

Translation for Reference Only



JVC Kenwood Group's Results and Forecast Briefing

Second Quarter of Fiscal Year Ending March 2011

JVC KENWOOD Holdings, Inc
October 29, 2010

- 1. Financial Results Overview for 2Q of Fiscal Year Ending March 2011**
- 2. Business Forecasts for Fiscal Year Ending March 2011**
- 3. Effects of Action Plan for Business Structural Reform, Progress in Action Plan for Reconstructing Corporate Base and Materialization of Mid-term Management Plan**

Haruo Kawahara, Chairman, President and CEO

Hisayoshi Fuwa, Director and CFO

Financial Results Overview for 2Q of the Fiscal year Ending March 2011

[Abbreviation]

CE: Car Electronics (Business)

BB: Professional Systems (Business)

COM: Communications (Segment), **BS:** Business Solution (Segment)

HM: Home & Mobile Electronics (Business)

DP: Display (Segment), **CAM:** Camcorder (Segment),

HA: Home Audio (Segment), **AVC:** AV Accessory (Segment)

SE: Entertainment (Business)

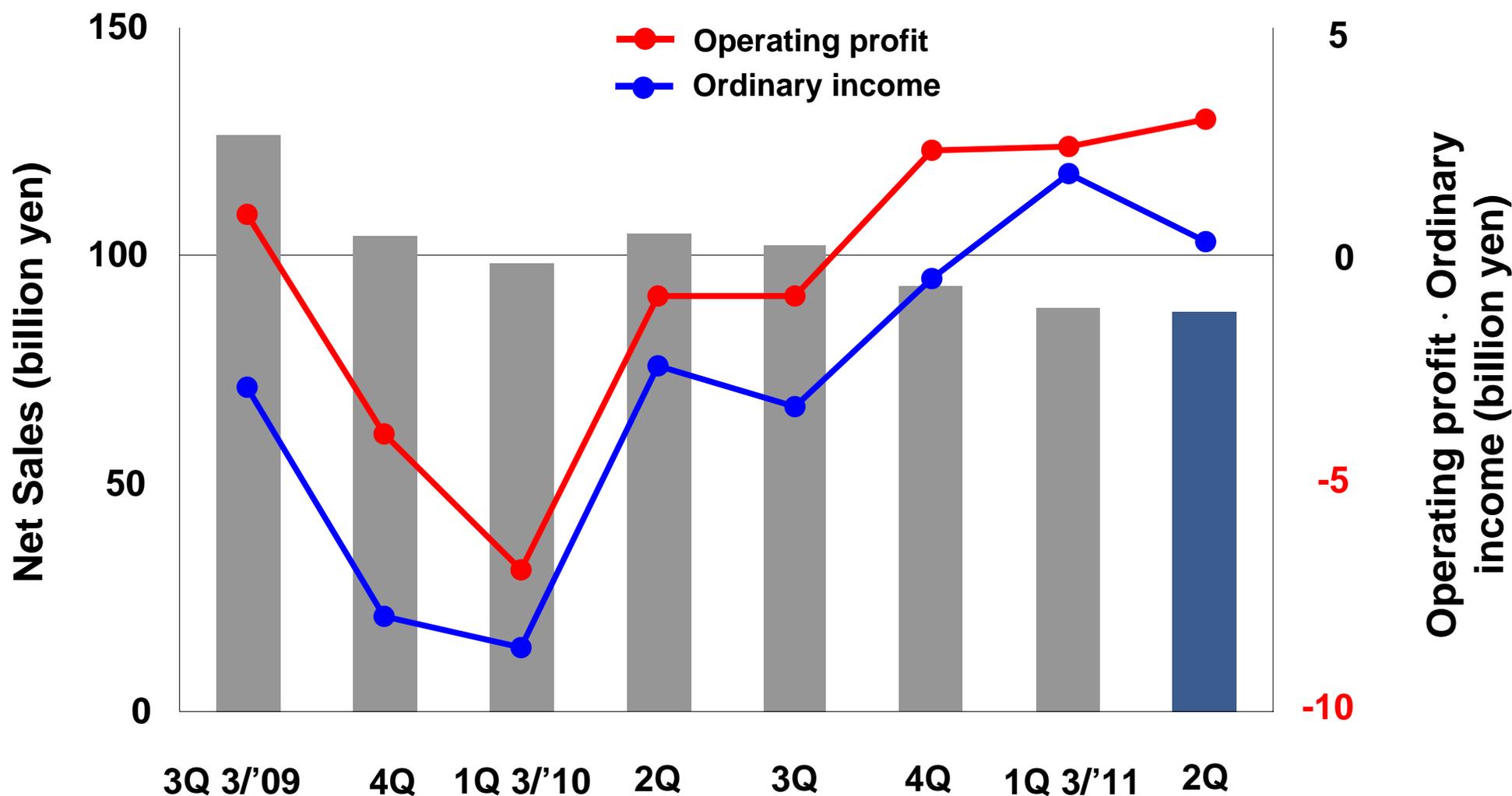
2Q - Financial Results - Summary

- * CE and BB, which are subject to business enhancement, remained robust, following the 1Q.
- * Earnings improved thanks to cost reduction in the entire Group.
 - ▶ Operating profit was better than expected in all business segments, resulting in significant year-on-year improvement.

						(billion yen)
		Net sales	Operating profit	Ordinary income	Net income	Exchange rate
2Q	3/11	87.8	3	0.3	-2.8	USD: JPY 86 Euro: JPY 111
	3/10	104.7	-0.9	-2.4	-7.3	USD: JPY 94 Euro: JPY 134
First-half period	3/11	176.6	5.4	2.1	-3.2	USD: JPY 89 Euro: JPY 114
	3/10	203.3	-7.8	-11	-16.8	USD: JPY 96 Euro: JPY 133
	Business forecasts for FYE 3/11, revised on October 14	177	5	2	-3	USD: JPY 86 Euro: JPY 111

2Q - Financial Results - Quarterly financial results

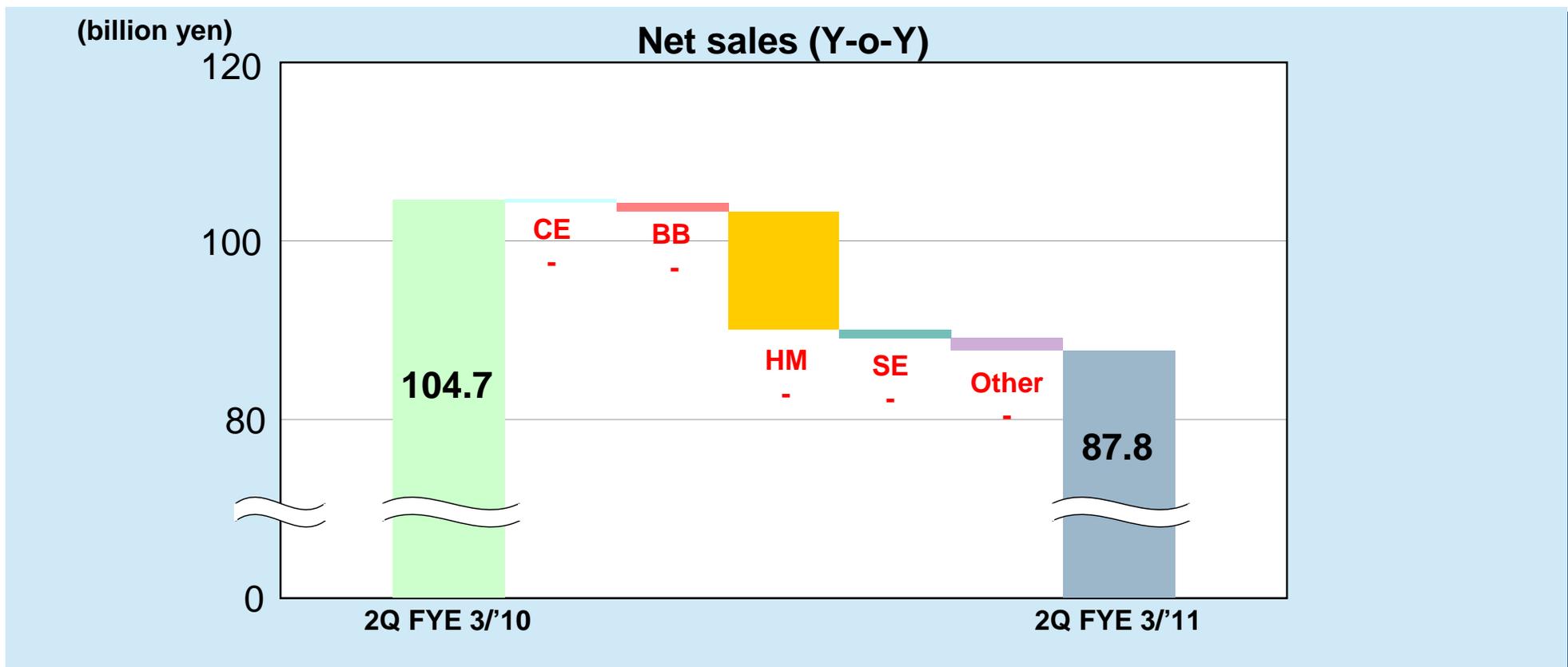
- * Since the management integration, **operating income hit a record high for the third quarter in a row.**
- * **We posted an ordinary income for the second quarter in a row.**



2Q - Financial Results - Net Sales

2Q results: JPY87.8B (First-half period: JPY176.6B)

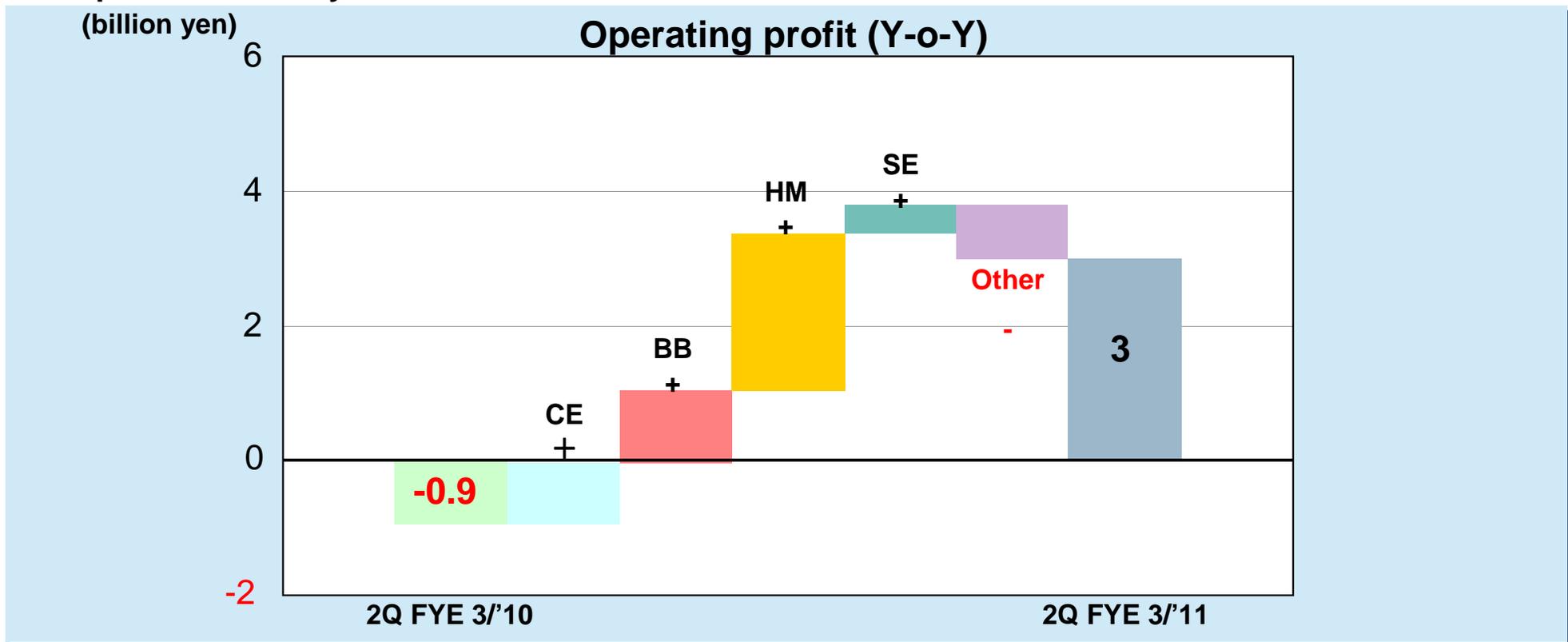
- * In the CE business, sales remained firm in both the consumer and OEM segments, while sales for the BB business remained unchanged from the corresponding quarter of the previous fiscal year as orders received recovered mainly in the COM segment.
 - * Sales for the HM business decreased substantially from the corresponding quarter of the previous fiscal year due to the curtailment of DP operations and a drop in sales of CAMs.
 - * Sales for the SE business declined from a year earlier, affected by dwindling of the market.
- ▶ Consolidated net sales declined JPY16.9B (down 16.1%) from the corresponding quarter of the previous fiscal year.
 - ▶ Consolidated net sales for the first-half period decreased JPY26.7B (down 13.1%) year on year.



2Q - Financial Results - Operating profit

2Q results: JPY3B (First-half period: JPY5.4B)

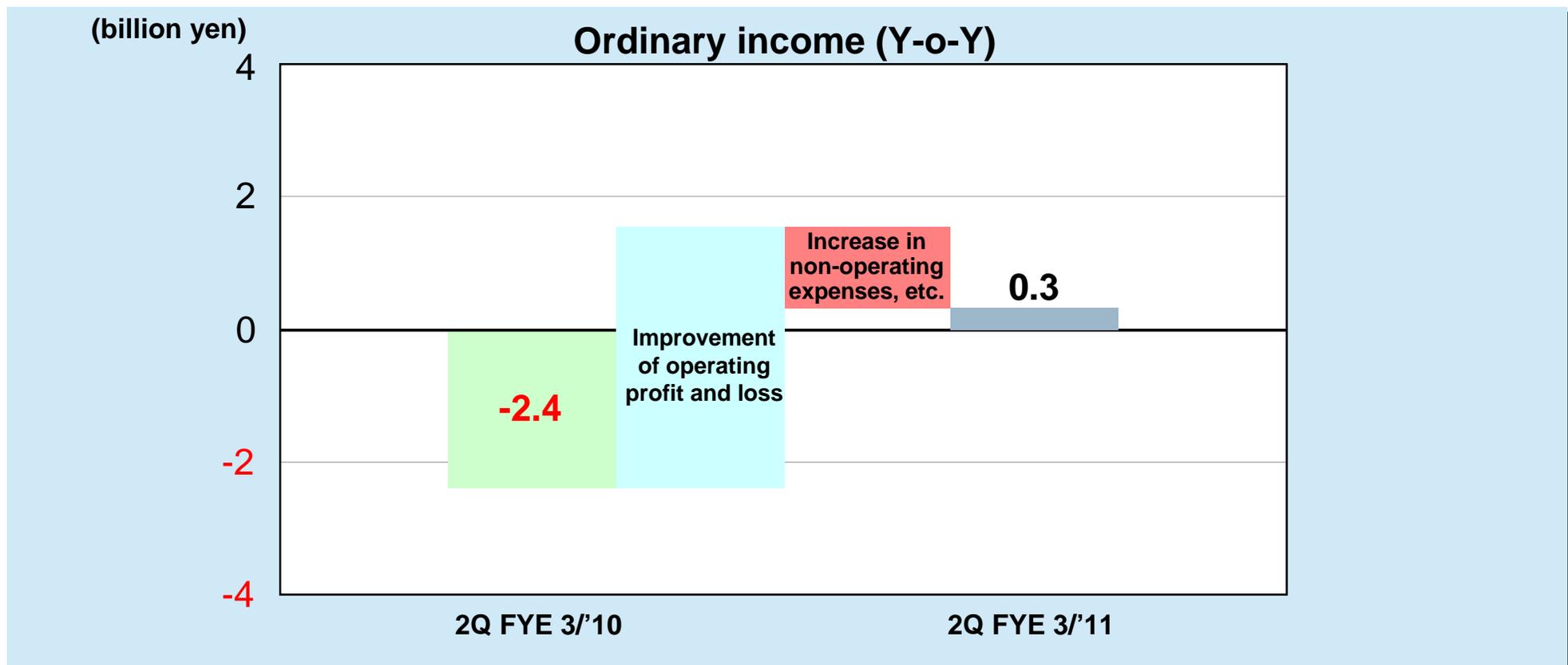
- * Earnings of the CE business remained strong following on from 1Q.
 - * The overall BB business grew sharply, as the profitability of the COM segment recovered and the BS segment moved into the black.
 - * The performance of the HM business improved remarkably as fixed costs declined due to business structural reforms.
 - * Earnings of the SE business also increased and moved into the black following the red ink seen in the corresponding quarter of the previous fiscal year.
- ▶ Operating profit improved JPY3.9B from a year earlier, which is above our expectations, **marking a record high for the third consecutive quarter.**
- ▶ Operating profit for the first-half period improved JPY13.2B from the first-half period of the previous fiscal year.



2Q - Financial Results - Ordinary income

2Q results: JPY0.3B (First-half period: JPY2.1B)

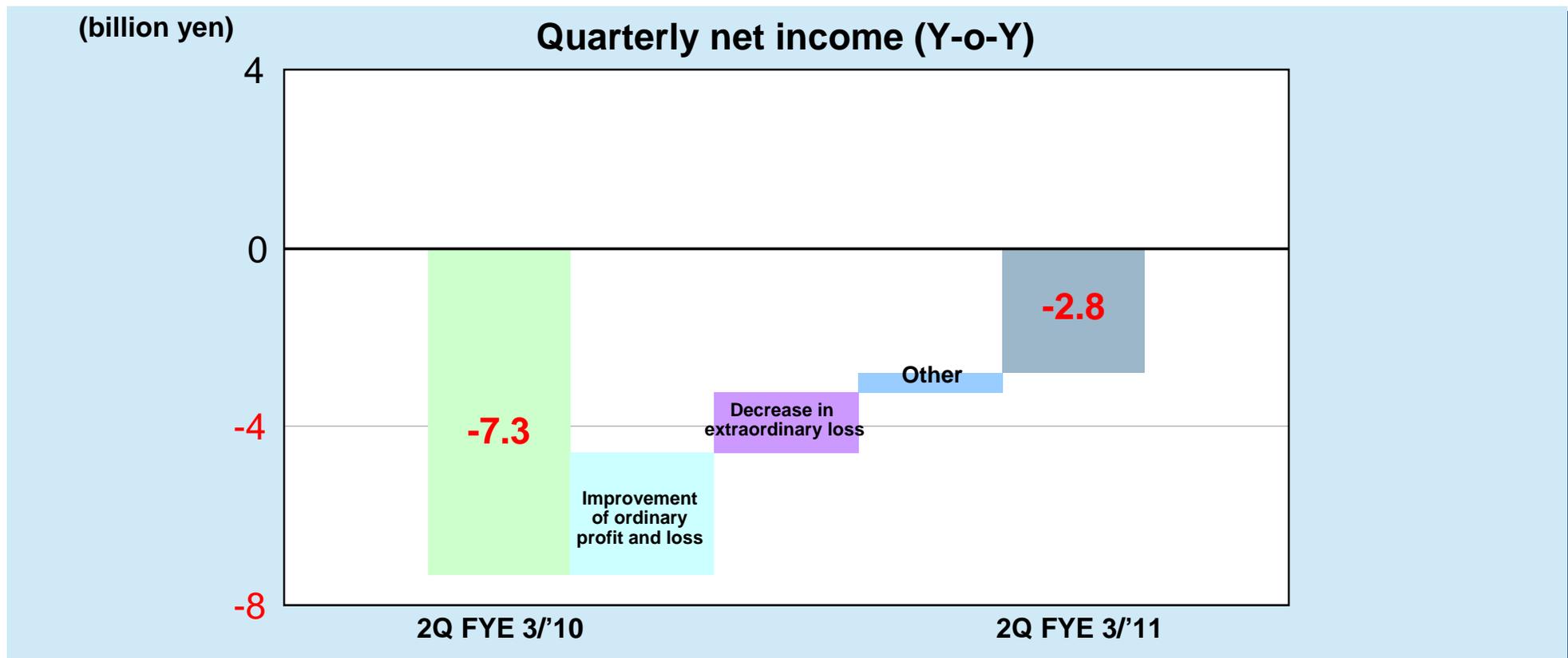
- * Consolidated ordinary income improved JPY2.7B from a year earlier as operating profit rose sharply. **A positive ordinary income was posted for the second quarter in a row following 1Q**, although an ordinary loss had been expected.
- * Consolidated ordinary income for the first-half period improved JPY13.1B from a year earlier.



2Q - Financial Results - Quarterly Net Income

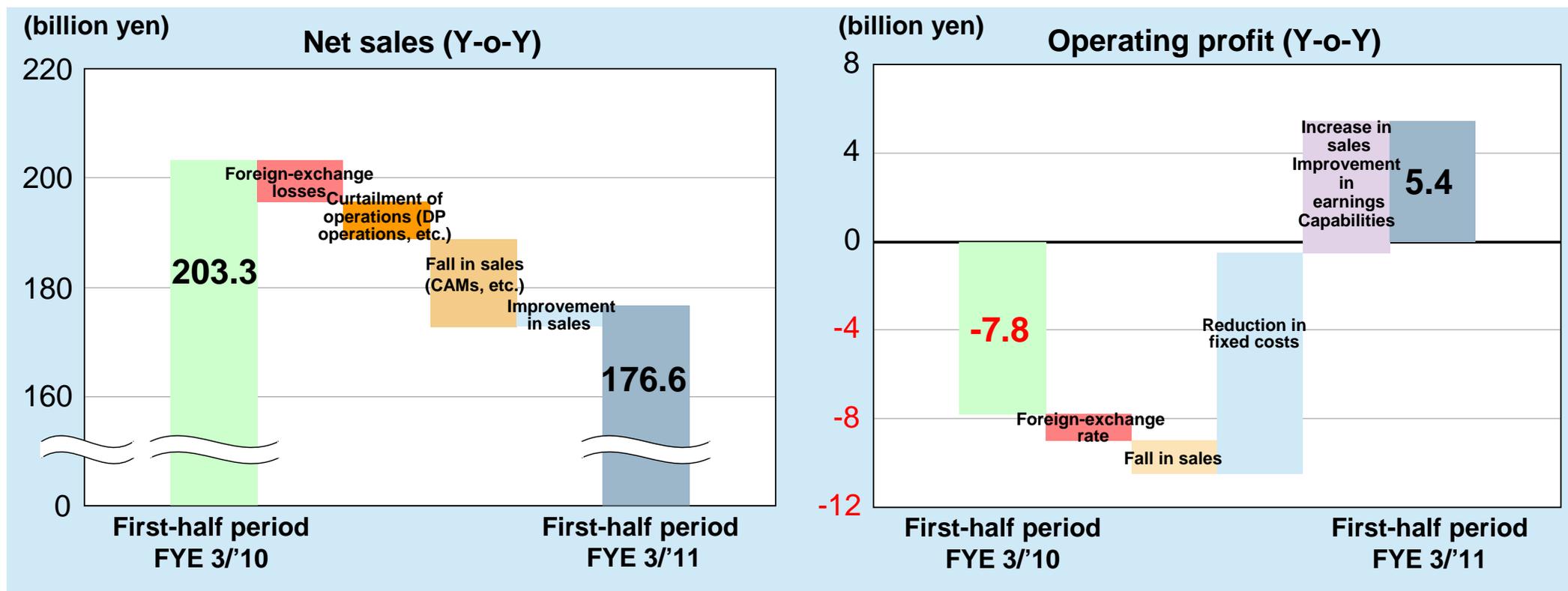
2Q results: JPY-2.8B (First-half period: JPY-3.2B)

- * There was a total extraordinary loss of JPY2.5B, due to losses on sale of fixed assets (JPY0.3B), employment structural reform expenses (JPY0.7B), and impairment loss (JPY1B).
- ▶ Net income improved JPY4.5B from a year ago due to a significant improvement in ordinary income, as structural reforms progressed as planned and the extraordinary loss, which was less than expected, declined year-on-year.
- ▶ Net income for the first-half period improved JPY13.7B year-on-year.



First-half Period - Financial Results - Analysis of Year-on-Year Changes

- * Net sales dropped due to a decrease in sales for the HM business (caused by the curtailment of DP operations and a fall in sales of CAMs).
- * Profits rose due to improved profitability (in HM business, BS segment, and SE business) resulting from cuts in fixed costs, increased sales, and improved earnings capabilities (in CE business and COM segment).



Information by Business Segment

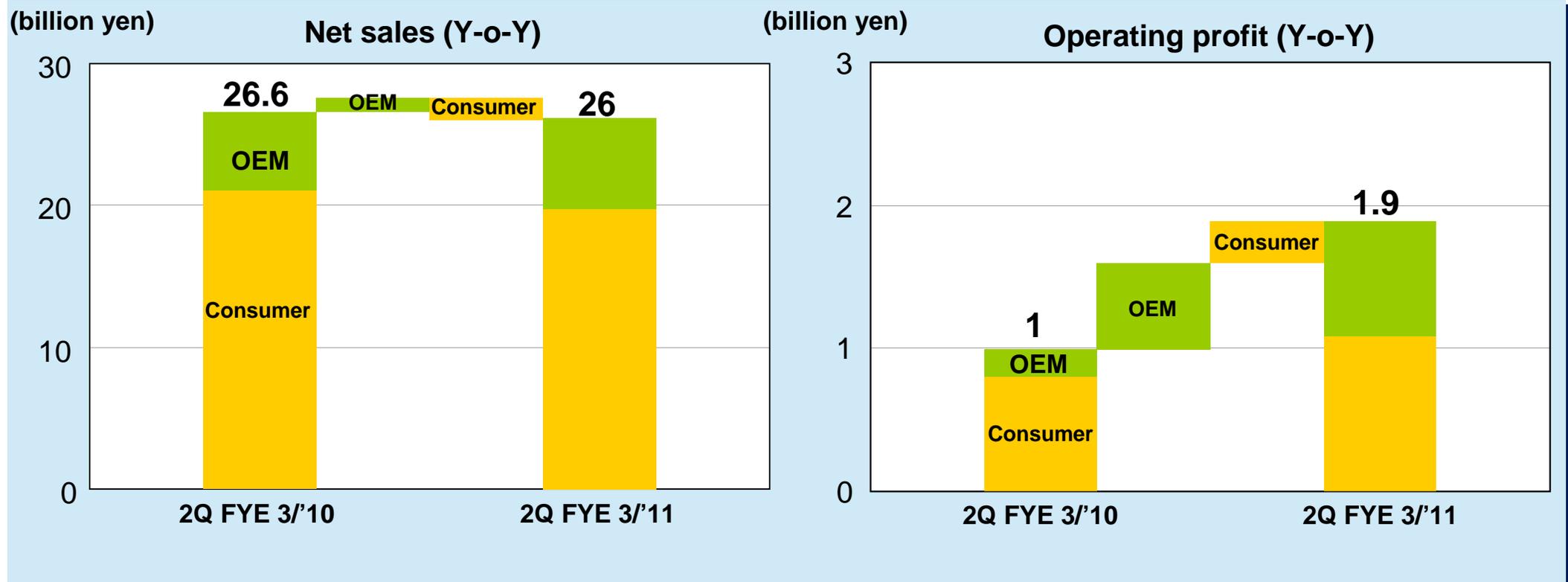
2Q - Car Electronics Business

2Q Net sales: JPY 26B (First-half period: JPY55B)

2Q Operating profit: JPY 1.9 B (First-half period: JPY4.7B)

- * **Consumer:** Following on from 1Q, sales of product lines, whose cost competitiveness strengthened as a result of management integration, remained strong, and sales increased in emerging countries, while top market shares were maintained in Europe and the U.S. In the domestic market, sales of car navigation systems using flash memory contributed to sales in this segment.
- * **OEM:** Sales of genuine products and dealer option products remained brisk, and shipments of CD/DVD mechanisms to be mounted in vehicles also rose further.

▶ Net sales of this business declined JPY0.5B from a year earlier. Operating profit improved JPY0.9B year-on-year (including JPY0.2B related to a change in segmentation).



2Q - Professional System Business

2Q Net sales: JPY 23.7B (First-half period: JPY44B)

2Q Operating profit: JPY 1.4B (First-half period: JPY0.6B)

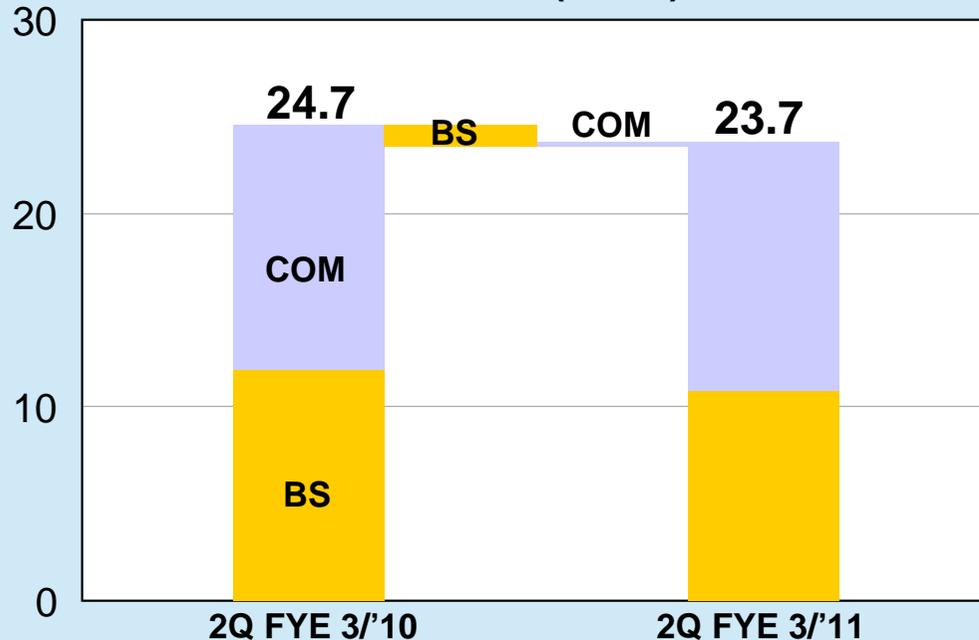
* **COM**: Following on from 1Q, orders received for public safety products recovered in the U.S., and sales of originally developed digital radio systems for the private sector increased. In addition, sales of digital radio systems expanded in Asia, including China. Consequently, sales and profits of this segment grew.

* **BS**: Although demand continued to be weak, sales of professional cameras remained brisk. Consequently, profitability improved more than expected, and this segment moved into the black.

▶ Net sales of this business declined JPY0.9B from a year earlier. Operating profit improved JPY1.1B year-on-year (including JPY0.1B related to a change in segmentation).

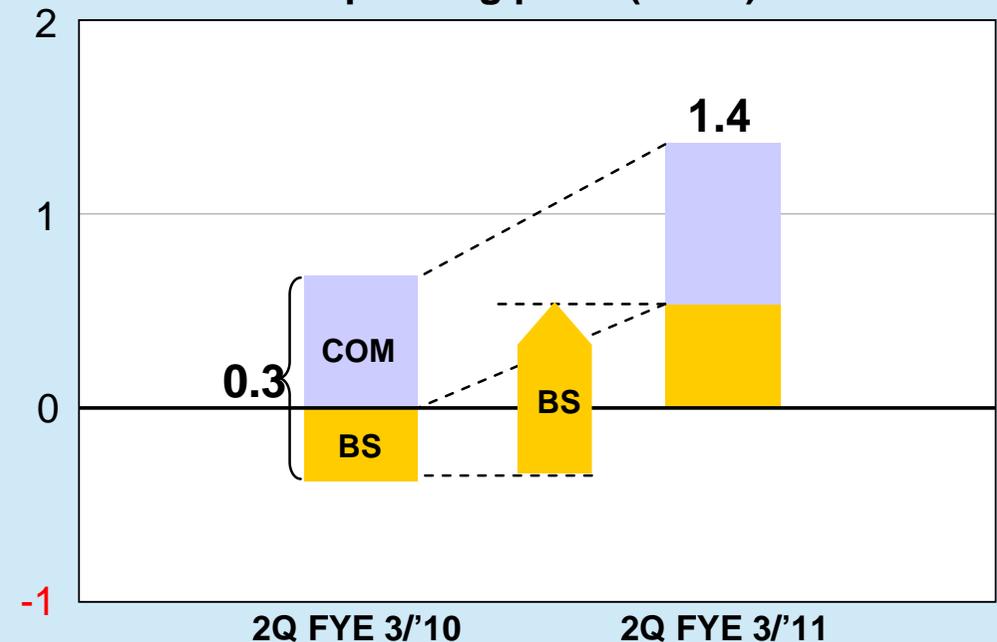
(billion yen)

Net sales (Y-o-Y)



(billion yen)

Operating profit (Y-o-Y)



2Q - Home & Mobile Electronics Business

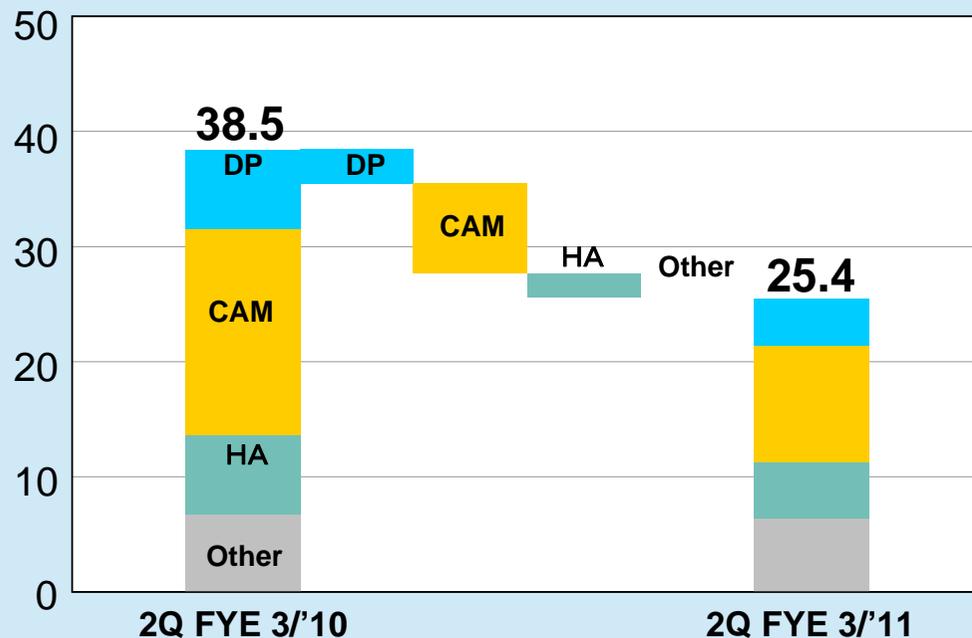
2Q Net sales: JPY 25.4 B (First-half period: JPY52.5B)

2Q Operating profit: JPY -0.4 B (First-half period: JPY-0.7B)

- * **DP:** Despite a 50% fall in sales, losses decreased significantly because of a reduction in fixed costs through business restructuring reforms and disposition of loss.
 - * **CAM:** Sales decreased, but losses were trimmed (losses were halved in the first-half period), reflecting steady domestic sales and the effects of business structural reforms, despite sluggish overseas sales.
 - * **AVC, HA:** Although sales decreased and an operating loss was posted in the HA segment due to product rationalization, the AVC segment maintained high profitability.
- ▶ Net sales of this business decreased JPY13.1B year-on-year. Meanwhile, operating profit improved significantly to JPY2.3B (including JPY0.7B related to a change in segmentation).

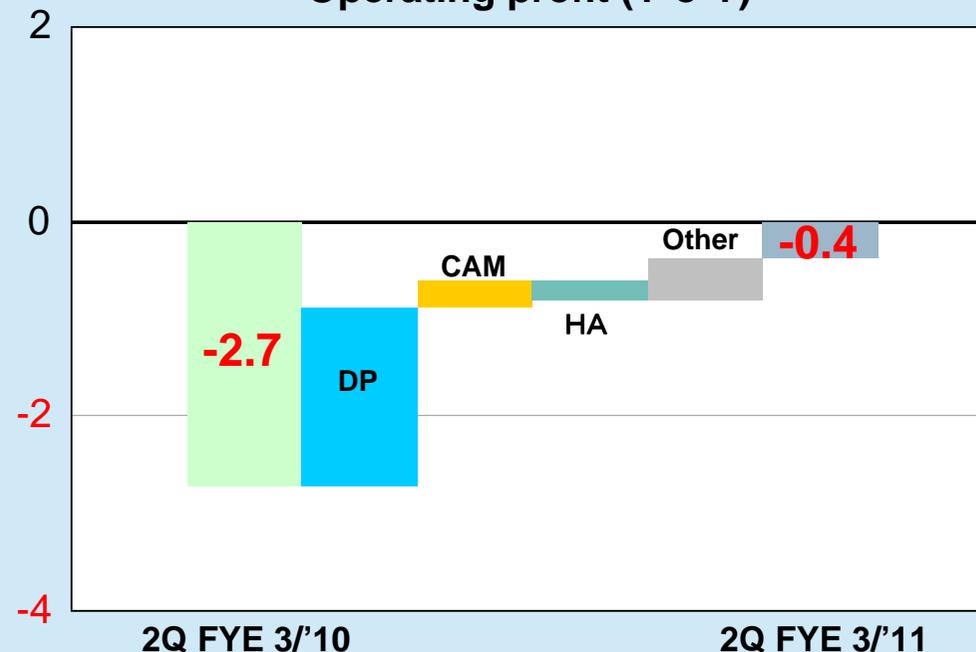
(billion yen)

Net sales (Y-o-Y)



(billion yen)

Operating profit (Y-o-Y)



2Q - Entertainment Business

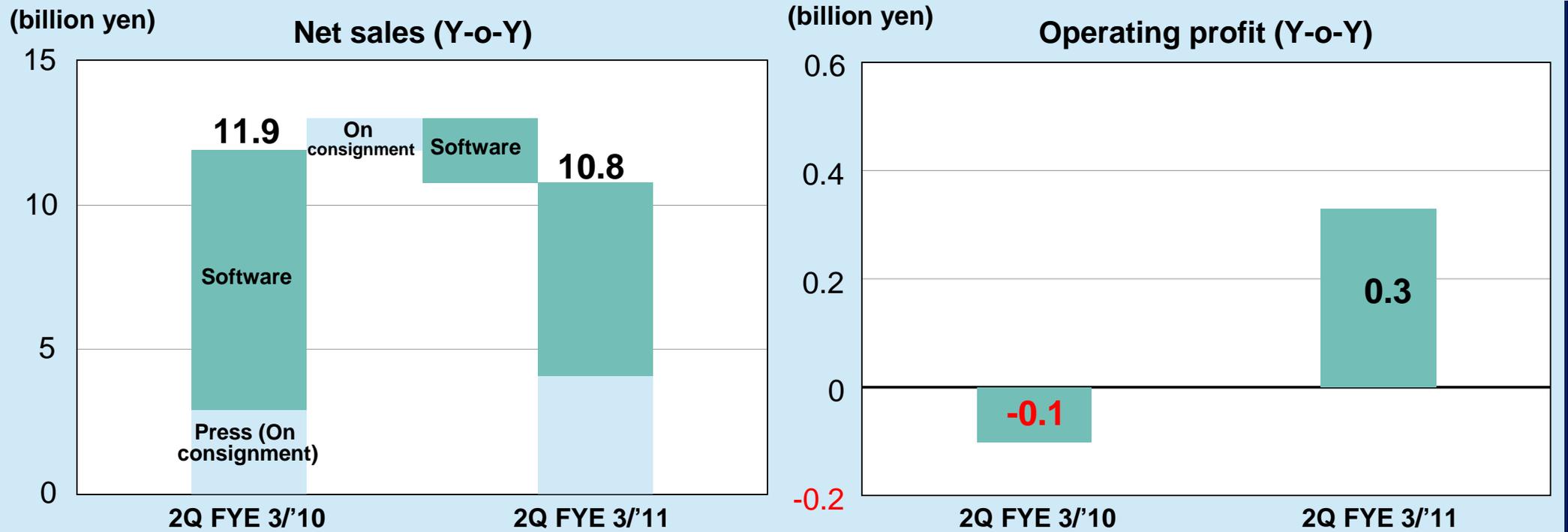
2Q Net sales: JPY 10.8 B (First-half period: JPY21B)

2Q Operating profit: JPY 0.3 B (First-half period: JPY0.9B)

* **Software business:** There was a stream of hit music albums released, following on from 1Q, despite the influence of delayed releases and large projects being cut.

* **(Consigned) pressing business:** Although growth of orders received slowed, profitability improved due to reduced fixed costs.

▶ Net sales of this business dropped JPY1.1B from a year earlier, while operating profit improved JPY0.4B (including JPY0.3B related to a change in segmentation) and moved into the black.



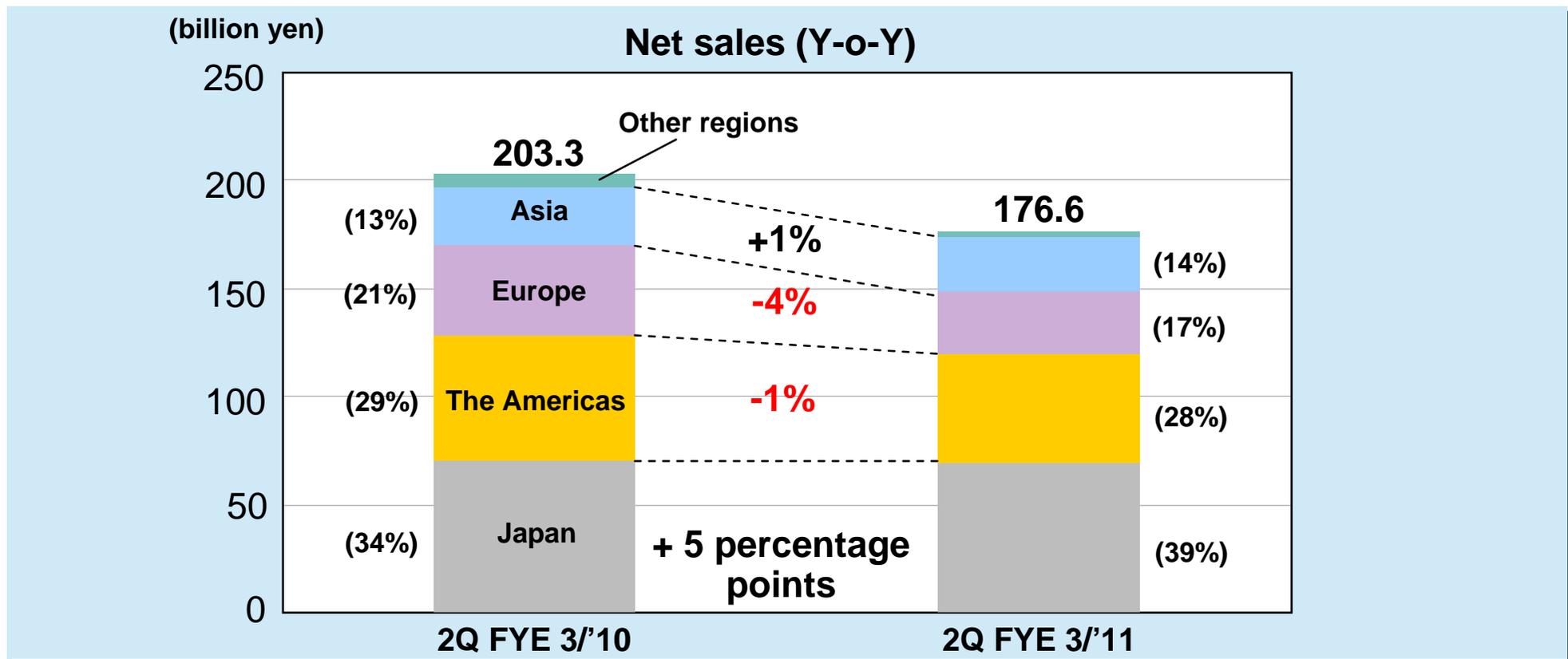
First-half Period - Financial Results - Sales by Region (Reference)

[Japan] Sales increased due to increases in sales of the CE business and the BS segment.

[The Americas] Sales decreased due to a fall in sales of the HM business, although sales of the CE business and the COM segment increased.

[Europe] Sales declined due to a decrease in sales of the HM business.

[Asia] Sales decreased due to a drop in sales of the HM business, although sales of the CE business rose.



2Q - Financial Results - Financial Status

Balance Sheets

- * Total assets decreased JPY 27.2 B from the end of the previous fiscal year due to a decline in trade notes and accounts receivable and sales of tangible fixed assets.
- * Interest-bearing debts (sum of loans payable and bonds payable) decreased JPY8.2B from the end of the previous fiscal year, mainly owing to the repayment of loans payable. Total liabilities fell JPY18.8B. The net debt fell JPY17.1B.
- * Total shareholders' equity decreased JPY2.2B from the end of the previous fiscal year, mainly due to a net loss being posted for the first-half period. Total net assets fell JPY8.4B from the end of the previous fiscal year, due chiefly to a decrease in foreign currency translation adjustment. The shareholders' equity ratio also dropped 1.5%.

	End of FYE3/'10	End of 2Q	(billion yen) Change from end of FYE3/'10
Total assets	274.8	247.5	-27.2
Interest-bearing debt	108.3	100.1	-8.1
Net debt	64.8	47.7	-17.1
Capital stock	10	10	0
Shareholders' equity	62.6	60.4	-2.2
Net assets	46.8	38.4	-8.4
Equity ratio (%)	16.7	15.2	-1.5
Net assets per share (yen)	*47.45	390.02	-

* Figures were calculated using the number of outstanding shares as of the end of FYE 3/'10 before the reverse stock split.

Cash flows key measures: “Increase of Cash”

Cash flows from operating activities

- * Net cash generated by operating activities in the first-half period was about JPY11.7B, up about JPY2.6B from a year earlier. The main factors (compared to the first-half period of the previous fiscal year) include a decrease of about JPY10.9B in net loss before income taxes and a reduction of JPY4B in trade notes and accounts receivable.

Cash flows from investing activities

- * Net cash generated by investment activities in the first-half period was about JPY7.2B, up about JPY8.1B year-on-year. Major factors (compared to the first-half period of the previous fiscal year) are a fall of about JPY2.3B in payments for the acquisition of tangible and intangible fixed assets and an increase of about JPY5.5B in proceeds from sales of tangible fixed assets.

Cash flows from financing activities

- * Net cash spent on financial activities in the first-half period was about JPY7.8B, with a year-on-year decrease of about JPY8.3B in outflow. Principal factors (compared to the first-half period of the previous fiscal year) include a drop in expenditure of approximately JPY21.5B for redemptions of bonds payable.

As of the end of the 2Q , cash and cash equivalents totaled JPY52.3B.

2. Business Forecasts for Fiscal Year Ending March 2011

Earnings Forecast for FYE3/'11

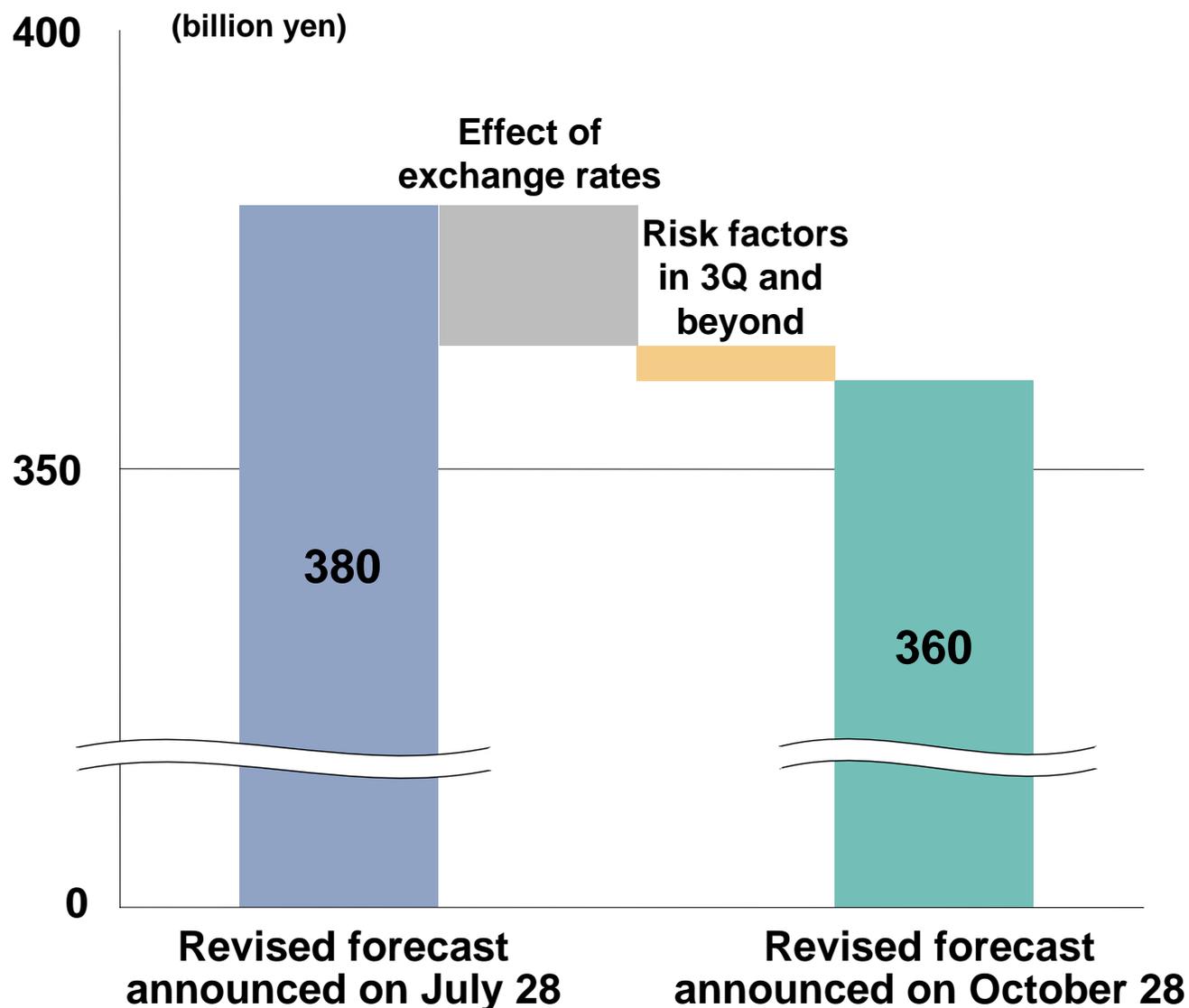
- * With regard to net sales, the Group took into account a decrease in overseas sales due to conversion into yen attendant upon the strong yen.
- * The Company kept its operating profit and ordinary income forecasts for the 3Q and beyond at the levels of the revised forecast announced on July 28.
- * Net income reflects an upward trend in the first-half period and a decrease in extraordinary loss in the 3Q and beyond.

	Net sales	Operating profit	Ordinary income	Net income	Exchange rate
Revised forecast announced on July 28	380	8	1.5	-13	USD: JPY90 * Euro: JPY 125*
Revised forecast announced on October 28	360	11	4.5	-8	USD: JPY 80 Euro: JPY 110
Amount of revision	-20	+3	+3	+5	
Results for FYE 3/'10	398.7	-6.5	-14.8	-27.8	

* In the revised forecast announced on July 28, profits include the effects of an anticipated strong yen assuming JPY90 to the dollar and JPY110 to the euro.

Earnings Forecast for FYE3/'11 - Net Sales

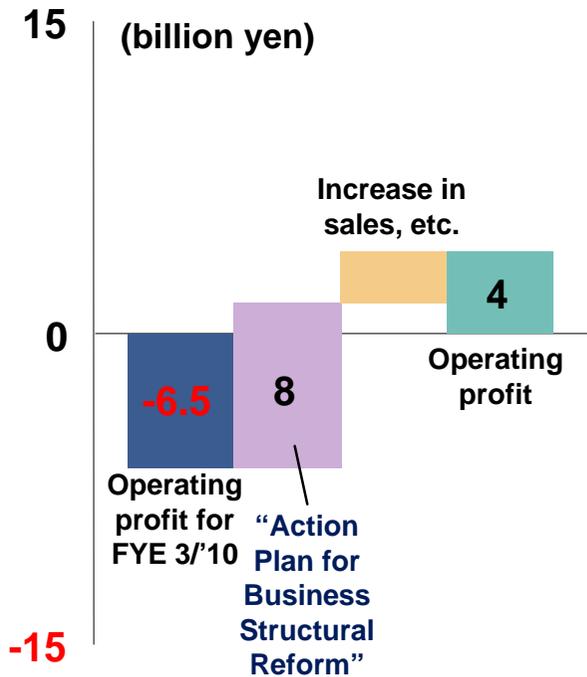
* Taking into account the effects of the strong yen, etc., the Group reflected the results for the first-half period and assumed reductions in 3Q and beyond.



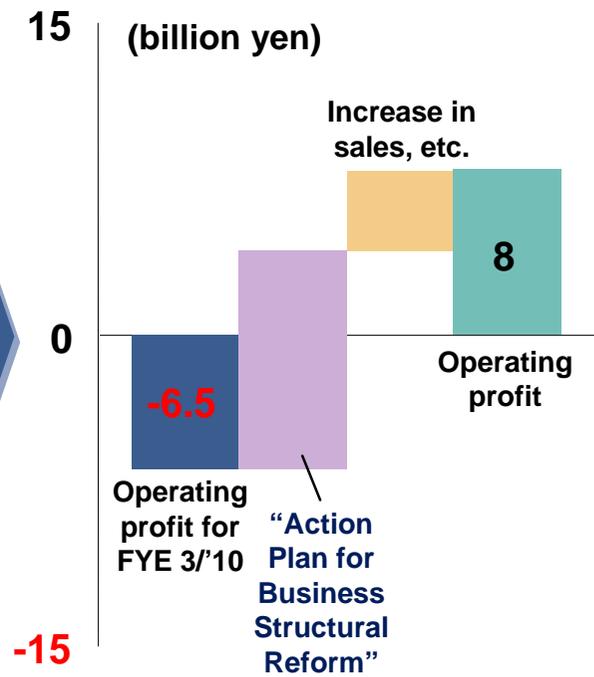
Earnings Forecast for FYE3/'11 - Operating profit

* Although the economic environment in 3Q and beyond is uncertain, the Group left its operating profit forecast at the level of the revised forecast announced on July 28, taking into account the earnings recovery up to 2Q, and reflected only the upward trend in the first-half period.

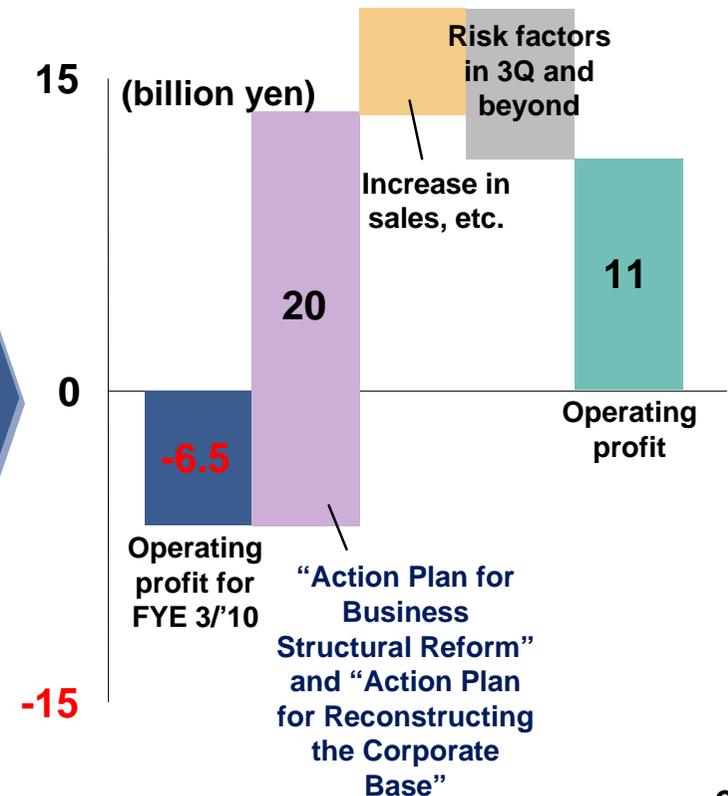
Initial forecast



Revised forecast announced on July 28

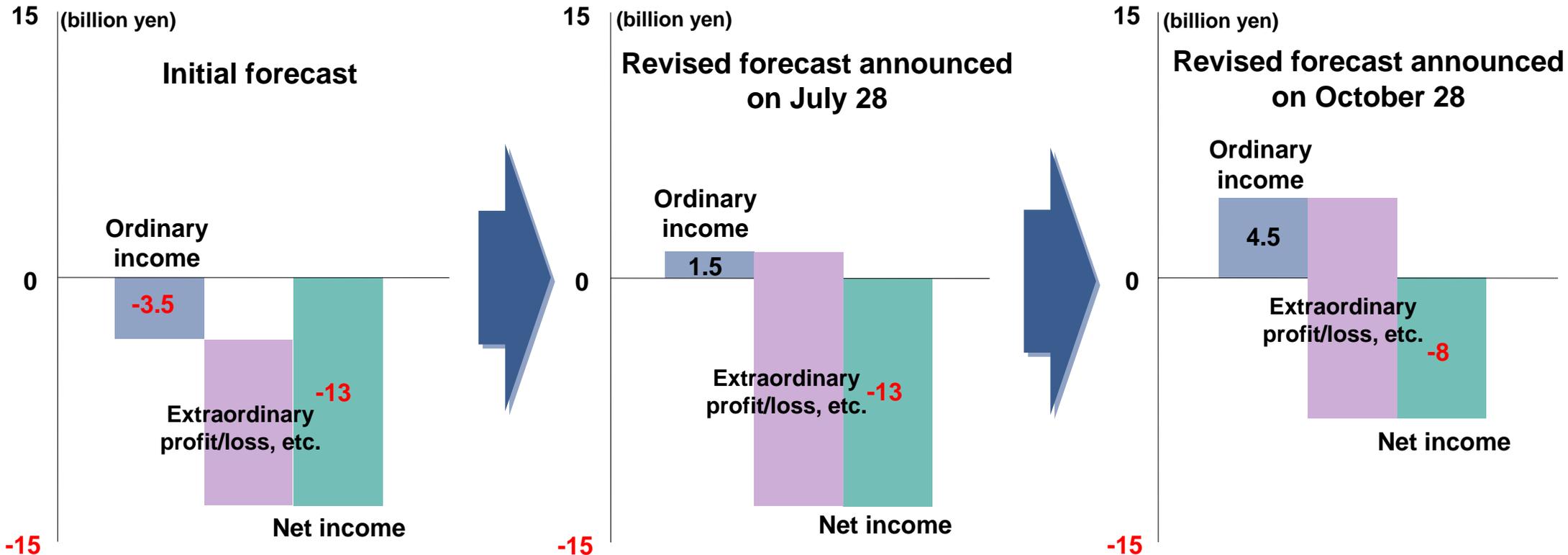


Revised forecast announced on October 28



Earnings Forecast for EYE3/'11 - Net Income

* Structural reforms advanced as planned, and **an increase in ordinary profit and a decrease in extraordinary loss** are reflected.



Extraordinary profit/loss	Total: About - JPY7.3B
· Losses on sale of fixed assets	(About - JPY6.2B)
· Structural reform expenses	(About - JPY1.0B)
· Other	(About - JPY0.1B)

Extraordinary profit/loss	Total: About - JPY14.8B
· Losses on sale of fixed assets	(About - JPY3.7B)
· Structural reform expenses	(About - JPY8.6B)
· Levies, etc.	(About - JPY2.5B)

Extraordinary profit/loss	Total: About - JPY12.6B
· Losses on sale of fixed assets	(About - JPY4.0B)
· Structural reform expenses	(About - JPY6.6B)
· Levies, etc.	(About - JPY2.0B)

Profit/loss improvement effect

FYE 3/'11: **JPY1.5B**
 FYE 3/'12: **JPY5.0B**

Profit/loss improvement effect

FYE 3/'11: **JPY1.5B**
 FYE 3/'12: **JPY6.5B**

3. Effects of Action Plan for Business Structural Reform, Progress in Action Plan for Reconstructing Corporate Base and Materialization of Mid-term Management Plan

**Effects of “Action Plan for Business
Structural Reform” through Four
Structural Reforms
(Implemented in the previous fiscal year)**

Effects of “Action Plan for Business Structural Reform” - Four Structural Reforms

The Group implemented and completed the “Action Plan for Business Structural Reform” through four structural reforms by the end of FYE 3/’10.

Operating profit for the first-half period: Improvement of JPY13.2B year-on-year; operating profit for the full fiscal year: Improvement of JPY 17.5B year-on-year

Business and cost structural reforms

(1) HM >>

[DP] Shift to a low-cost operation system through EMS in Europe and the U.S., and substantially reduce own production and sales

[CAM] Slim down the production system at JVC’s plant in Malaysia and sales systems in Europe and China

Enhance product competitiveness through cost reductions with a newly developed processor (LSI) and other measures

(2) BB (BS) >> Push forward with production reforms as well as reductions of variable and fixed costs

(3) Substantial reductions of fixed costs throughout the Group
>> Significantly reduce IT costs and expenses, including leasing fees

Management structural reform - Strengthening integrated management system

Thorough implementation of consolidated management as a management structural reform, substantial reduction of European sales system, a review of affiliates, etc.

Financial structural reform - Increase cash through sharp reductions of assets

Sale of Hachioji Plant of JVC, redemption of bonds payable, and financial structural reforms of overseas sales companies, etc.

Progress in “Action Plan for Restructuring Corporate Base”

Reforming unprofitable operations

DP >> Eliminating deficit

- We have almost terminated own production and sales by own sales companies in all regions, including Europe and North America, but excluding Asia.
- We converted our business model into an asset-light business model through outsourcing to third parties and brand licensing.
- We have established cooperative sales systems with dealers and subcontractors in Europe and the U.S.
- We concluded brand licensing agreements with AmTRAN Technology Co., Ltd. (AmTRAN), a leading EMS provider in Taiwan, and an Argentine agency

CAM >> To move into the black

- We strengthened a consolidation system by business by reorganizing sales companies in Europe and the U.S. (as of October 1).
- We terminated domestic production of consumer camcorders and shifted to an integrated production system in Malaysia.
- We reviewed our product mix and started introducing a new product line-up equipped with a newly developed processor.
- We will develop product lines in a new category that make best use of high-resolution video and advanced image compression technologies.

BS >> Moved into the black in 2Q.

- This business moved into the black due to cost reductions achieved through production reforms and reductions of fixed costs.
- We are consolidating business bases to promote integrated operation with the COM segment.

Reconstructing the global operation system

Sale and relocation of Head Office

- * We sold the head office in Yokohama (in June 2010) and pressed ahead with integrated operations and cost reductions by relocating the functions of the head office.

Reorganizing the production system

- * Yokosuka Plant of JVC
 - >> We terminated domestic production of consumer camcorders (in August 2010) and transferred production to JVC's plant in Malaysia. We will terminate domestic production of professional camcorders (in December 2010) and transfer production to the Malaysia plant of JVC.
- * Malaysia plant of JVC
 - >> We will terminate production of home audio products at JVC's plant in Malaysia and outsource production to third parties (in December 2010).

Reviewing human resources framework

(1) Reduction of overseas employees following the first reorganization of production and sales systems and business offices (about 600)

- * Review of personnel system at JVC's plant in Malaysia
- * Review of personnel systems at European and U.S. sales companies

(2) Reduction of domestic employees through early retirement preferential treatment programs, natural attrition, etc. (about 500)

- * Early retirement preferential treatment programs of JVC >> 150
- * Retirement under the next career support program of JVC >> about 120
- * Retirement at age limit, retirement for personal reasons, and personnel reductions at domestic affiliates, etc. of JVC and Kenwood >> about 200

Increasing cash flows and reducing total assets

- * **Cash flows from operating activities in the first-half period: JPY11.7B; sale of fixed assets: JPY10.6B.**
- * **Free cash flow: JPY18.4B >> Interest-bearing debts: down JPY8.1B from the end of the previous fiscal year; funds on hand: up JPY8.9B from the end of the previous fiscal year.**
- * **We will allocate the cash that will increase in 3Q and beyond and funds on hand that grew during the first-half period to fund structural reforms.**

Implementation of the “Mid-term Management Plan”

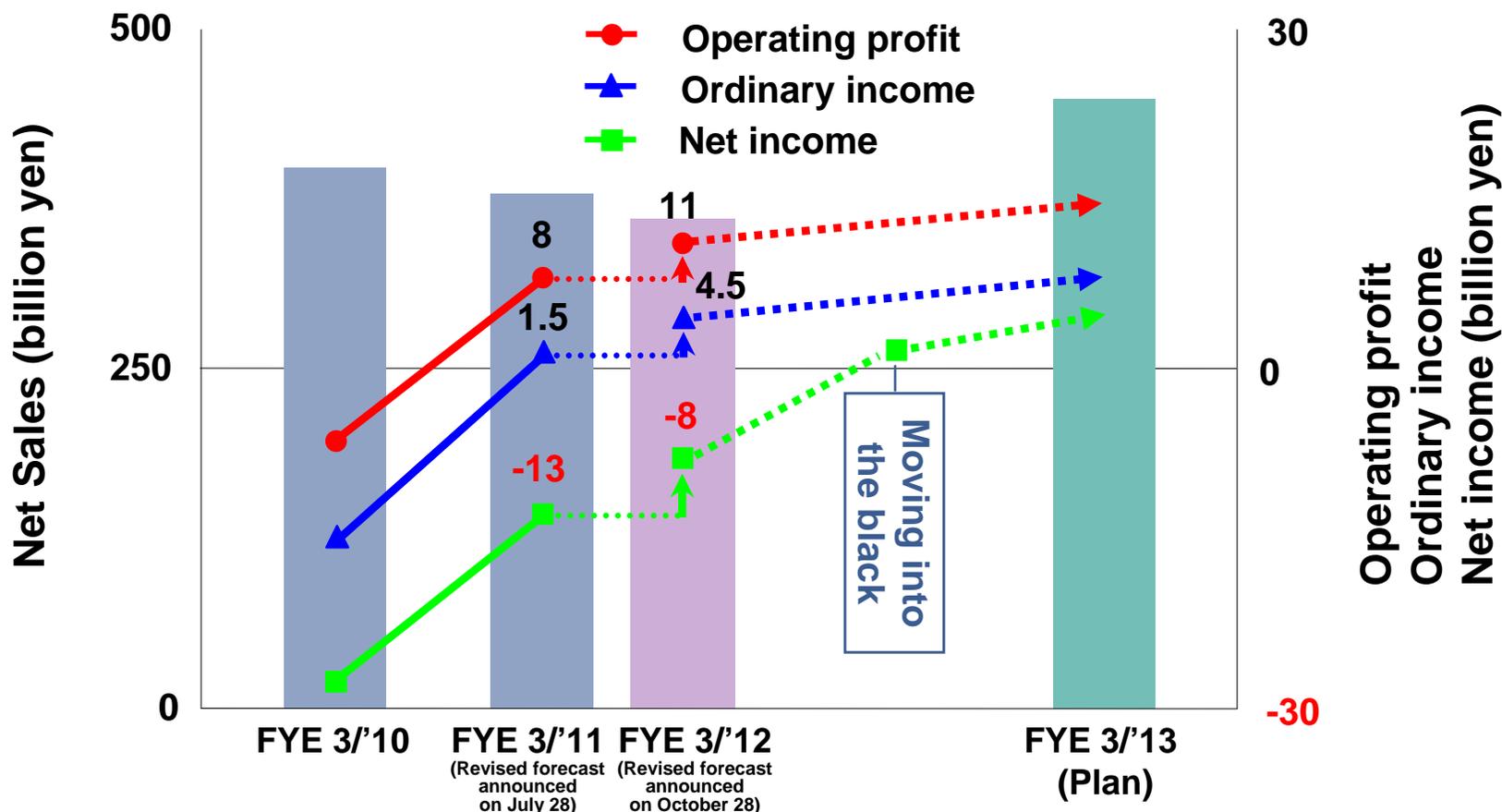
Implementation of “Mid-term Management Plan:” **Mid-term Target – Early resumption of dividend payments**

- * For FYE 3/11: Post ordinary income
- * For FYE 3/12: Post current net income



The probability of achieving these targets has increased due to the results for the first-half period and efforts made so far, and in anticipation of completion of structural reforms by the end of the current fiscal year.

- * We implemented the “Mid-term Management Plan” to further ensure attainment of **net sales of JPY450B, operating profit of JPY14.5B**, and net income of JPY4.5B for FYE 3/13.



Why are we focusing on the Car Electronic and Professional Systems Businesses?

Car Electronics Business

- * Existence of large markets, including expansion of emerging markets
- * Growth through consumer segment and OEM segment to be converted to consumer use
- * Outstanding competitiveness that especially leverages integration effects in the Company
- * High quality and reliability unique to equipment to be mounted in vehicles and strong sales network

Professional Systems Business

- * Growth strategy through integrated operation of COM and BS segments is possible.
- * Expansion of investments in public safety and private-sector capital investment

[COM]

- * Large replacement demand for digital systems from users of analog systems
- * Position as the world's second largest manufacturer, having reliability, technology, expertise, and sales network
- * Expansion of business regions to become a solution provider by making the most of Zetron, Inc. is possible.

[BS]

- * World-class video compression technology that can be used in the camera segment
- * Great synergies between consumer and professional cameras

Car Electronics Business - Growth Strategy

- * Consolidate our global position as the top firm in the consumer car audio segment, in which we rank first in Europe and the U.S.
- * Aim at the global top position in the consumer car electronics segment, which combines car audio products and car navigation systems, and transfer strengths in that segment to the OEM segment for conversion to commercial use
- * Also focus on development to be the leader in the next-generation car electronics segment



Navigation system developed for the first time by Kenwood and JVC under the integrated management (for the domestic consumer market)



Car-mounted DVD/CD mechanisms whose shipments are expected to increase 1 million units from the previous period to 4 million units

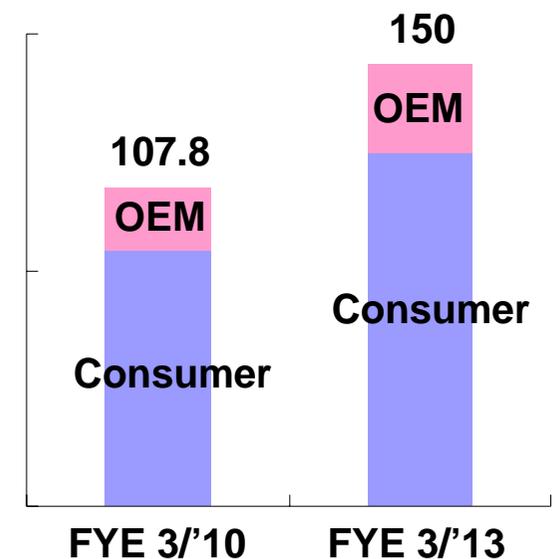


CD mechaless digital media receiver (Received the EISA Award)



DVD receiver for iPhone with ultra-wide LCD monitor

<Sales of car electronics (billion yen)>



(1) Sales expansion in emerging markets

[Brazil]

- * Completed building integrated sales system
- * Started full-scale business development with a new partner for production outsourcing

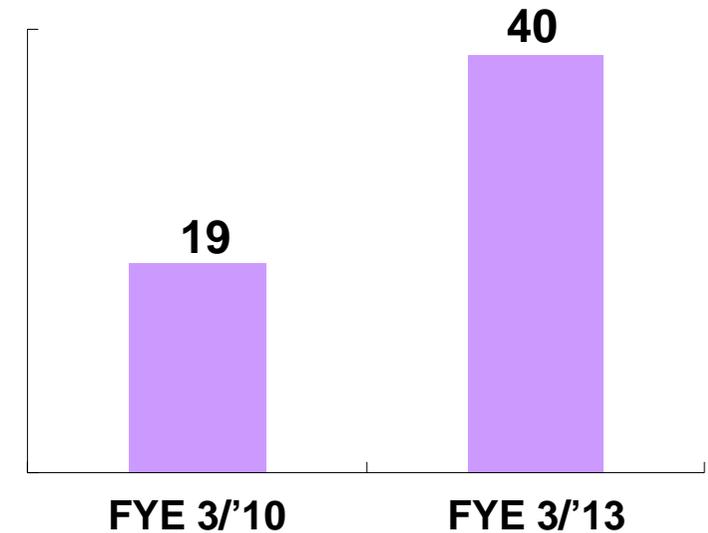
[India]

- * Strengthened relationship with a leading agency
Expanding sales in both consumer and OEM segments

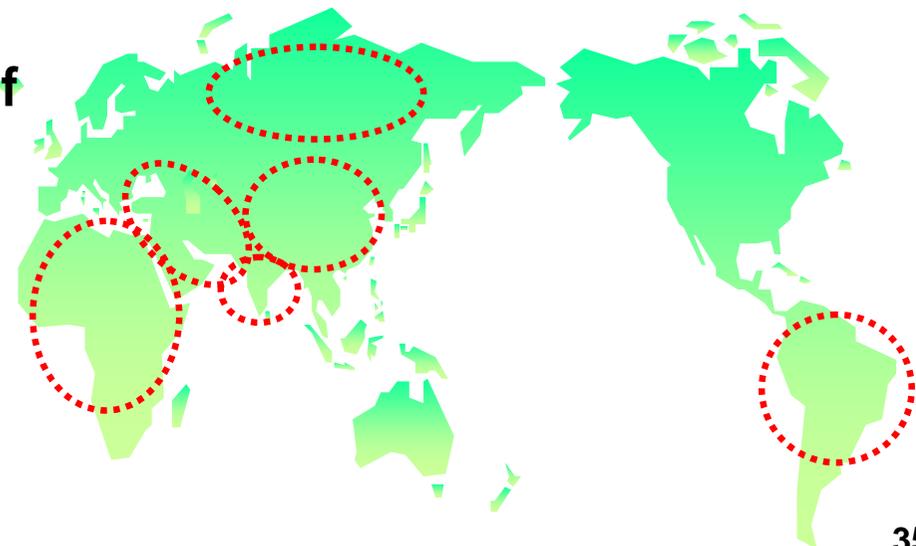
[China]

- * Established a strategic office in China as of October 1
Enhance sales network, and
Expand transactions with local automobile manufacturers

<Sales in emerging countries* (billion yen)>



* Middle East, Latin America, India, Russia, China, and Africa



Car Electronics Business: Key Measure (2)

(2) Sales expansion of car navigation systems through integrated resources and partnership strategy

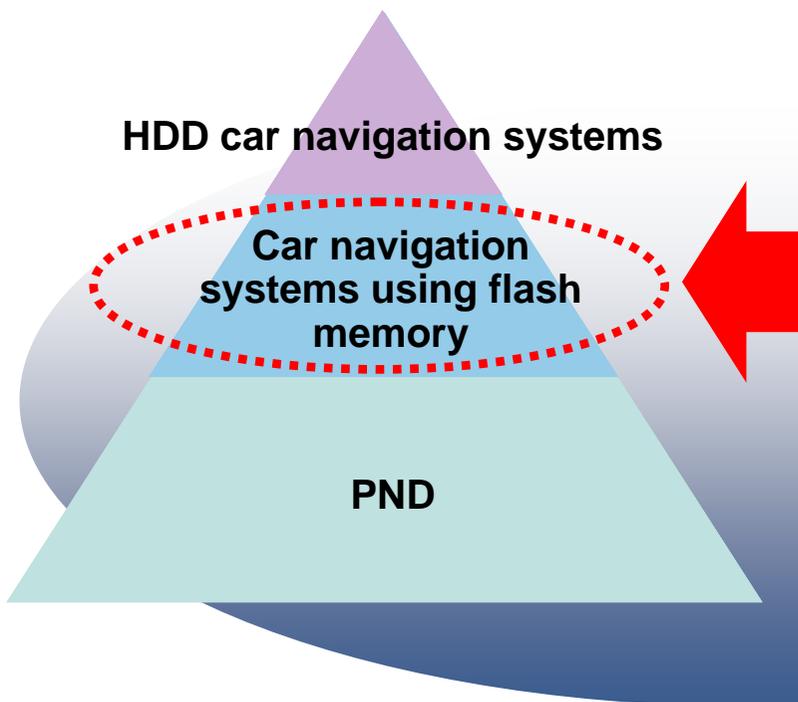
- * Growth strategy considering market shift from HDD car navigation systems to car navigation systems using flash memory
- * Outstanding competitiveness through development capability of car navigation systems using flash memory and integrated platform thanks to integration effects

[Overseas] * Accelerate global expansion of consumer car navigation systems using flash memory through a partnership with Garmin Ltd.

* Increase sales through expansion into the OEM segment for conversion to consumer use

[Japan] * Expand the line-up of consumer car navigation systems using flash memory through integrated development between JVC and Kenwood

* Expand sales for use in minivehicles and expand car navigation systems using flash memory to dealer option products

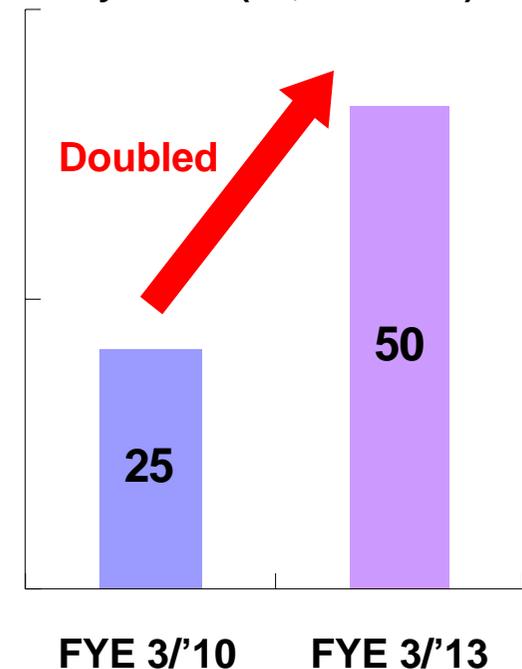


Memory navigation system for overseas consumer markets that was developed in collaboration with Garmin



Navigation system developed for the first time by Kenwood and JVC under the integrated management

<Sales volume of car navigation systems (10,000 units)>



(3) Leading development of next-generation car electronics

- * Development of products in a new category, making good use of current car electronics technologies
- * Leading development of **next-generation car electronics, to which ecology and security/safety functions are added**, by making the most of wireless communications, voice recognition/composition, and cameras

[Car navigation systems]

- * Develop products in a new category that feature enhanced connectivity with external equipment
- * Develop consumer products that provide genuine products with extensibility
- * Develop next-generation car electronics

[Car audio equipment]

- * Develop products in new categories, including receivers having enhanced connectivity with external equipment and mechaless receivers

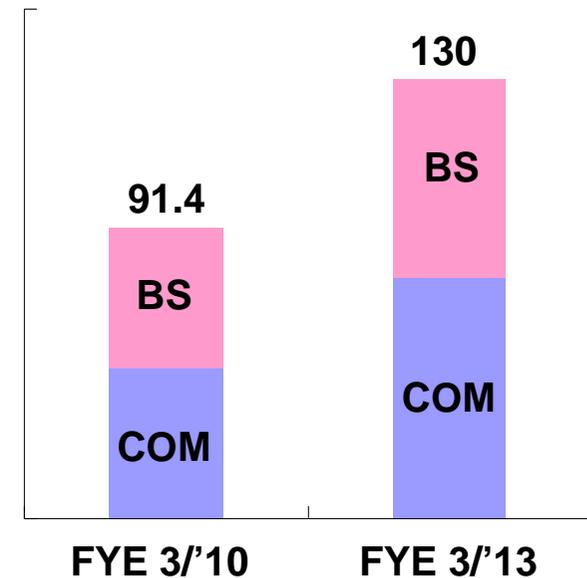
[Devices]

- * Create integration effects through CD/DVD mechanisms equipped with optical pickups, in which we have one of the largest market shares in the world, and develop next-generation devices

Professional Systems Business - Integrated Growth Strategy for the COM and BS Segments

- * Drive integrated growth strategy of COM segment of Kenwood, which has the second largest presence in the world, and BS segment of JVC, which has a great presence in Japan
- * Integrate main business bases of Land Mobile Radio segment and BS segment, and increase orders received by sharing sales networks and opportunities for receiving orders
- * Integrate Land Mobile Radio, which makes the most of wireless communications, video and compression technologies, and security cameras >> Expand professional multimedia systems

<Sales of professional systems (billion yen)>



Professional digital land mobile system of Kenwood



Security camera system of JVC

(1) Sales expansion of digital radio systems

[For consumers]

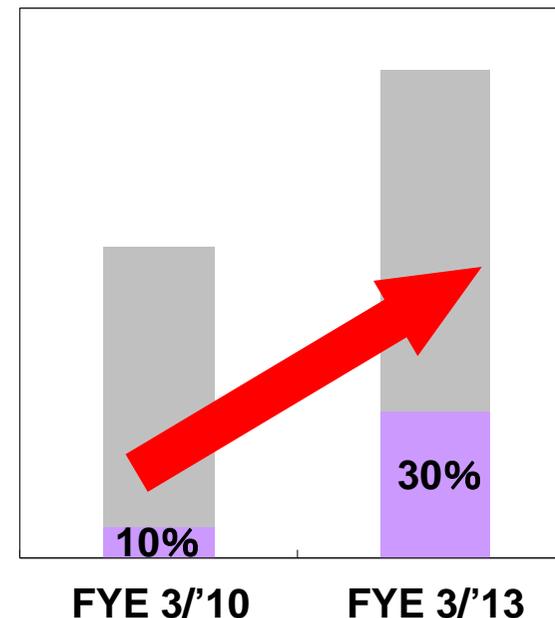
- * Concentrate our energies on developing products that take in strong replacement demand for digital radio systems from users of analogue radio systems
- * Increase sales in the U.S., which is the largest market, and Europe, China, Japan, and other parts of Asia, where sales are expanding

[For public safety]

- * Increase orders received globally by entering the market for terminals conforming to the TETRA standard in Europe, following the market for terminals conforming to the P25 format in the U.S.



<Sales composition ratio of digital radio systems (%)*>



* Sales ratio of digital radio systems in radio system business

Professional Systems Business - COM Segment: Key Measures (2) and (3)

(2) Expansion of business region to become a provider of radio communications system solutions

- * Use wireless communications command and control systems of Zetron, Inc.
Expand sales of system solutions in the Japanese market as well
Expand our business from supplying terminals to becoming a system provider
- * Implement integrated operation with BS segment in Japanese market
Increase orders received by sharing sales networks and opportunities for receiving orders

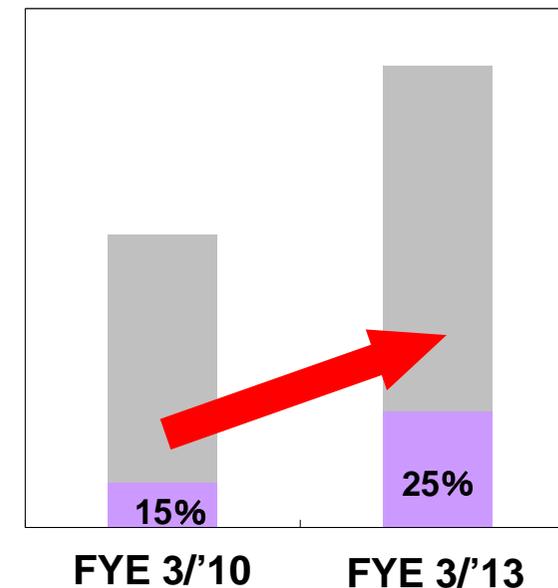
(3) Sales expansion in emerging markets

- * Introduce New Basic Radio for emerging countries
Expand sales in China, Africa, and Latin America, where markets are expected to grow

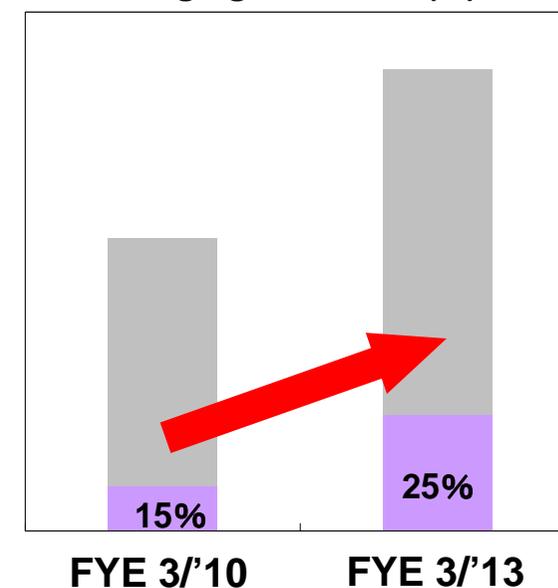
*1 Sales ratio of radio system business division in radio system business

*2 Emerging markets: China, Africa, Latin America, Russia, and India

<Sales composition ratio of radio systems*1 (%)>



<Composition ratio of sales in emerging markets*2 (%)>



Professional Systems Business - BS Segment: Key Measure (1)

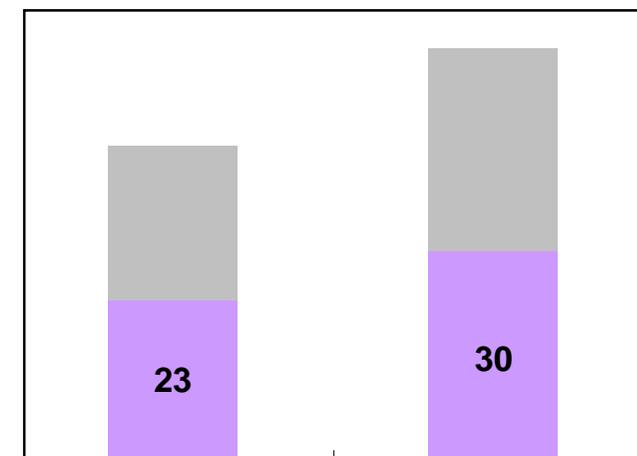
(1) Growth strategy with security-related products as growth driver

- * Expand the solution business through the introduction of IP systems; take in replacement demand following the spread of high-definition images; and, acquire new customers using radio communications technologies
- * Press ahead with projects categorized by business/customers and increase orders received in five markets - electric facilities, education/public welfare, corporations, entertainment facilities, and new markets
- * Make the most of expanded technologies and sales resources, and raise the ratio of in-house production of highly profitable software and services



JVC's IP security system, including hardware to software and system integration

<Domestic sales (billion yen)>



FYE 3/10

FYE 3/13

Professional Systems Business - BS Segment: Key Measure (2)

(2) Growth strategy through integrated operations and partnerships

- * Increase orders received by sharing sales networks and opportunities for receiving orders through integrated operation with COM segment
- * Accelerate expansion of high-definition (4K2K) projectors to professional systems in overseas markets
- * Strengthen sales in professional sound and video segment through a strategic alliance with Hibino Corporation
- * Expand 3D business by making the most of Video-Tech Co., Ltd., a subsidiary of the Company
- * **Develop business strategically, with partnership strategies with other companies in sight also in the camera segment**

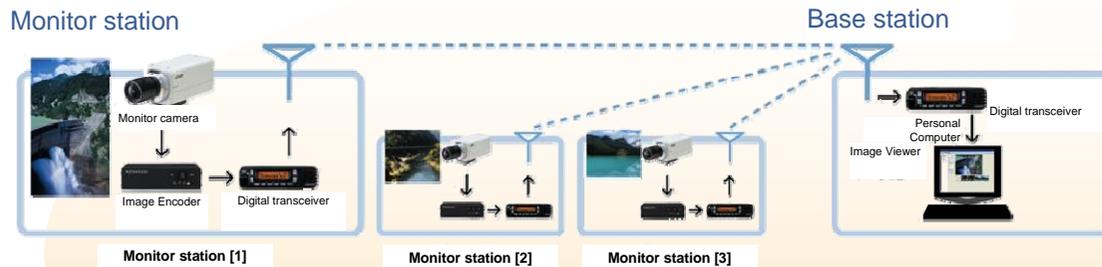


Image Encoder and Image Viewer jointly developed by combining Kenwood's radio technologies and JVC's image-compression technologies
With these products connected with the NEXEDGE® series, monitor camera images can be transmitted.



JVC's 2D-3D conversion technology has been adopted by Toei Co., Ltd. for 3D movie production.

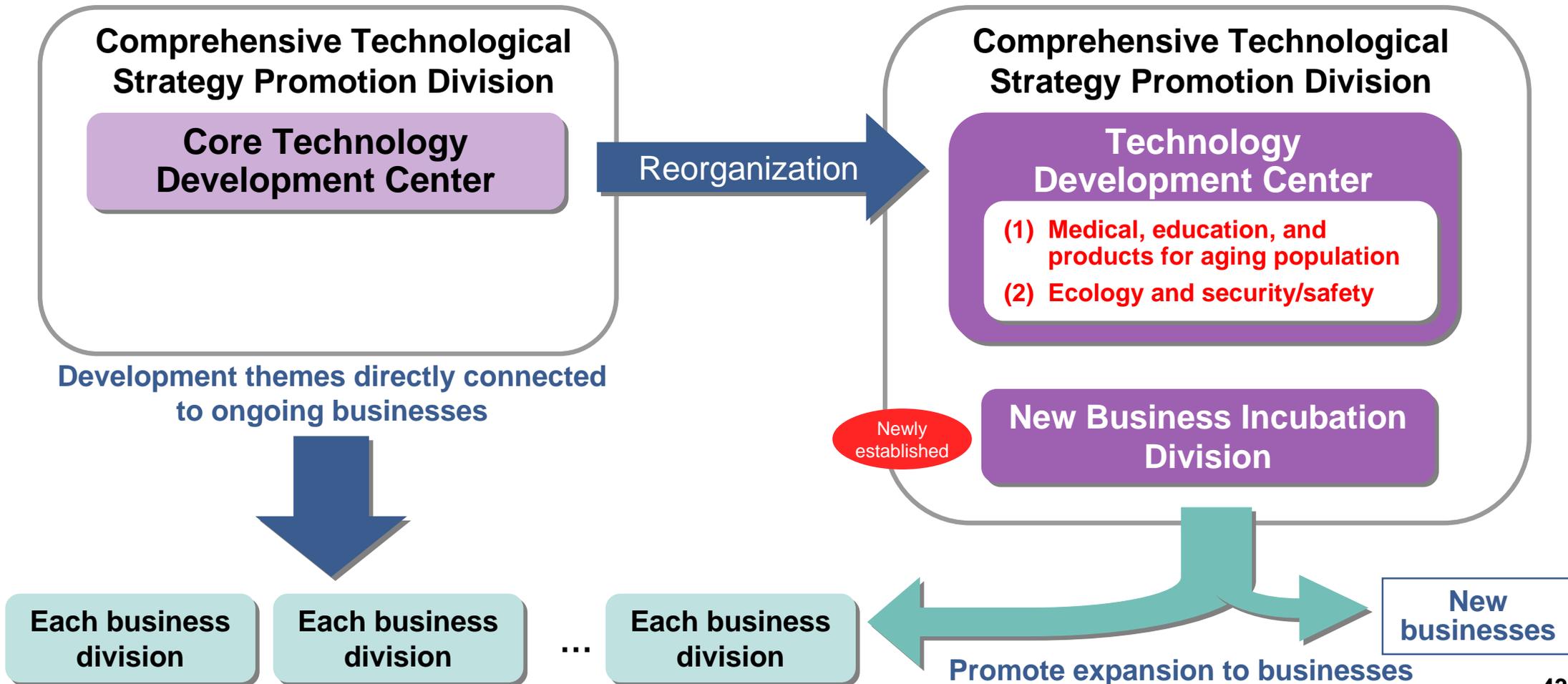


3D image processor



New Growth Strategy - Entry into New Business Regions

- * Aim to enter new business fields such as medical, education, products for aging population, ecology, and security/safety
- * Convert our strategy from focusing on development of individual core technologies to a growth strategy aiming at commercialization of core technologies, including world-class **3D video technology, image compression technology, radio technology, sound technology, and GPS-related technology and devices**



Entry into New Business Fields: Key Measure (1)

(1) Medical, education, and products for aging population

In cooperation with medical schools of a number of universities, develop **medical examination and treatment-supporting equipment, education-supporting equipment, and information-providing systems** that capitalize on high-resolution image technology, 3D video, advanced video compression/transmission technology, image/sound analysis technology, and communications technology

- * High-definition 3D image systems for remote medical treatment that support medical institutions
- * High-definition, multi-functional indication systems for remote teaching that help educational institutions

High-definition 3D image system to be used for remote medical treatment



(2) Ecology and security/safety

Develop **equipment and interfaces to be mounted in vehicles** that use image technology, advanced video compression/transmission technology, in-vehicle sound technology, communications/network technology and algorithms for equipment to be mounted in vehicles, through cooperation among industry, academia, and government

- * **Safety alarm systems to be mounted in vehicles to enhance safety while vehicles are being driven**
- * **Information transmission systems linking vehicles and homes that support eco-friendly driving**

Develop new products applying our world-class image compression technology, for the introduction of **multimedia systems to professional radio systems**, in which the Company has the second-largest presence in the world

(3) Expansion of joint research and development

- * Development of **3D image system** that makes objects visible to the naked eye with the National Institute of Information and Communications Technology (NICT)
- * Development of **super high-definition 8K4K image system** with Japan Broadcasting Corporation (NHK)
- * Development of **3D image equipment** with a partner corporation
- * Expansion of image projector semiconductor element to **ultra-small projector element**, and research on **optical element** combined with laser source



JVC's Full Super Hi-Vision D-ILA projector, which was adopted in the Super Hi-Vision 8K4K system developed by NHK

Strategic investment

- * To intensively appropriate **70% to 80%** of our research and development investment and capital investment to **the CE and BB businesses and new business fields**

Financial and capital strategies: **Aiming to achieve equity ratio of 25% and net D/E ratio of 0.5 or less for FYE 3/13**

- * Improve current account balance and post net income during and after FYE 3/12
Strengthen our financial position and aim to resolve the note regarding the going concern assumption at an early stage

Management reform - Consolidation of operating companies and integration of the Group

- * Converted JVC, Kenwood, and J&K Car Electronics into companies that have no Board of Directors or Board of Auditors
- * Integrated functions of head office, which had been dispersed, into the Company, and started integrated operation



Expressions contained in this presentation materials referring to the Company's future plans, intentions and expectations are categorized as forwardlooking statements. Such statements reflect management's expectations of future events, and accordingly, they 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 at the time of issuing these presentation materials, and the Company is under no obligation and expressly disclaims any such obligation, to update, alter and publicize its forward-looking statements in the event of changes in economic climate and market conditions affecting performance of the Company. Risk factors and other uncertainty which may exert the Company's actual performance include: (1) violent fluctuations in economic circumstances and supply and demand system in major markets (Japan, the U.S, EU and Asia); (2) restrictions including trade regulations applicable to major markets including Japan and other foreign countries; (3) sharp currency fluctuations of the exchange rate of the dollar, euro, etc. against the yen; (4) marked fluctuations in exchange rate in the capital market; and (5) change in social infrastructure due to short term change in technology, etc.; provided, however, that above is not a comprehensive list of all the factors which may exert a significant influence on the Company's performance.