

May 30, 2007

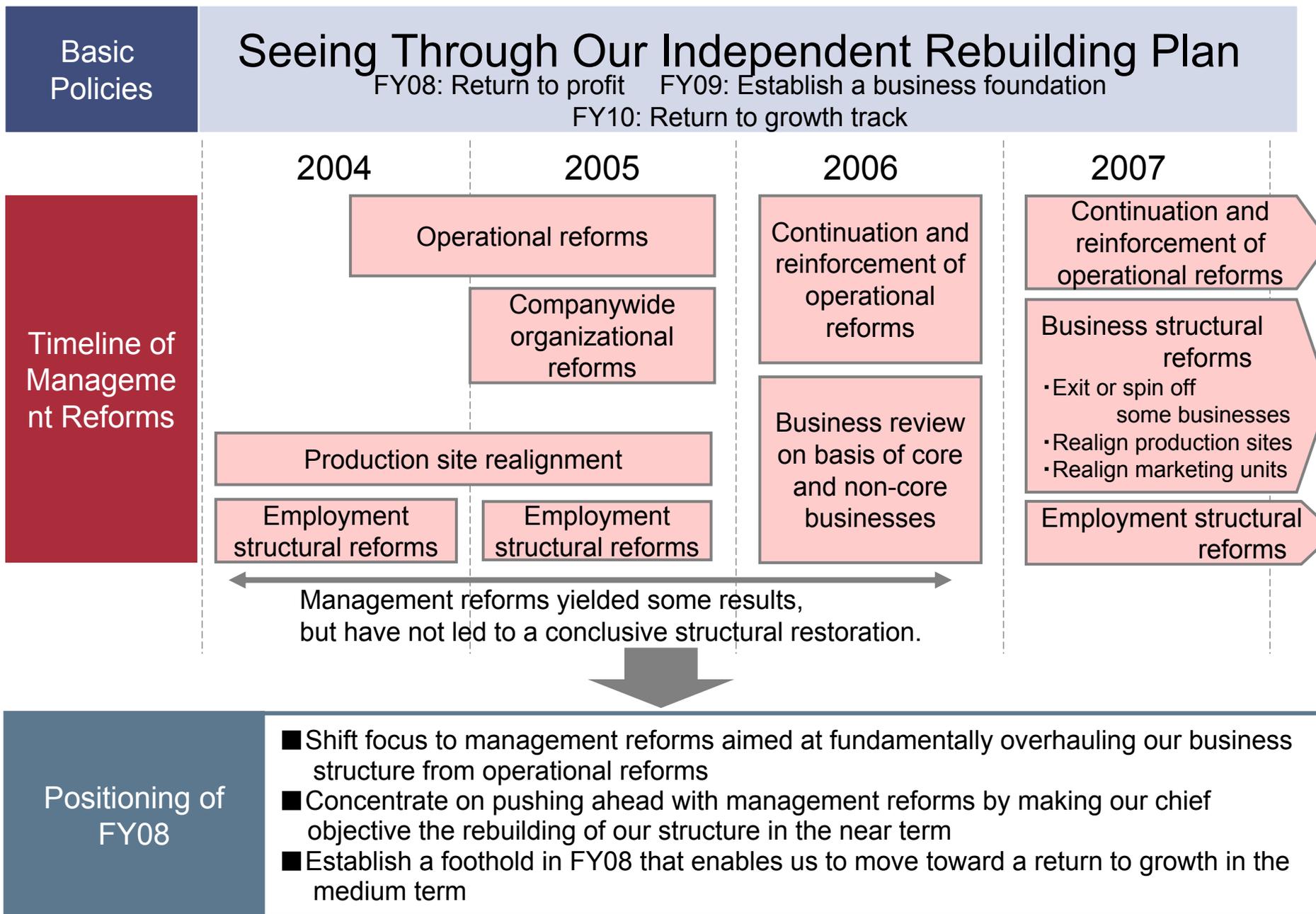
Fiscal 2008 , ended March 31, 2008

Business Forecast

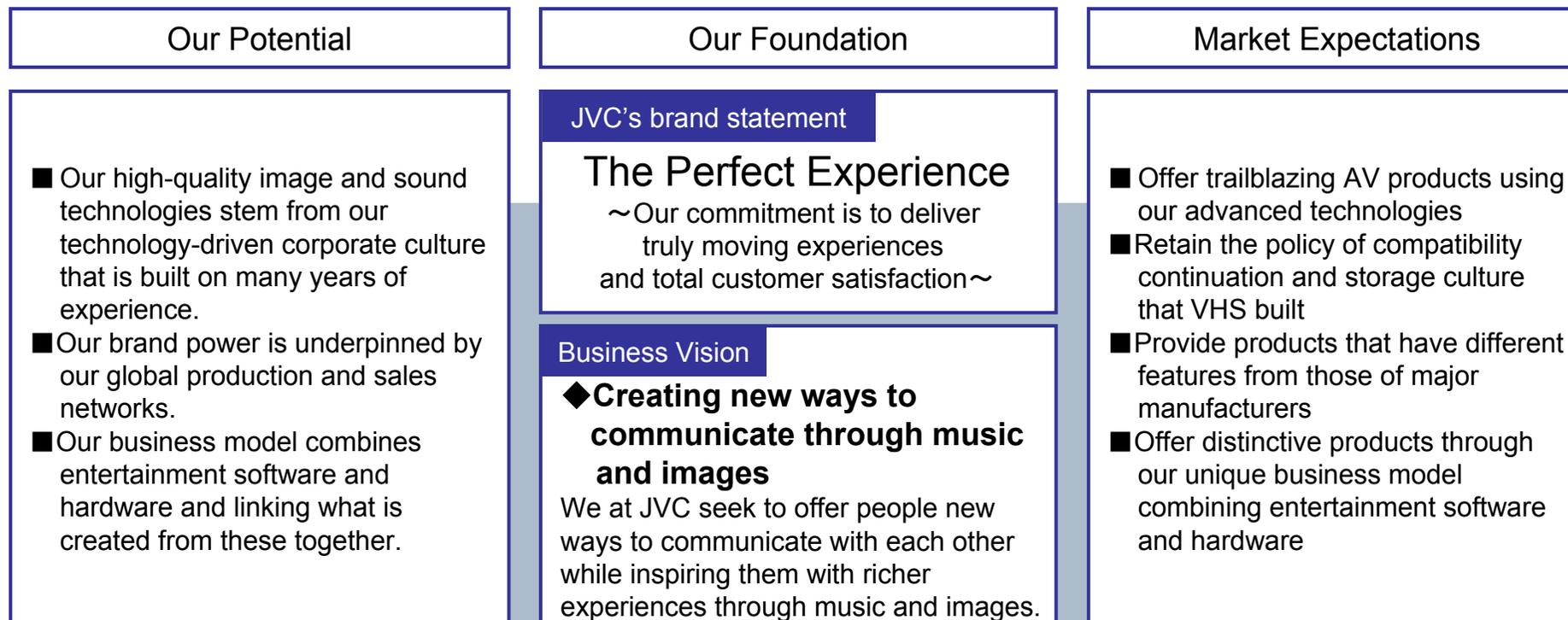


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1. Our View on Management Reforms

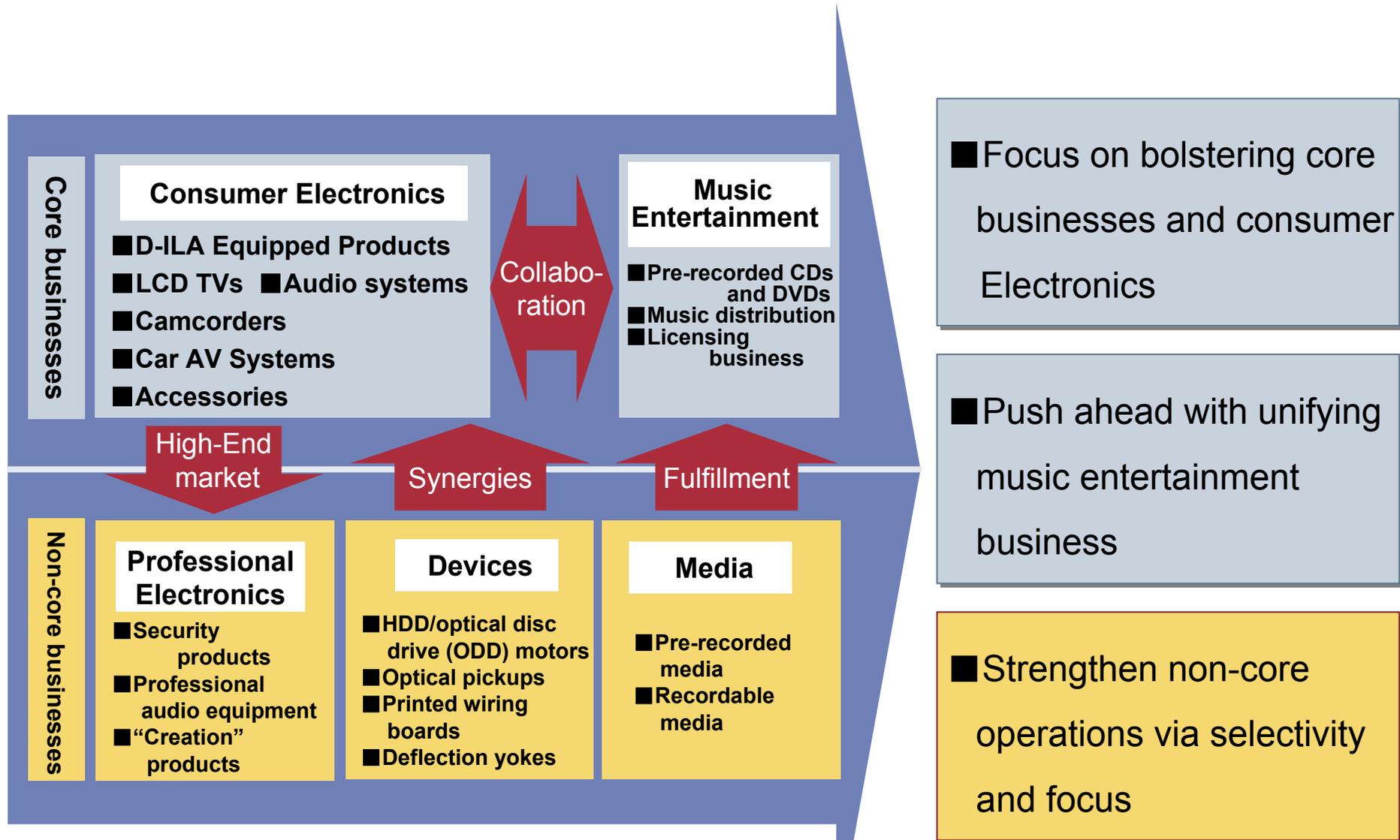


2. What We Aim to Become

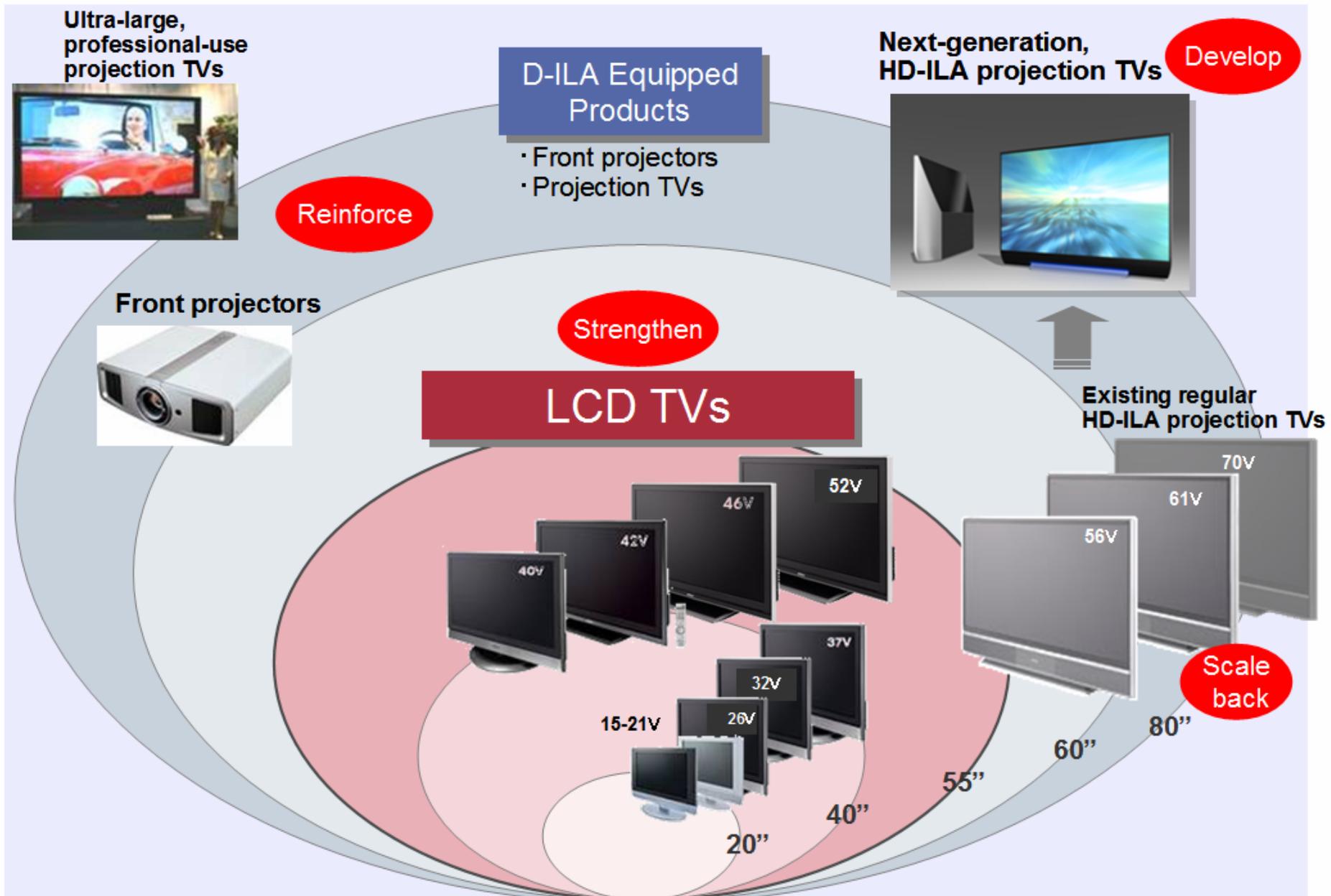


- (1) Returning to the original passion of JVC's founder of creating stellar sound and color reproduction, we seek to offer new experiences in the era of high-definition.
- (2) As consumption patterns grow more diverse, we want to become the maker of choice for consumers with sophisticated tastes and 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



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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:"

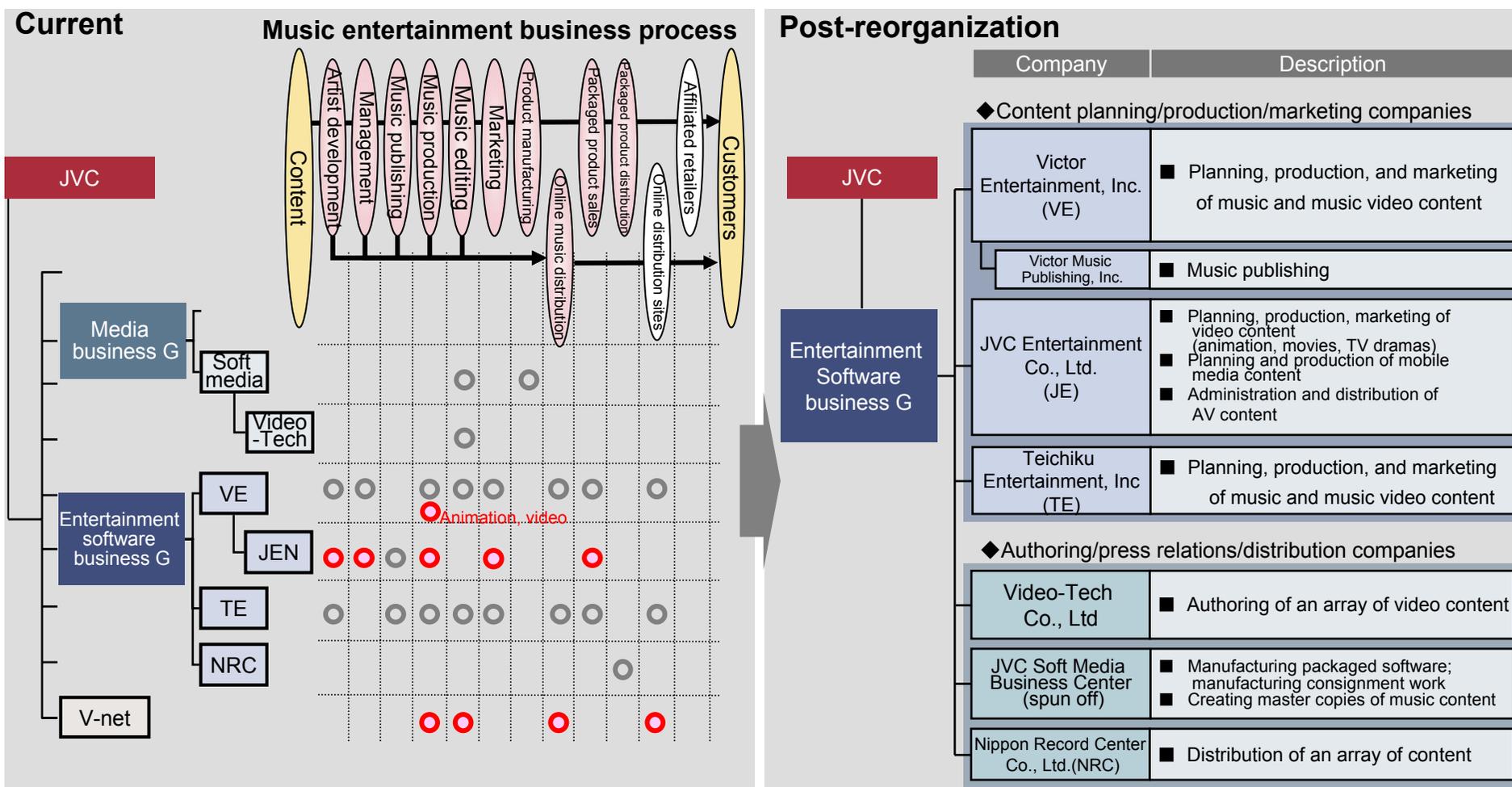
- India, Vietnam, Iran, Turkey, and Central America

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



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>

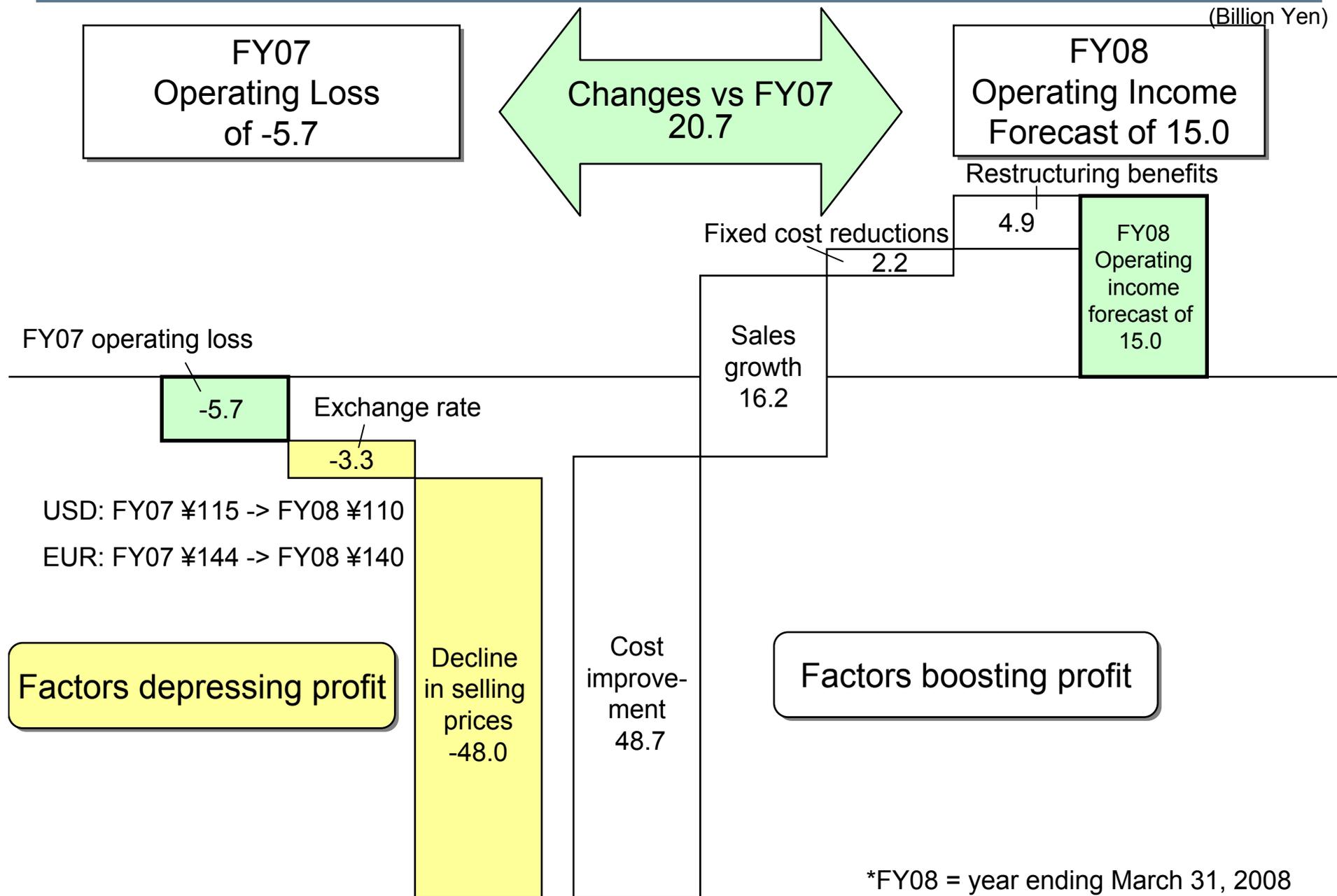
(Billion Yen)

	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)

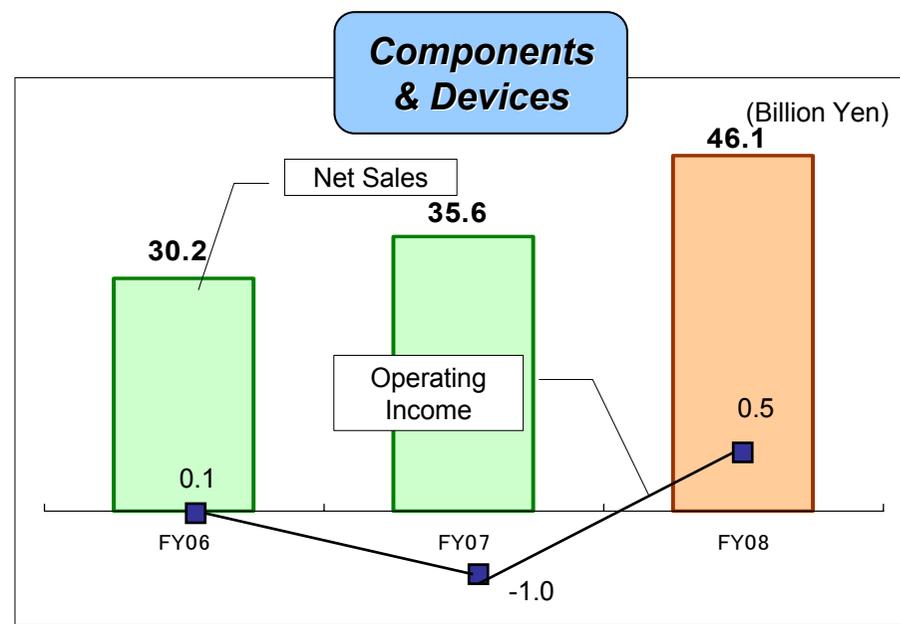
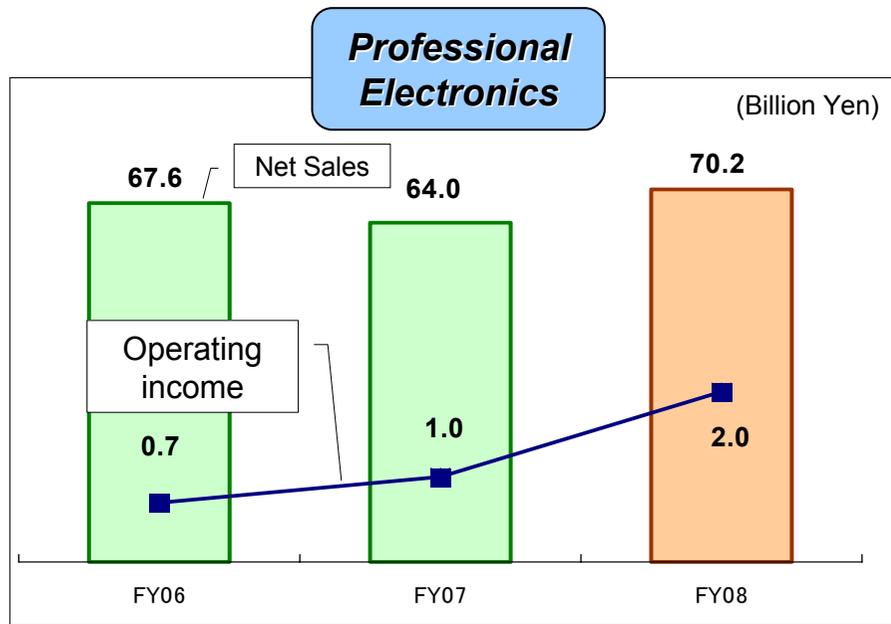
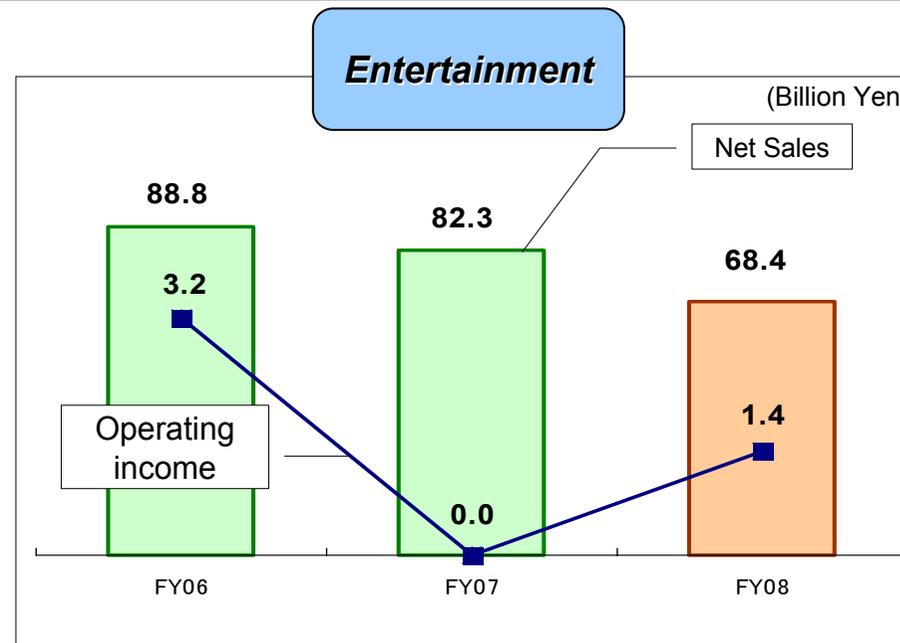
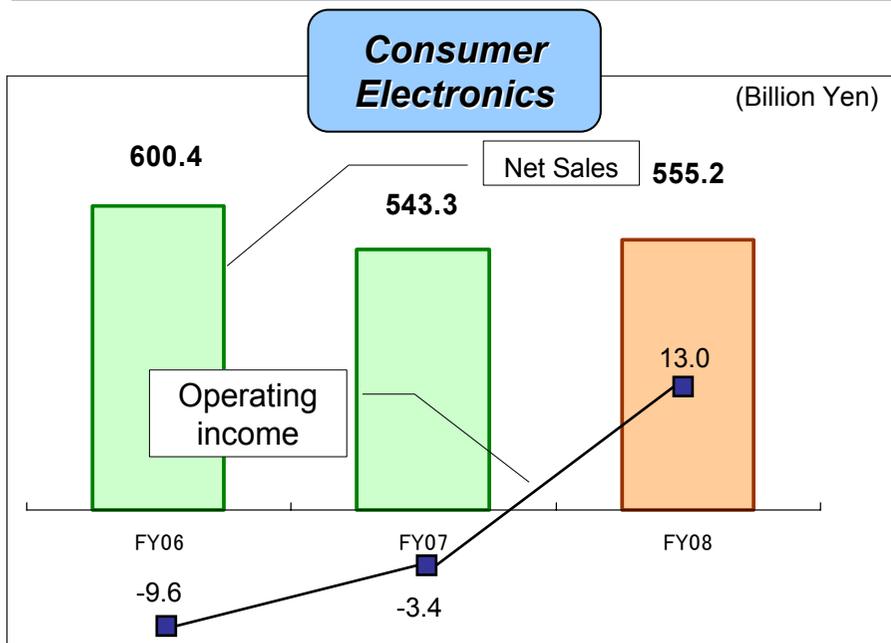
<1H Forecasts>

	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