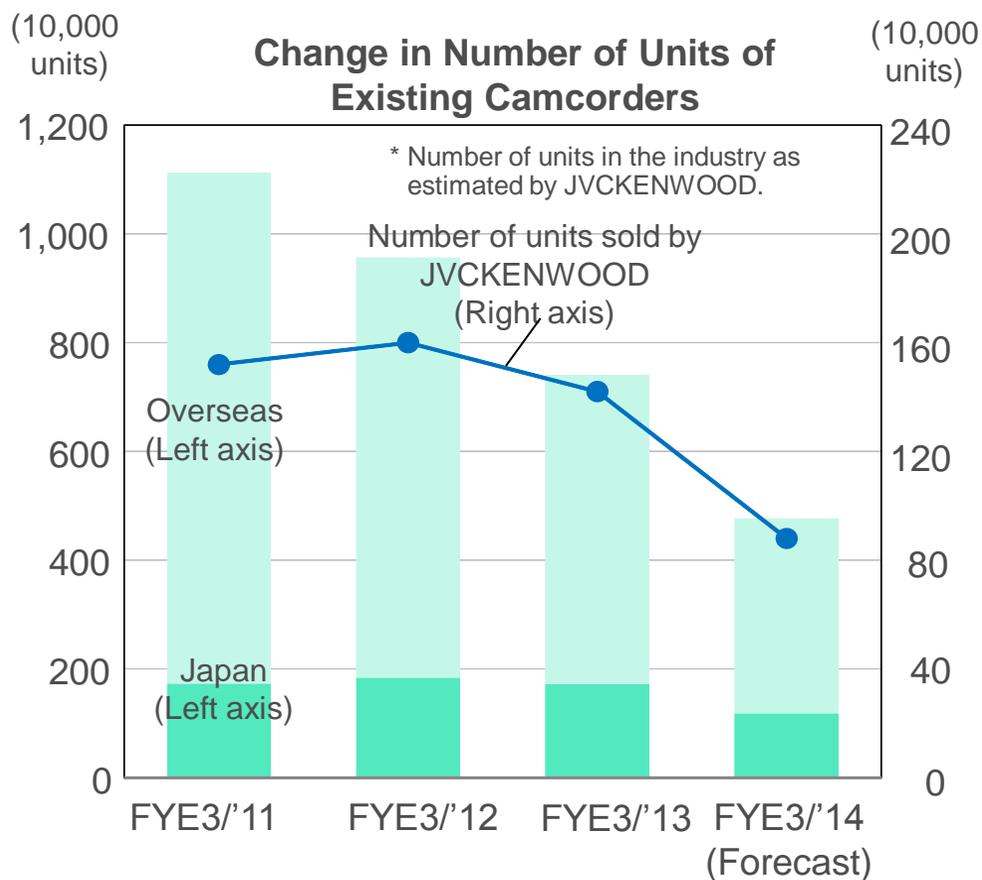


Rapid Contraction of the Japanese and Overseas Markets **JVCKENWOOD** Optical Audio Segment (Camcorder category)

creates excitement & peace of mind

* Camcorder market (existing camcorder models) is shrinking considerably in terms of both the number of units and the unit price.

- Number of units in the industry: Continues to slide both in Japan and in overseas.
- Average unit price of JVCKENWOOD's products: Falling significantly in Japan while low prices continue in the Americas.



* Data source: Japan: Gfk; U.S.A.: NPDP

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Priority Measures: Summary

* Exert efforts in implementing three priority measures at three different timings to promote recovery of performance.

(1) Business restructuring measures in the 2nd half of FYE3/14 (3Q & 4Q)

- Execute overall cost reform, sales reform, emergency measures (e.g. compensation cuts) and other steps.

(2) Reform of earnings structure toward FYE3/'15

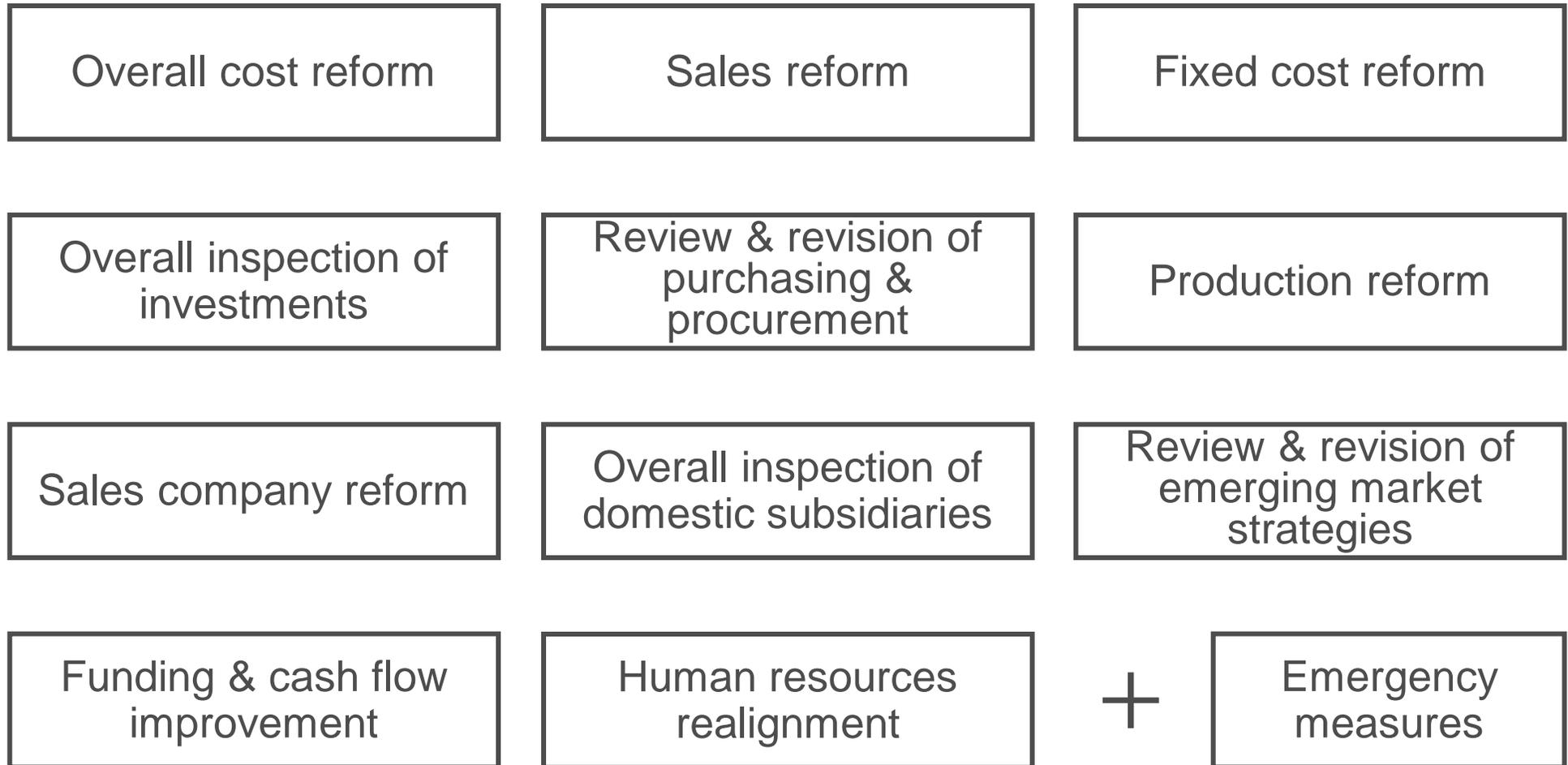
- Execute fixed cost reform (structural reforms related to hiring in Japan, sales companies and plants) in addition to pursuing cost of sales reform (launch the 2014 model that accommodates yen's depreciation) and other steps.

(3) Medium-term measures

- Develop next-generation businesses, promote growth businesses, and conduct reforms of business activities.

(1) Business Restructuring Measures in the Second Half (3Q & 4Q)

* List of action plans for business restructuring



(1) Key Business Restructuring Measures in the Second Half (3Q & 4Q)

* Overall cost reform

- Move up the launch of models that accommodates yen's depreciation
 - By the end of the second quarter, closed the low-profitable 2013 model designed at the time when the yen was strong. Dissolve inventories in the third quarter and move up the launch of the 2014 models that accommodates the yen's depreciation.
- Reduce costs of materials
 - Cut procurement cost through performing an overall inspection of suppliers.

* Sales reform

- Revalidate measures by region and by channel
Reinforce measures against sales price fluctuation and product trends

* Emergency measures

- Cut salaries and bonuses of corporate officers and managers.
- Cut IT expenses and other expenses.

(2) Reform of Earnings Structure toward FYE3/'15

* Cost reform

- Promote value engineering (VE) activities to respond to the depreciation of the yen and to reduce the cost of sales (from the 2014 model)

* Fixed cost reform

- Japan: Reform employment structure
- Overseas: Perform reorganization and curtailment of sales companies mainly in the U.S. and Europe.
Improve operation rate through reorganization of production sites.

(3) Medium-term Measures

* Reconstruct the company to achieve new growth

Develop new-generation businesses

A	Car optronics and innovative vehicle technologies
B	Broadband multimedia systems
C	Next-generation imaging (camera)

Promote growth businesses and conduct reforms of business activities

D	Healthcare business and cyber hospital
E	Emerging markets

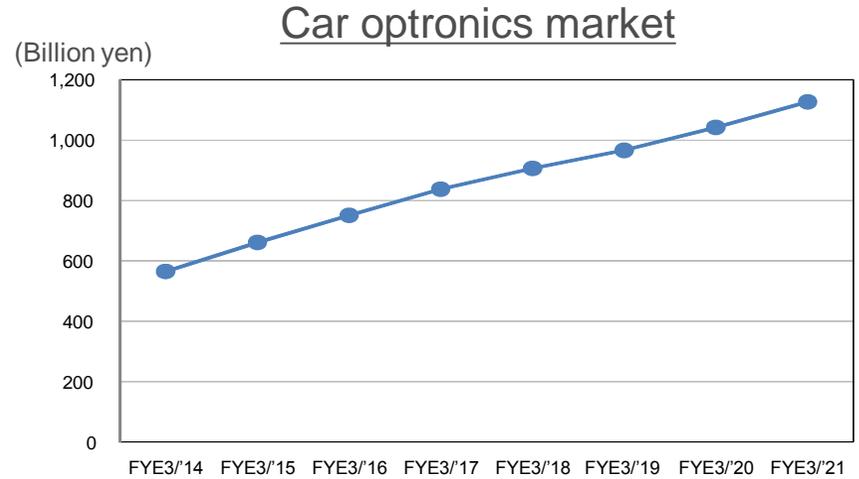
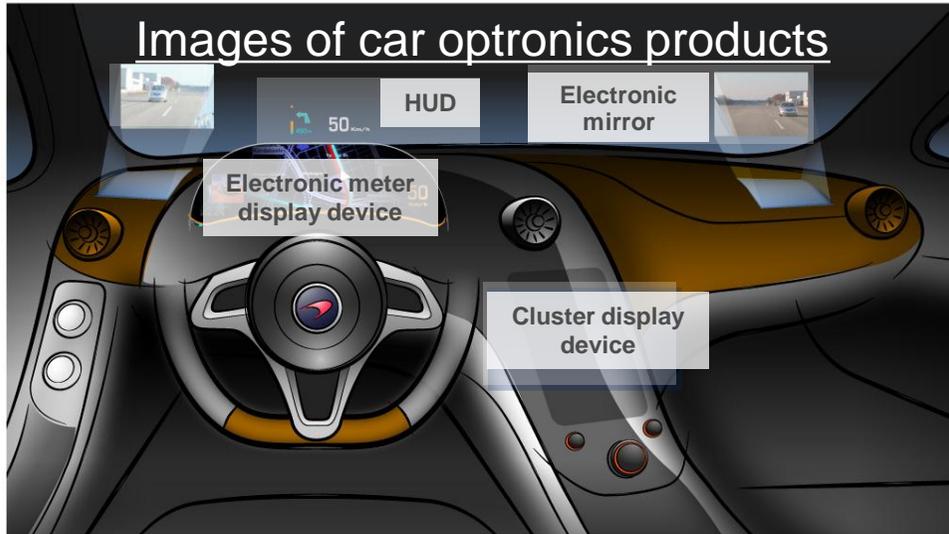
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F	Alliances with venture firms
G	M&A and strategic alliances with Japanese & foreign companies

(3) A. Car Optronics and Innovative Vehicle Technologies

(i-ADAS* commercialization task force * innovative Advanced Driver Assistance System)

- * Expand the car optronics business with JVCKENWOOD's core technologies at the base.
- * Deploy innovative vehicle technologies by working with venture companies.



* Overall size of the car optronics (HUD, electronic mirror, electronic meter) market

Innovative vehicle technologies

(Automatic drive, telematics, sensing device)

- Collaboration with ZMP



CarTomo

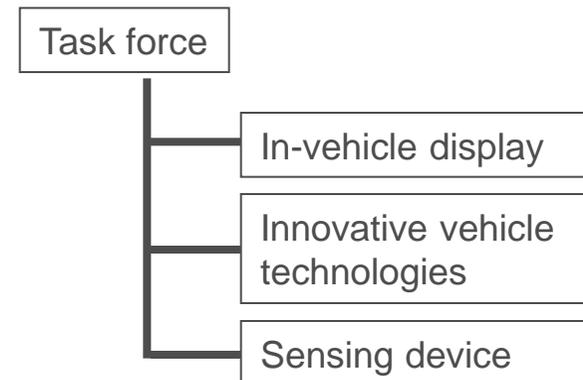
CarTomo, a venture firm established with ZMP



Presented a demo drive of automatic driving mechanism at the ITS World Congress.

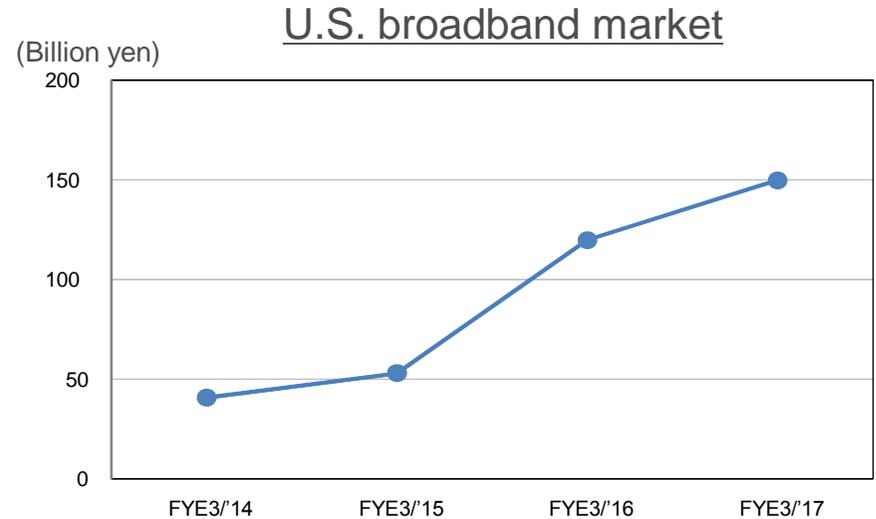
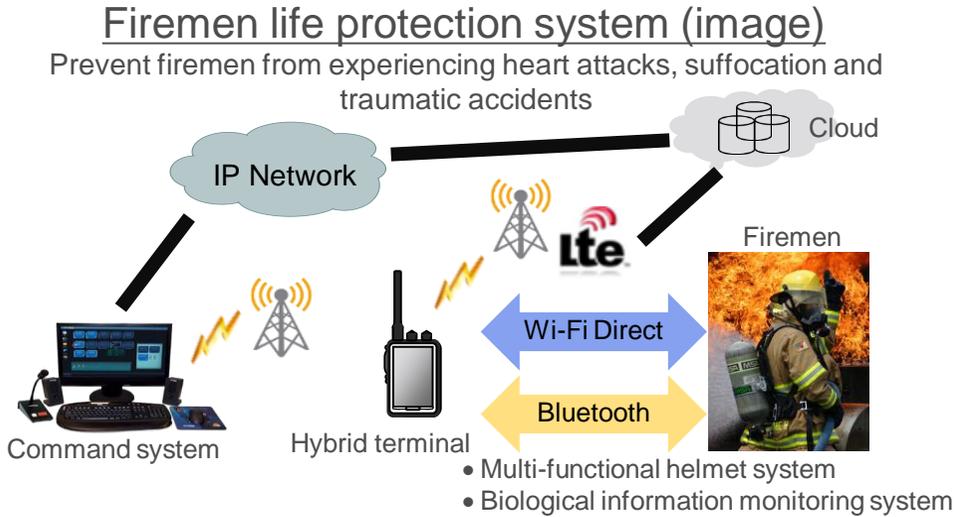
- Collaboration and joint development with Japanese and foreign automotive companies

Structure of i-ADAS commercialization task force

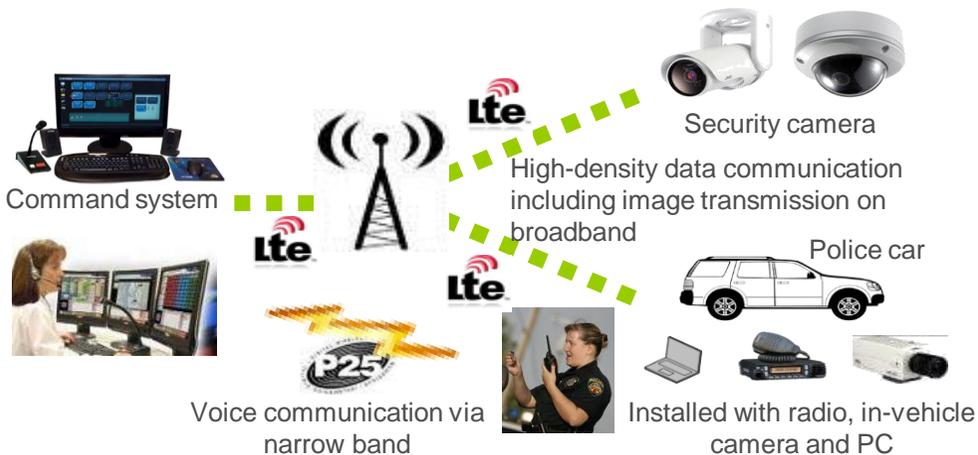


(3) B. Broadband Multimedia Systems

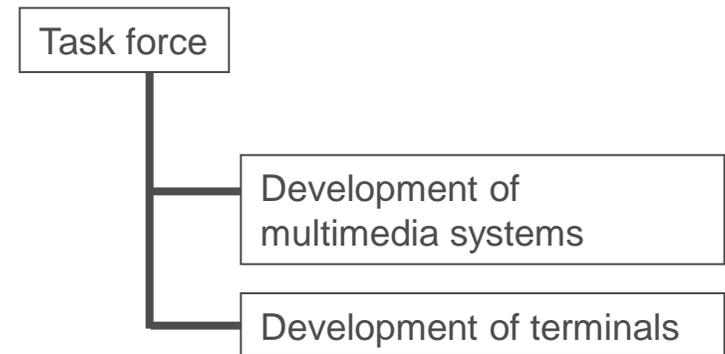
* The professional radio market is shifting from voice communication on narrowband to high-capacity data communication, including image transmission on public broadband.



Multimedia system (Example: use by the police)



Structure of broadband task force



(3) C. Next-generation Imaging (Camera)

- * Develop in-vehicle camera for achieving a major evolution in car optronics.
- * Strive to expand the security business by making use of high-resolution and communication functions.
- * Deploy high-resolution (4K/8K) cameras toward the 2020 Olympic Games in Tokyo.

■ Consumer



■ Professional

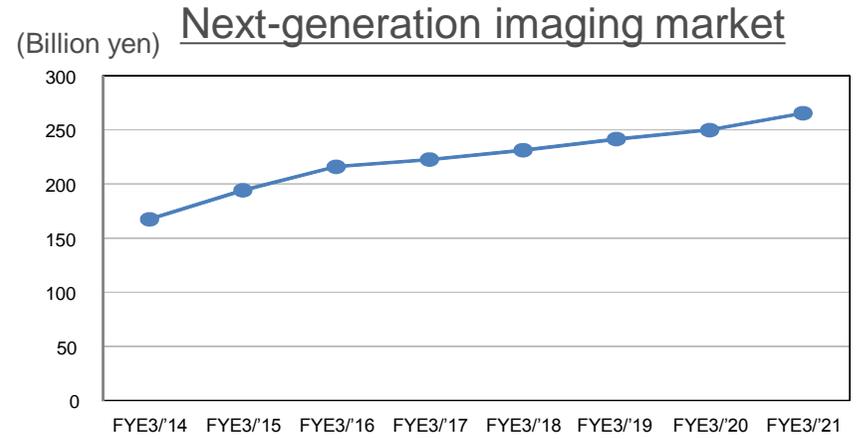




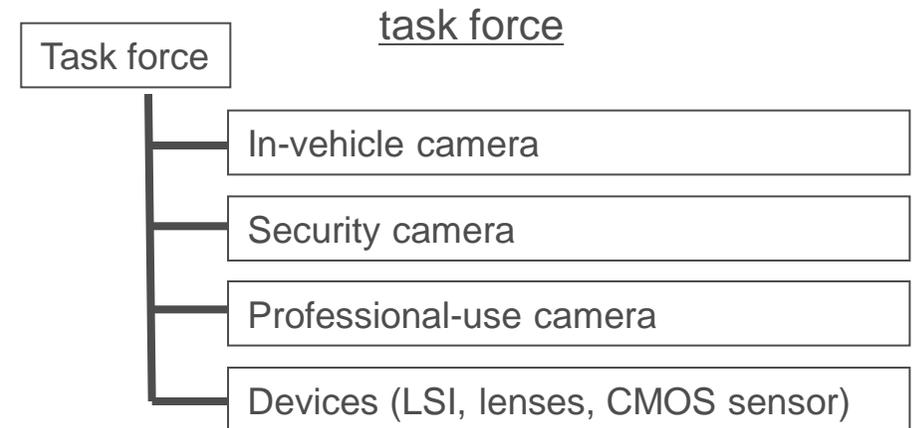
Surveillance camera Professional camcorder In-vehicle camera

■ Next generation

- Next-generation automotive cameras (In-vehicle infrared camera and other car optronics items)
- High-definition production camera (4K/8K)
- High-definition security camera



Structure of new imaging business development

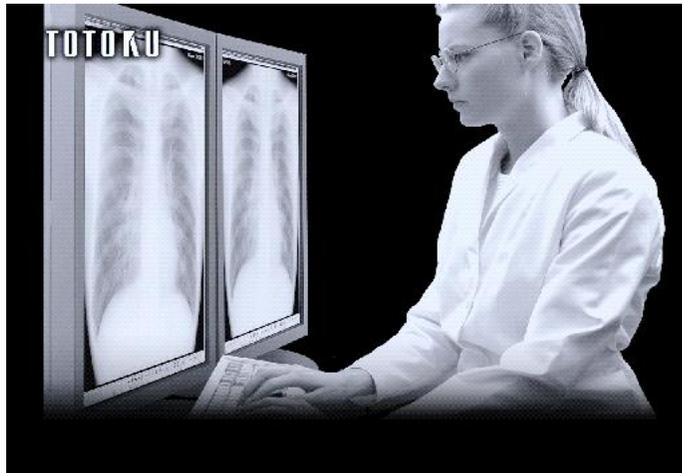


(3) D. Healthcare Business and Cyber Hospital

* Healthcare business

- Succeeded the medical image display device business of TOTOKU Electric Co., Ltd. (“TOTOKU”) in July 2013 and expanded the healthcare business.

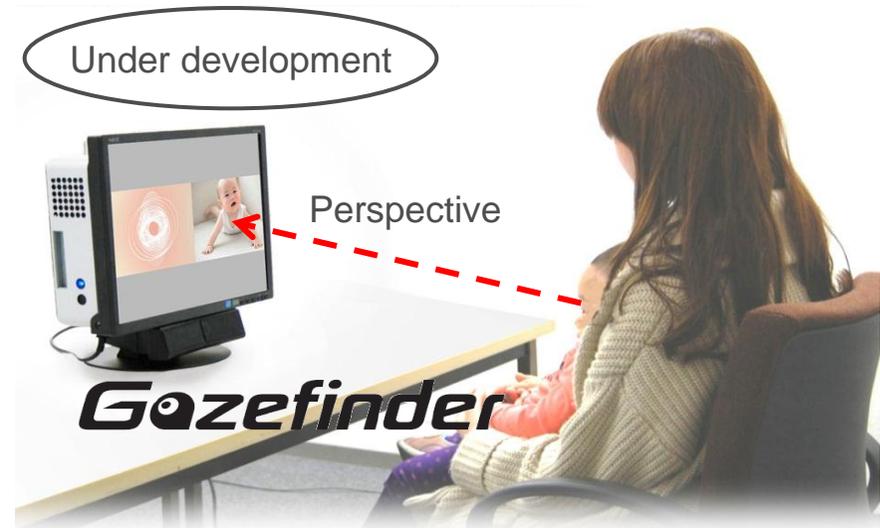
Radiographic interpretation monitor for PACS* used in image diagnosis



- No. 2 in global share of mammography monitors
- No. 3 in global share of monitors for x-ray diagnostic equipment

* PACS (Picture Archiving Communication System)

“GazeFinder”, a supplementary device to diagnose developmental disorders such as autism



- Under joint development with United Graduate School of Child Development
- Registered with JST Implementation Support Program and undergoing development

(3) D. Healthcare Business and Cyber Hospital

* Cyber hospital

- Business development through alliances across medical and engineering sectors (use of special medical zone)

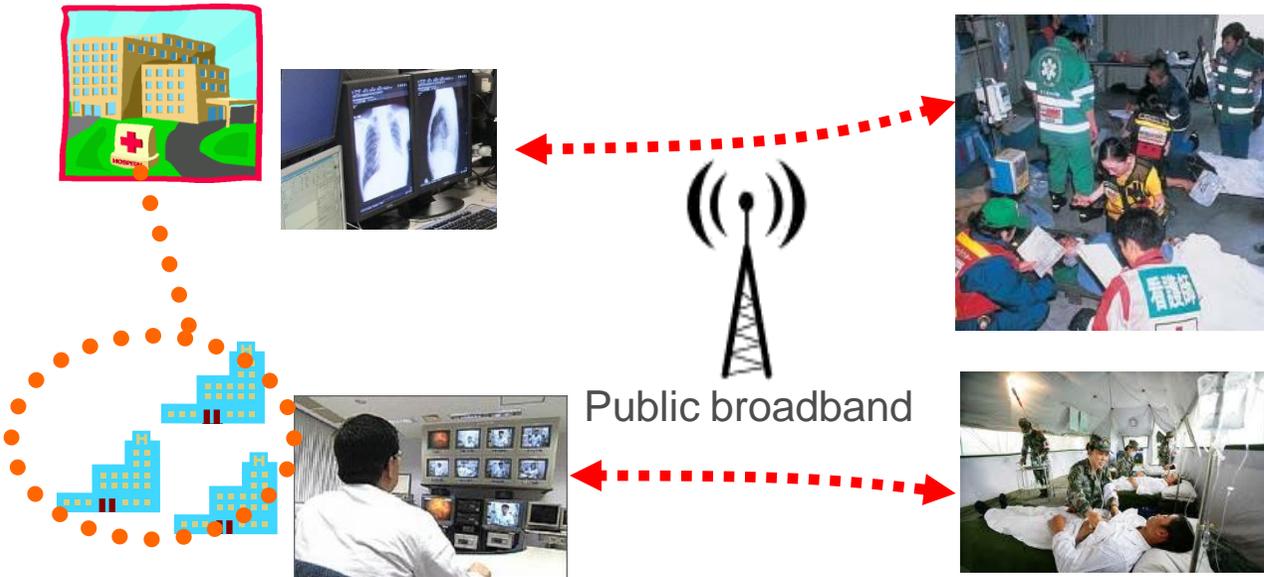
Cyber hospital scheme

Remote medical system using the public broadband network

- Identifying conditions of patients (in-home care, accident site, remote medical care)
- Making quick and accurate diagnoses and instructing treatment methods

University hospitals, etc.

Large-scale disasters



横浜ライフノベーション特区 トップセミナー

日時 平成25年11月22日(金)
14時30分～16時30分

参加無料
(定員150名)

会場 丸ビルホール
(東京都千代田区丸の内4-1-9丸ビル7階)

超高齢社会を迎え、人々の健康意識や医療・健康に関わるニーズが層高まっています。本セミナーでは、国の成長戦略「日本再興戦略-JAPAN is BACK-」において戦略的分野に位置づけられている健康長寿産業に関連する各分野の資格からご講演いただきます。また、京浜臨海部ライフノベーション国際戦略総合特区の認定を受け、革新的医薬品・医療機器の開発製造と健康関連産業の創出に向けた横浜市の取組やビジネス環境などをご紹介します。皆様のご来場、心よりお待ちしております。

プログラム

第1部 基調講演 14:30-15:10 『シーズは無限、革新的医療』 日本医学ジャーナリスト協会 副会長 田辺 功氏 特別講演 15:30-15:35 トップ プレゼンテーション 横浜市長 林 文子	第2部 特別講演1 15:50-16:10 『IPS細胞からヒト臓器を創る!』 横浜国立大学 大学院医学研究科 再生再生医学 教授 谷口 英樹氏 特別講演2 16:10-16:30 『ヘルスケア事業の特区への期待』 株式会社JVCKENWOOD 代表取締役 取締役兼副社長 河原 春郎氏
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閉会 ※以下、ご来場者のみのプログラム(～17:00)
ご来場の皆様と市長との名刺交換会(要事前予約)、ブース展示、各種相談会

(3) E. Emerging Markets

Brazil

- Car Ele business expanded significantly as competitors withdrew from the market.
- To establish a production structure aimed at oligopoly going forward.

China

- Understand the trend of infrastructure development associated with urbanization of agricultural villages, complete the realignment and establishment of venture company in Beijing and reinforce the lineup of professional devices (radio devices, security cameras and others.)
- Create synergistic effects through making Shinwa a consolidated subsidiary.

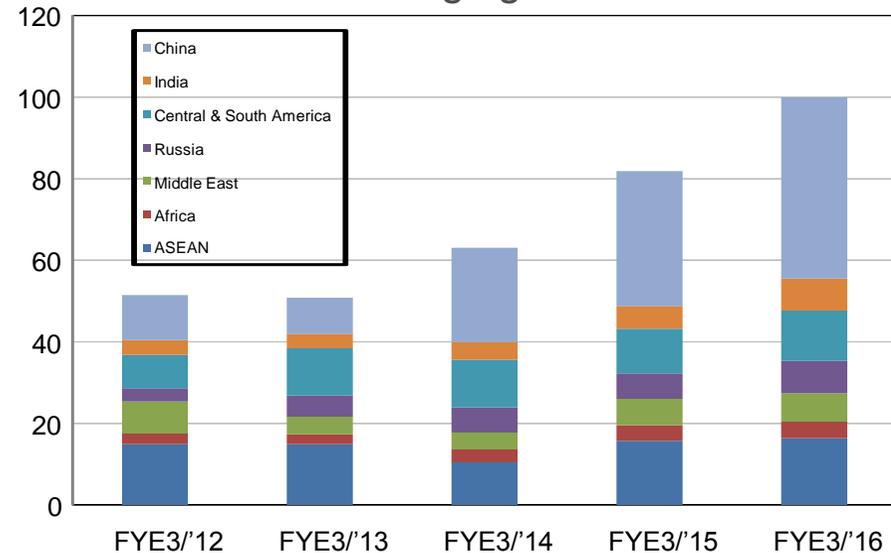
India

- Develop radio models exclusively for professional use.
- Fully pursue collaboration with local companies to win the car OEM business.

ASEAN

- Using Thailand as a base, make full-fledged entries into Cambodia, Laos and Myanmar markets for consumer and professional businesses.
- Consider establishing a new sales company in Indonesia.

(Billion yen) **JVCKENWOOD's sales targets in emerging markets**



(3) F. Alliances with Venture Companies

- * By developing new business models through forming alliances with venture companies, strive for achievement of strategies for new business creation.
 - Example) Established a venture company with ZMP INC.
(Announced on July 18, 2013)

Large company (general example)

Venture company (general example)

Advantage

Can lead innovation by leveraging large-size budget and highly talented personnel.

Advantage

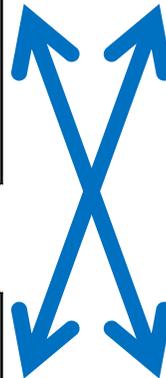
Speedy decision making process and creative ideas.

Disadvantage

Slow decision-making process plus conservative corporate culture.

Disadvantage

Small in scale and tends to lack in human resources and capital.



(3) G. M&A and Strategic Alliances with Japanese and Foreign Companies

* Actively pursue reforms of business activities and inorganic growth.

Major achievements to date:

	<u>Action taken</u>	<u>Purpose</u>
Shinwa	Made Shinwa a consolidated subsidiary in June 2013.	To create synergy in the area of optical disk drive mechanisms for in-vehicle devices and expand the aqueous coating resin panel business.
TOTOKU's medical image display device business	Succeeded TOTOKU's business in July 2013.	To make a full-fledged entry into the healthcare business and deploy the business on a global basis.

1. Overview of financial results for the first half of fiscal year ending March 31, 2014
2. Issues to be addressed - Major factors underlying the decline in operating income
3. Priority measures
4. **Full-year earnings forecast for FYE3/'14**
5. Reinforcement of business execution structure

Full-year Earnings Forecast for FYE 3/14

* The full-year earnings forecast is revised to:
net sales of JPY 310B and operating income of JPY 1.0B

	(Billion yen)			
	Net sales	Operating income	Ordinary income	Net income
Revised forecast for FYE3/14* (Announced on November 6, 2013)	310.0	1.0	(3.0)	(5.5)
Revised forecast for FYE3/14 *Due to consolidating Shinwa (Announced on May 15, 2013)	330.0	11.0	6.0	3.0
Initial forecast for FYE3/14 (Announced on April 26, 2013)	310.0	10.0	5.5	3.0
FYE3/13	306.6	9.6	3.1	1.1

* The revised earnings forecast announced on November 6, 2013 does not include temporary losses, etc. associated with the structural reforms.

Foreign exchange rates (approximate)		1Q	2Q	3Q	4Q
FYE3/14	USD	JPY 99	JPY 99	JPY 100*	←
	Euro	JPY 129	JPY 131	JPY 128*	←
FYE3/13	USD	JPY 80	JPY 79	JPY 81	JPY 92
	Euro	JPY 103	JPY 98	JPY 105	JPY 122

* Rates for 3Q and 4Q FYE3/14 are assumed rates.

Dividend Forecast for the End of First Half and Year-End of FYE3/'14

* No dividend at the end of the first half as initially projected. The year-end dividend forecast is revised to no dividend.

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Previously announced forecast (Announced on April 26, 2013)	—	—	—	Yen 5.00	Yen 5.00
Revised forecast			—	Yen 0.00	Yen 0.00
Current Fiscal year (FYE March 31, 2014)	—	Yen 0.00			
(Reference) Previous-year results (FYE March 31, 2013)	—	Yen 0.00	—	Yen 5.00	Yen 5.00

1. Overview of financial results for the first half of fiscal year ending March 31, 2014
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3. Priority measures
4. Full-year earnings forecast for FYE3/'14
5. **Reinforcement of business execution structure**

Reinforcement of business execution structure

* Purport of the new structure

- Results of the first half and the full-year forecast have fallen below expectation due to the depreciation of the yen and drastic changes in the consumer market.



- The new structure has been implemented and driven using all resources in order to overcome this difficult phase, reconstruct and enhance the company, and quickly realize new growth.
- **Haruo Kawahara**
Chairman, Representative Director of the Board and Chief Executive Officer (CEO)
Compile the business restructuring plan, ensure execution of the plan and review results achieved while pursuing corporate innovation to reconstruct the company and quickly realize new growth.
- **Shoichiro Eguchi**
President, Representative Director and Chief Operating Officer (COO)
Execute the action plans set forth under the business restructuring plan and concentrate on achieving results as per budget.

JVC KENWOOD

creates excitement & peace of mind

Expressions contained in this presentation referring to the Company's future plans, intentions and expectations are categorized as future forecast statements. Such statements reflect management expectations of future events, and accordingly, are inherently susceptible to risk, uncertainty and other factors, whether known or unknown, and may be significantly different from future performance. These statements represent management's targets as of the time of issuance of these presentation materials, and the Company is under no obligation, and expressly disclaims any such obligation, to update, alter or publicize its future forecast statements in the event there are changes in the economic climate and market conditions affecting performance of the Company. Risk factors and other uncertainty which may affect the Company's actual performance include: (1) violent fluctuations in economic circumstances and supply and demand systems in major markets (in Japan, the U.S, the EU and Asia); (2) restrictions including trade regulations applicable to major markets including Japan and other foreign countries; (3) sharp fluctuations in the exchange rate of the dollar, euro, and such against the yen; (4) marked fluctuations in exchange rates in capital markets; and (5) changes in social infrastructure due to short term changes in technology and such. Please note however, that the above is not a comprehensive list of all the factors which may exert a significant influence on the Company's performance.