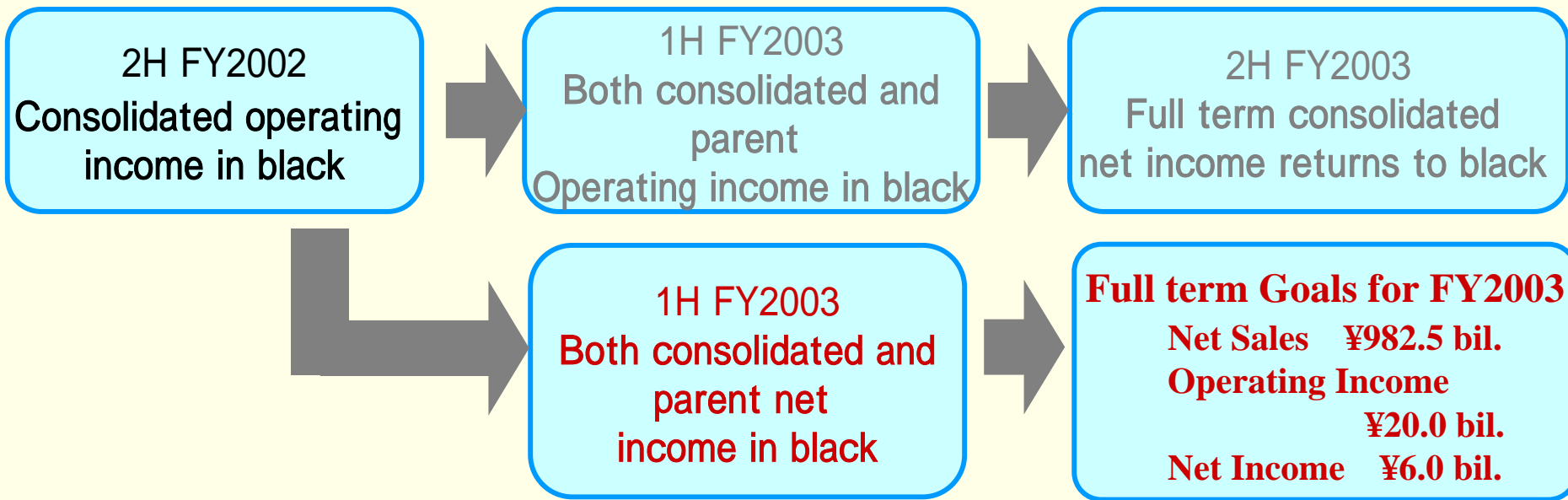


FY2003 Objectives



Full term goal for FY2003 achieved in first half.

Management Measures

- Continue business restructuring
- Improve profitability by lowering breakeven point
- Improve marginal profit ratio and productivity

Acceleration of Growth Strategy

- Focus on priority businesses
 - High-Definition Displays
 - Networkable AV Systems
 - Digital HD Storage
 - Components
 - Entertainment

Priorities for FY2003

Progress in 1H FY2003

Consumer
Electronics

Global organization necessary to realize the optimization of development/production and sales locations
Reduction of fixed costs through employment structural reform
Measures to strengthen domestic sales organization
Centralization of manufacturing at Yokosuka factory to improve productivity and quality

In progress
Completed with the implementation of the early retirement program
Double Sales YoY
In Progress. Consolidating manufacturing functions (Production Engineering, Purchasing, Quality Assurance. etc) at Yokosuka plant

Industrial
Electronics

Accelerating the shift to overseas production (Goal: overseas production ratio of 40%)
Focus on priority businesses through structural reform
Decreasing the number of products from 1700 to 1100

Overseas production ratio of 38%
Focus on Security/Presentation/Network/ Solution fields
Number of products reduced to 1509

Components
& Devices

Expansion of Optical Pickup and Motor business
Global organization necessary to realize the optimization of development/production and sales locations
Reduction of fixed costs through employment structural reform
Withdrawal from Magnetic Head business, reduction of Crystal Oscillator Device business

Sales increase vs FY2001: Motor 113%, Optical Pickup 104%
In progress
Completed with the implementation of the early retirement program
Withdrawal from Crystal Oscillator Devices Business and Koriyama factory to close

Entertainment

Integration of 2 US plants
Employment structural reform in Media business
Dramatic reform of Film/Game business
Improve earning power in Music business

Closure of Sacramento factory , completion of integration of 2US plants
Completed with the implementation of the early retirement program
Withdrawal from Film business (production and distribution), and reduction of Game business
In progress

Aim to lower FY2003 breakeven point to ¥500 bil. in FY2003

Completion of Restructuring

Reorganization of business/ business base

Withdrawal from Magnetic Head Business and Reduction of Crystal Oscillator Device Business
Withdrawal from Film Business (production and distribution), and Reduction of Game Business
Integration of Disk Production Bases in US



Completed in 1H FY2003

Employment structural reform

Improve global competitiveness by implementing domestic structural reform (Number of Workforce Reduced to 8,200)



Completed in 1H FY2003

Commitment to continued restructuring

Re-basing the business

Reduction of inventory

Reduction of Inventory Turnover to Less than 30 Days (Inventory Turnover to 38 Days by the End of March 2003)



Reduced to 47 days in 1H FY2003 (Target was 48 days: surpassed target by 1 day)

Reduction of procurement costs

Reduction of Procurement Costs and Value Engineering (VE) by 20% within Fiscal 203



In progress. Exceed 1H FY2003 target (Reduced procurement costs by ¥19.5 bn Vs target of ¥16.6 bn)

Realignment of manufacturing facilities

Implementing goal of completing development and Manufacturing in 6-months
Clearly shifting focus of domestic plants to consolidating manufacturing functions at Yokosuka plant



In progress to make Yokosuka plant as manufacturing center and transfer of manufacturing facilities to Yokosuka

