

May 30, 2007

**Fiscal 2008 , ended March 31, 2008**

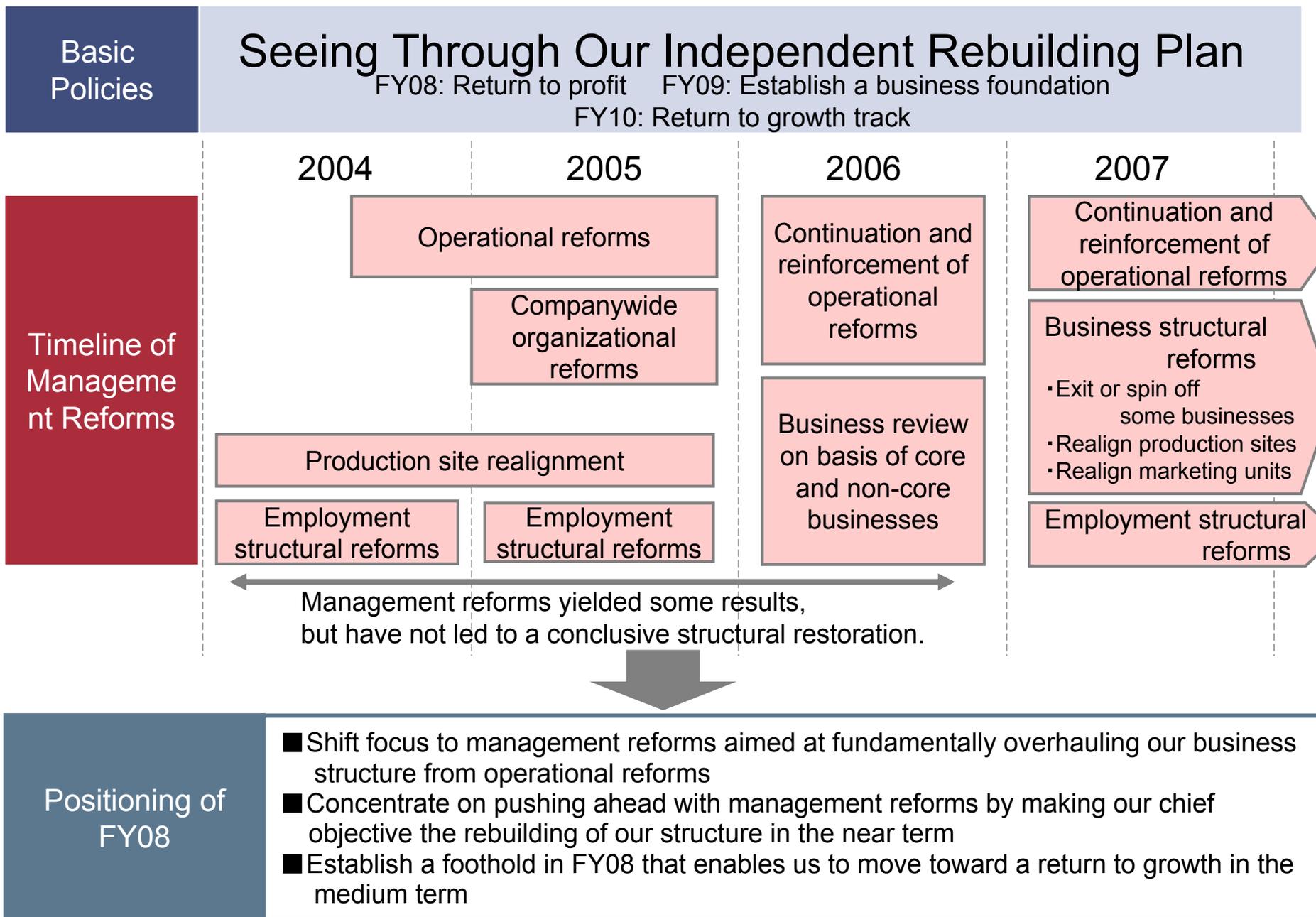
# **Business Forecast**

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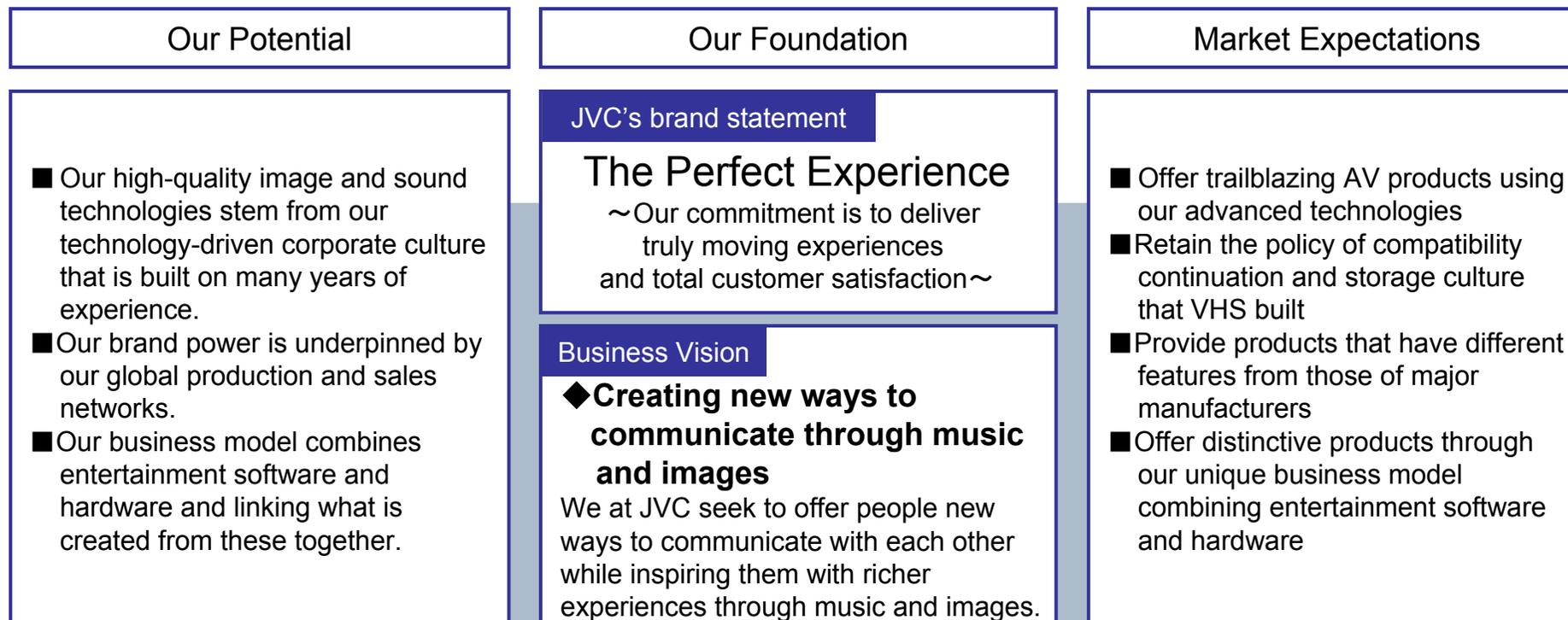


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# 1. Our View on Management Reforms

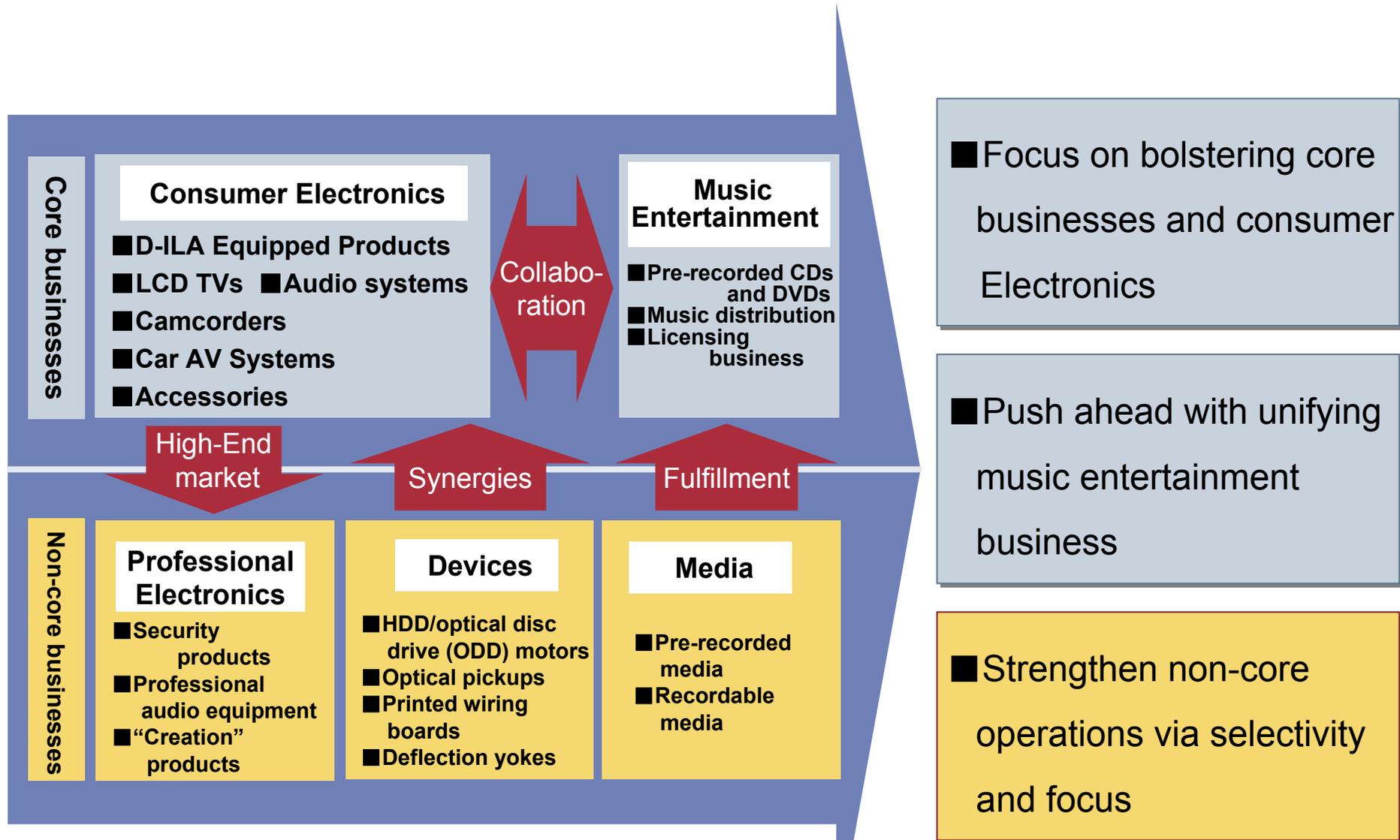


## 2. What We Aim to Become

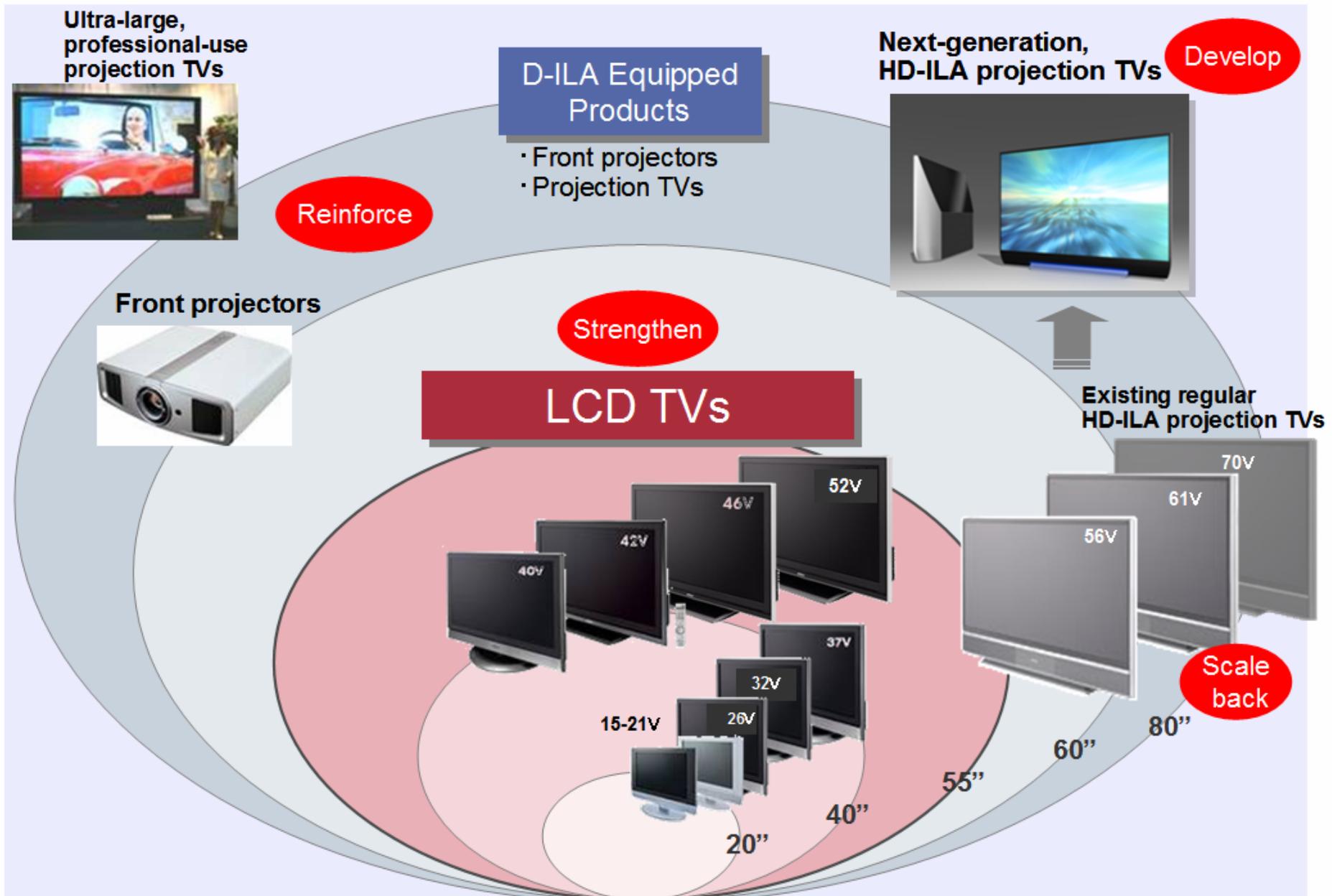


- (1) Returning to the original passion of JVC's founder of creating stellar sound and color reproduction, we seek to offer new experiences in the era of high-definition.
- (2) As consumption patterns grow more diverse, we want to become the maker of choice for consumers with sophisticated tastes and sensibilities, even in small market niches.
- (3) Drawing on our roots as a technology powerhouse, we will further reinforce and enhance our niche-top player strategy.

### 3. Reviewing Our Business Portfolio on Basis of Core and Non-Core Businesses



# 4. 1) Focus on Bolstering Consumer Electronics : Display Business



## 4. 1) Focus on Bolstering Consumer Electronics: Display Business

May 30, 2007

**JVC**  
The Perfect Experience

5

### ■ ILA → Revise strategy to move in new direction

#### Front projectors

- Strengthen our home projector lineup  
in bid to turn ILA business into main pillar



#### Projection TVs

- Reload this year with rollout of next-generation,  
HD-ILA projection TVs that use new light sources and optics



### ■ LCD TVs → Reverse course from losses and become a growth driver

- Widen our lead over industry rivals  
with our high-quality differentiation technology
- Reform costs to cope with downtrend in selling prices  
(develop low-cost chassis and rationalize panel procurement)
- Strengthen our marketing strategy



## 4. 1) Focus on Bolstering Consumer Electronics : Audio/Camcorders/Car AV Systems

### ■ Rebuilding our audio business

- Devise a new product strategy by fusing our original technologies with imaging and networks
- Boost sales of new home theater products and mini audio component systems with built-in memory



### ■ Bolster foundations of our profitable businesses

#### □ Camcorders

- Aim to be the global leader by harnessing our leadership  
In hard disk camcorders
- Expand sales by bolstering our lineup  
of high-value-added camcorders



#### □ Car AV systems

- Maintain and strengthen CD receivers, expand DVD/visual and DIN navigation systems
- Step up measures to boost OEM business



## 4. 1) Focus on Bolstering Consumer Electronics : Expand Sales via Better Marketing

### Expanding Sales Is Top Priority

#### Recouping lost ground in developed markets

##### U.S.

- Rebuild overall display strategy
- Develop new channels, such as high-end AV specialty stores
- Realign organization to strengthen marketing for each distribution route

##### Europe

- Build distribution network to support shipments of one million LCD TVs
- Bolster European head office's function as liaison for pan-European dealers
- Augment the sales flow systems for each distribution channel and country

##### Japan

- Realign organization to enhance focus on market and distribution
- Restore brand power by enhancing the appeal of our products

#### Gain momentum in emerging markets

##### China:

- Expand sales channels, focusing on volume retailers and IT/PC-related routes

##### Asia (excluding—Japan, China):

- Strengthen JVC marketing companies and use distributors

##### Russia:

- Bolster marketing structure for 14 cities with populations of more than one million

##### Press ahead with "Challenge 5 Project:"

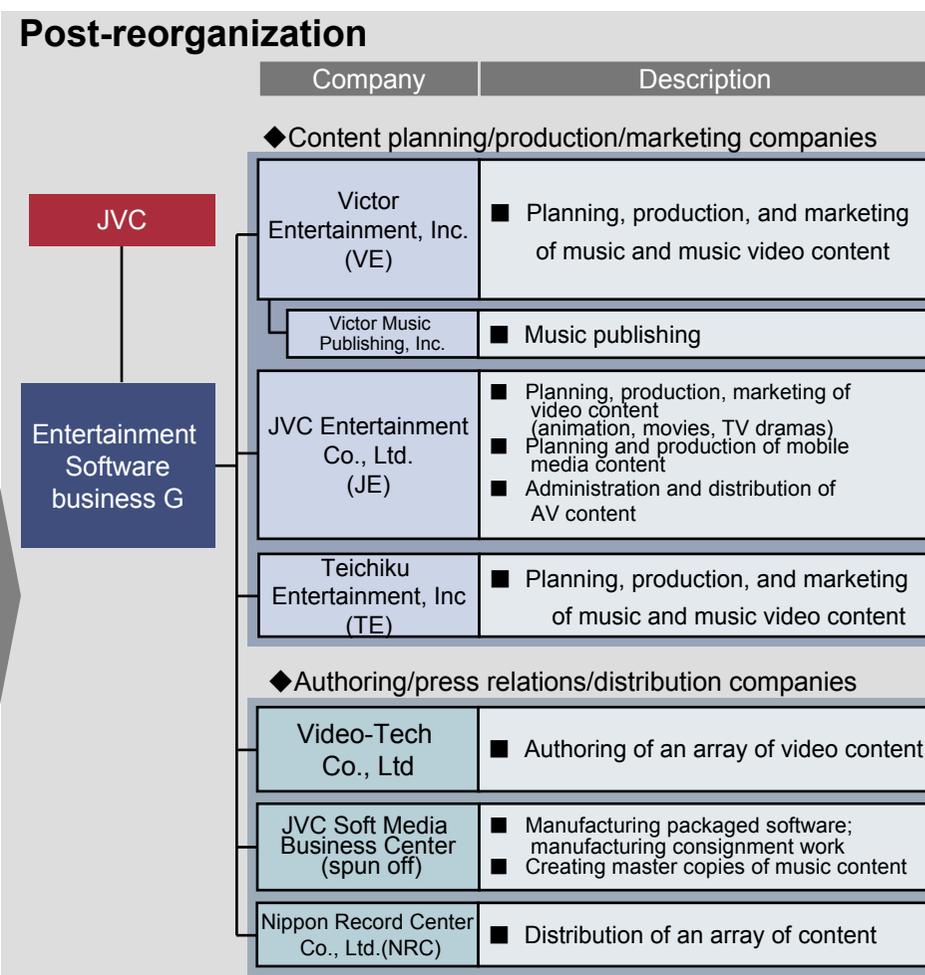
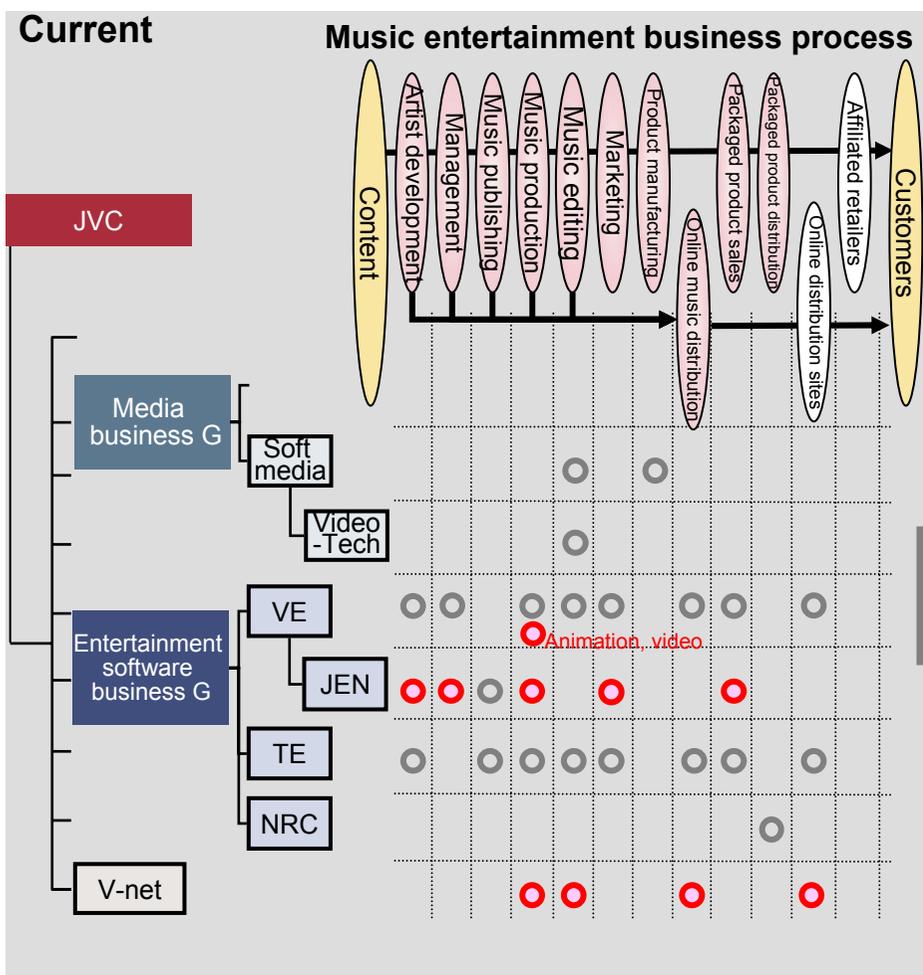
- India, Vietnam, Iran, Turkey, and Central America

- Step up activities to raise product profiles
- Step up activities to boost launch-phase sales
- Form strategic tie-ups with distributors (manufacturing/sales alliances)

# 4. 2) Unifying Our Software & Media Businesses

## Key points of reorganization

- Proceed with company-wide retooling/shoring up of our core businesses Company-wide, and link our unique business model with the enhancement of our corporate value
- Establish a fulfillment structure through synergy management geared to tapping synergistic benefits from content development through delivery



## 4. 3) Strengthen Non-Core Business via Selectivity and Focus

### Criteria for applying selectivity and focus to operations

- Does this operation have sufficient synergies with core businesses?
- Can this operation compete globally as a stand-alone business and be profitable?

### ■ Continuation and reinforcement ■ Monitoring and withdrawal

#### Professional electronics

- Security products
- Professional audio equipment
- “Creation” products (HD cameras and peripherals)

#### Motors

- Motors for HDDs

#### Optical pickups

- Optical pickups for CDs and DVDs

#### Deflection yokes

#### VHS-related components business

### ■ Studying ways to continue

#### High-density, multi-layer printed wiring boards

### ■ Spin-offs

#### Recordable media business

## 5. FY08 Progress Themes

Business structure reforms	Business withdrawal/s pin-offs	<ul style="list-style-type: none"> <li>Apply selectivity and focus to achieve greater emphasis and efficiency in investments</li> <li>Create a structure through spin-offs that makes the JVC Group strongly competitive</li> </ul>	<ul style="list-style-type: none"> <li>① Scale back the home storage business</li> <li>② Exit deflection yoke business</li> <li>③ Exit VHS-related parts business</li> <li>④ Study ways to remain in high-density, multi-layered printed wiring board business</li> <li>⑤ Spin off as subsidiary recordable media business</li> <li>⑥ Spin off Pre-recorded media businesses and integrate into Entertainment group</li> <li>⑦ Study direction of North American Pre-recorded media business</li> </ul>
	Manufacturing sites	<ul style="list-style-type: none"> <li>Restructure our production network focusing on China and other Asian countries</li> </ul>	<ul style="list-style-type: none"> <li>① Close JVC Shanghai Electronics Co., Ltd. (Chinese consumer electronics production site)</li> <li>② Integrate two consumer electronics production sites in Malaysia</li> <li>③ Restructure JVC Beijing Electronic Industries Co., Ltd.</li> <li>④ Exit Fujian plant (Chinese component production site)</li> </ul>
	Sales sites	<ul style="list-style-type: none"> <li>Restructure large operations</li> <li>Review smaller sales operations</li> </ul>	<ul style="list-style-type: none"> <li>① Reform structure of the Domestic Consumer Marketing Division</li> <li>② Reform organization of U.S. sales subsidiaries</li> <li>③ Exit South Korean sales subsidiary</li> <li>④ Reform structure of Indonesian sales subsidiary</li> <li>⑤ Reform organization of Mexican sales subsidiary</li> </ul>
	Employment structure reform	<ul style="list-style-type: none"> <li>Reduce payroll as part of business structure reforms</li> <li>Accelerate streamlining, especially of back-office staff and departments</li> </ul>	



## 6. Ongoing Initiatives

JVC's brand statement

### **“The Perfect Experience”**

Our commitment is to deliver truly moving experiences and total customer satisfaction.

### **Stepping up our “niche top player” strategy**

We want to become the AV maker of choice for consumers with sophisticated tastes and sensibilities, even in small market niches.

### **Business structural reforms**

#### **Continuation of operational reforms**

- Augment technology and R&D strengths
- Raise quality
- Reform manufacturing
- Implement procurement strategy
- Reform marketing

#### **Corporate culture and new thinking**

- Create a culture that puts customers first
- Foster independent, accountable management
- Create a culture supportive of teamwork

## 7. 1) Business Forecasts for FY08 (year ending March 31, 2008)

<Consolidated basis>

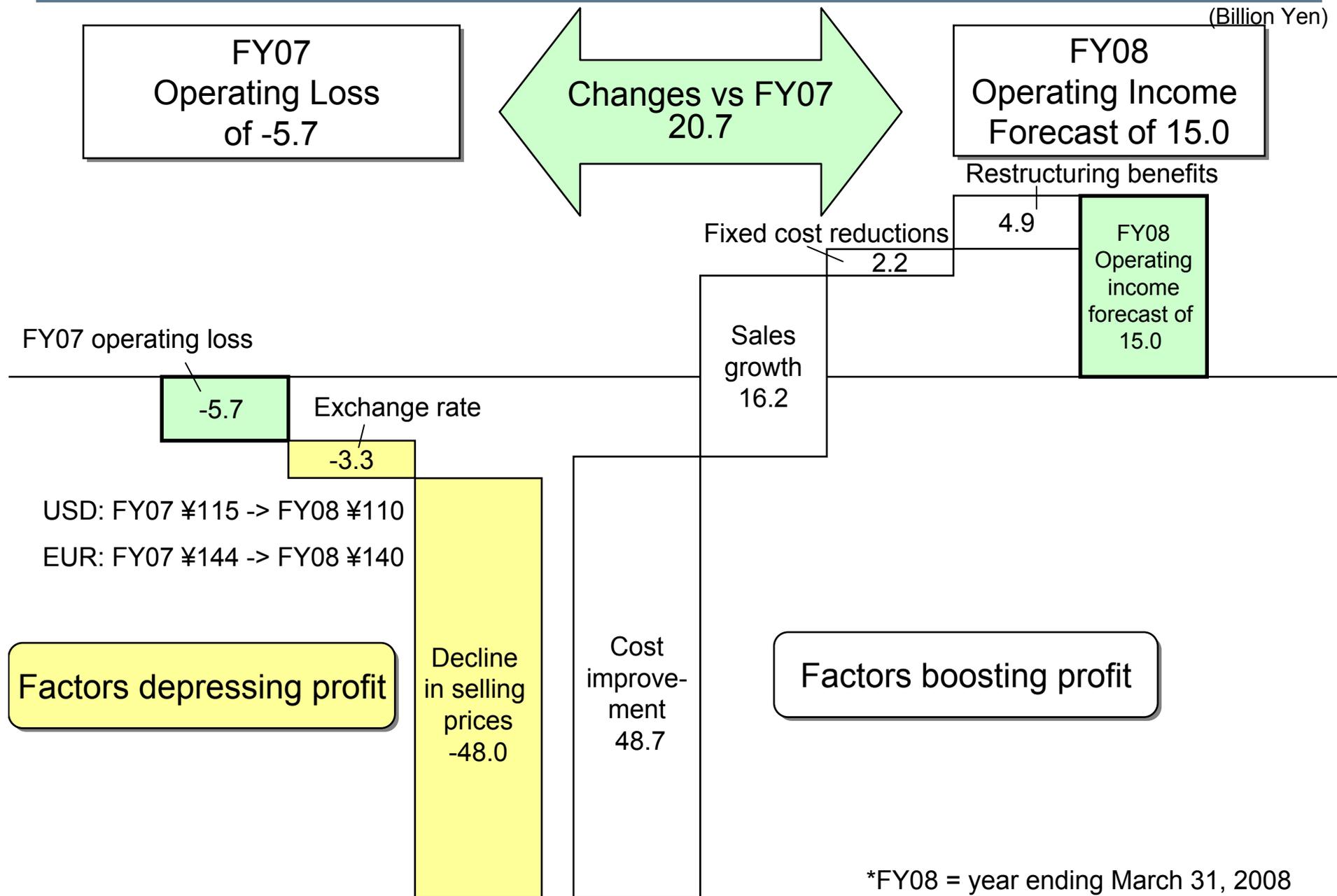
(Billion Yen)

	FY08 Plan	FY07 Results	Changes vs FY07
Net Sales	760.0	742.7	102%
Operating Income(Loss)	2.0% 15.0	- 0.8% (5.7)	20.7
Ordinary Income(Loss)	0.9% 7.0	- 1.6% (11.7)	18.7
Net Income(Loss)	- 1.4% (10.5)	- 1.1% (7.9)	(2.6)

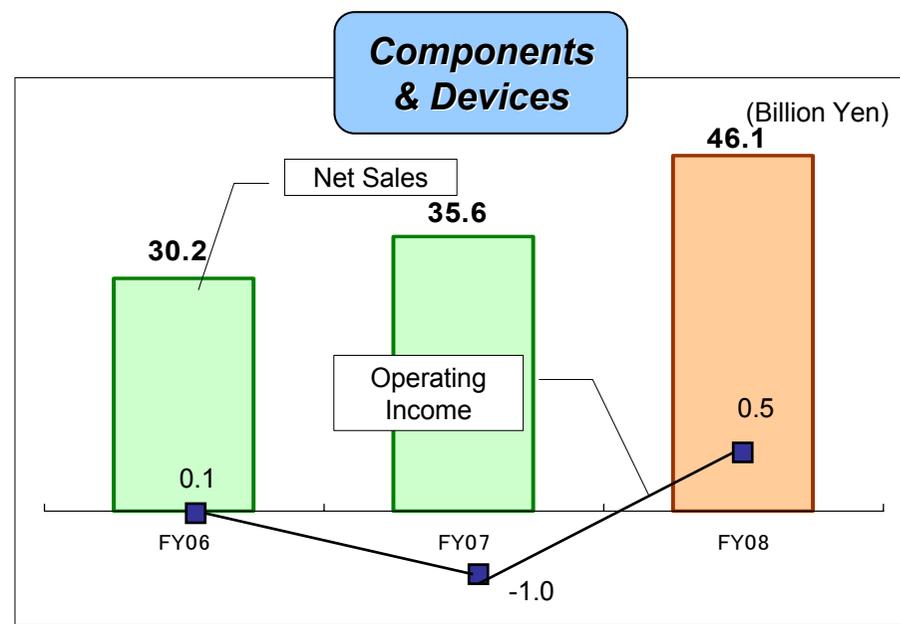
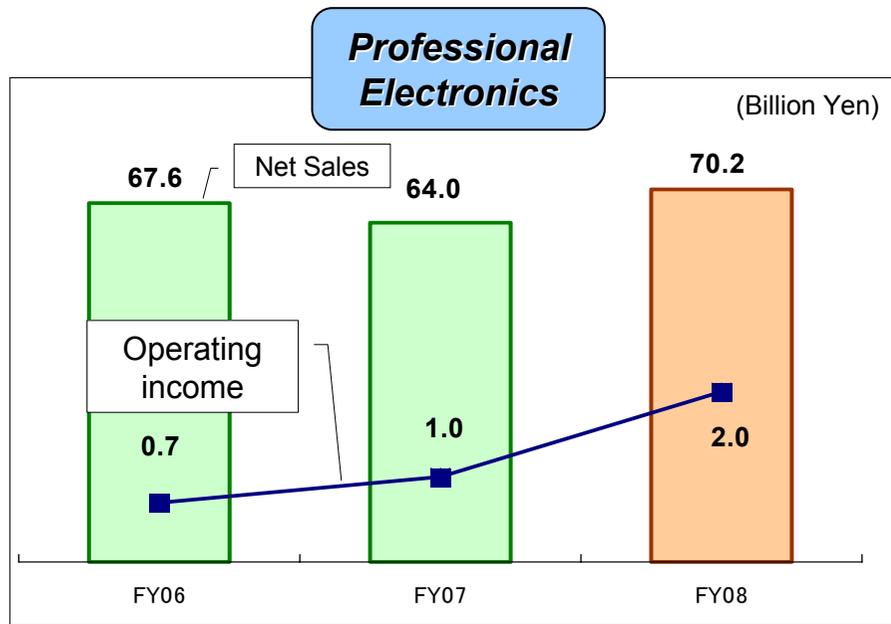
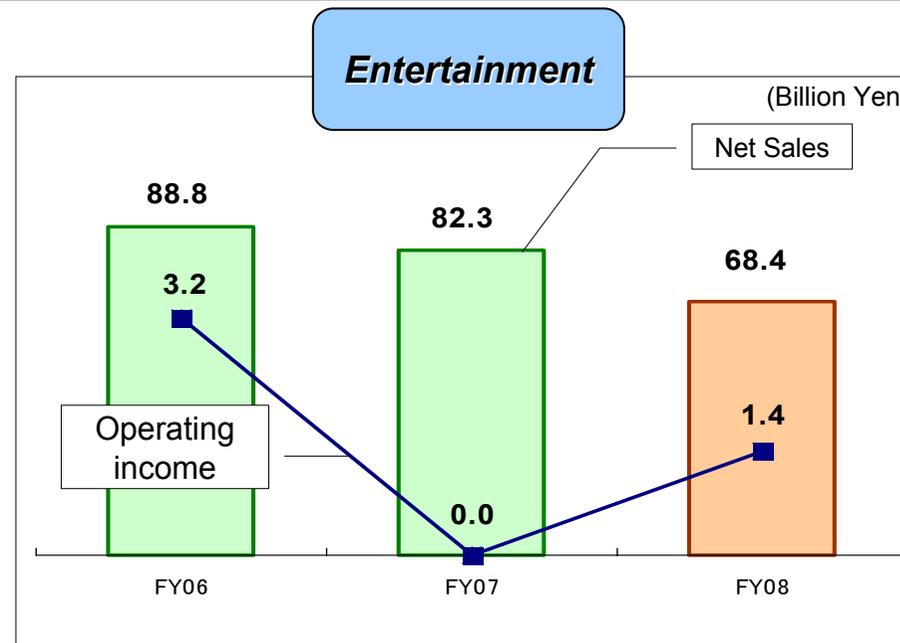
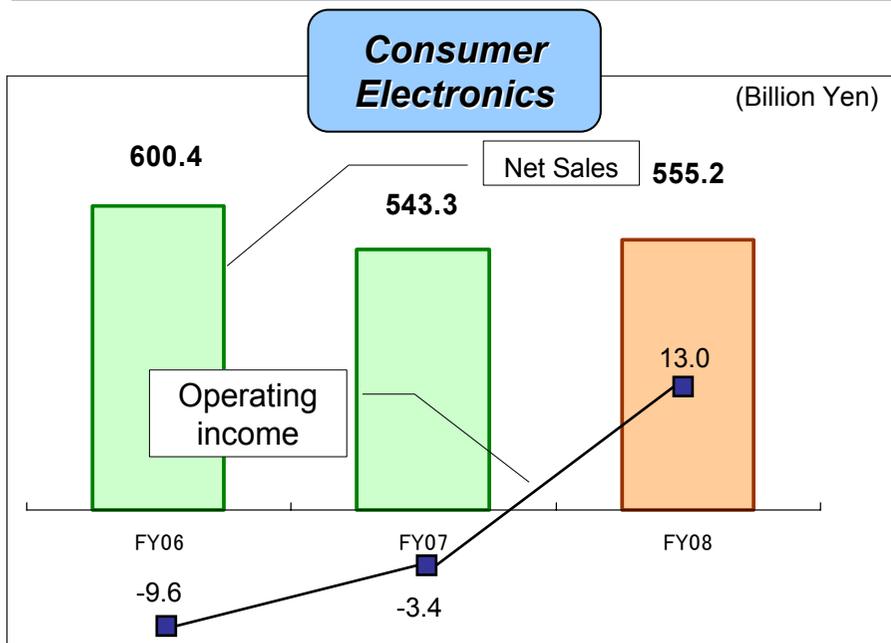
<1H Forecasts>

	FY08 Plan	FY07 Results	Changes vs 1H of FY07
Net Sales	358.0	371.2	96%
Operating Income(Loss)	-0.6% (2.0)	-0.2% (0.7)	(1.3)
Ordinary Income(Loss)	-1.8% (6.5)	-0.9% (3.4)	(3.1)
Net Income(Loss)	-7.4% (26.5)	1.3% 5.0	(31.5)

## 7. 2) FY08\* Operating Income (Loss) Analysis (Changes vs FY07)



# 7. 3) FY08\* Forecasts by Segment



\* FY08 = year ending March 31, 2008, FY07 segment data are pre-audit figures