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# Review of Fiscal 2008 Results, and Management Reform of Display Business

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President Kunihiko Sato

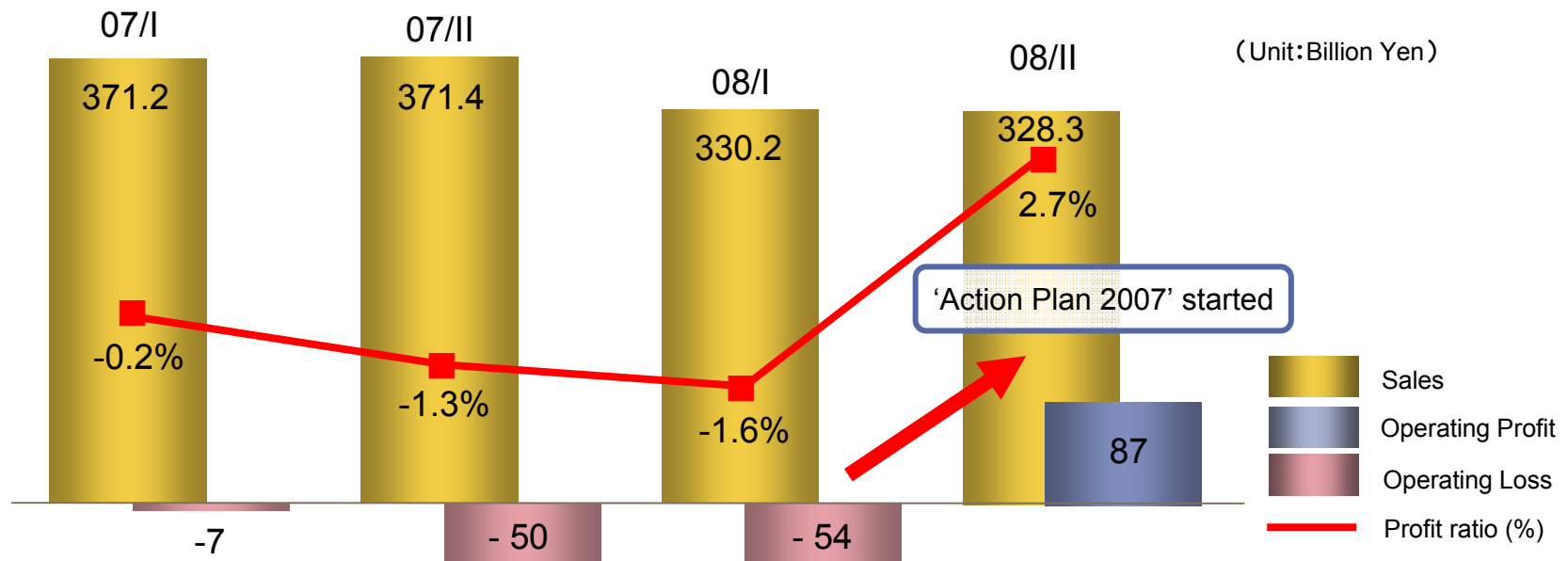


1. Review of fiscal 2008 results, and  
New Mid-term Management Plan

2. Management Reform of Display Business

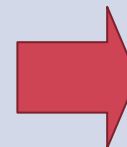
# 1. Review of fiscal 2008 results

- Structural reform - Business structure/operation and employment
- Improvement in financial position – Liabilities with interest reduced by 50.8 Billion Yen
- Steady progress of three profitable groups - Camcorder, Car Electronics, AV accessories
- Improved profitability among major segments - professional, entertainment, worldwide sales
- New Technology - Developed world’s smallest 4K2K D-ILA Device (1.27 inch),  
- Advanced ‘Clear Motion Drive’ technology for LCD (3x speed, 180Hz, etc.)



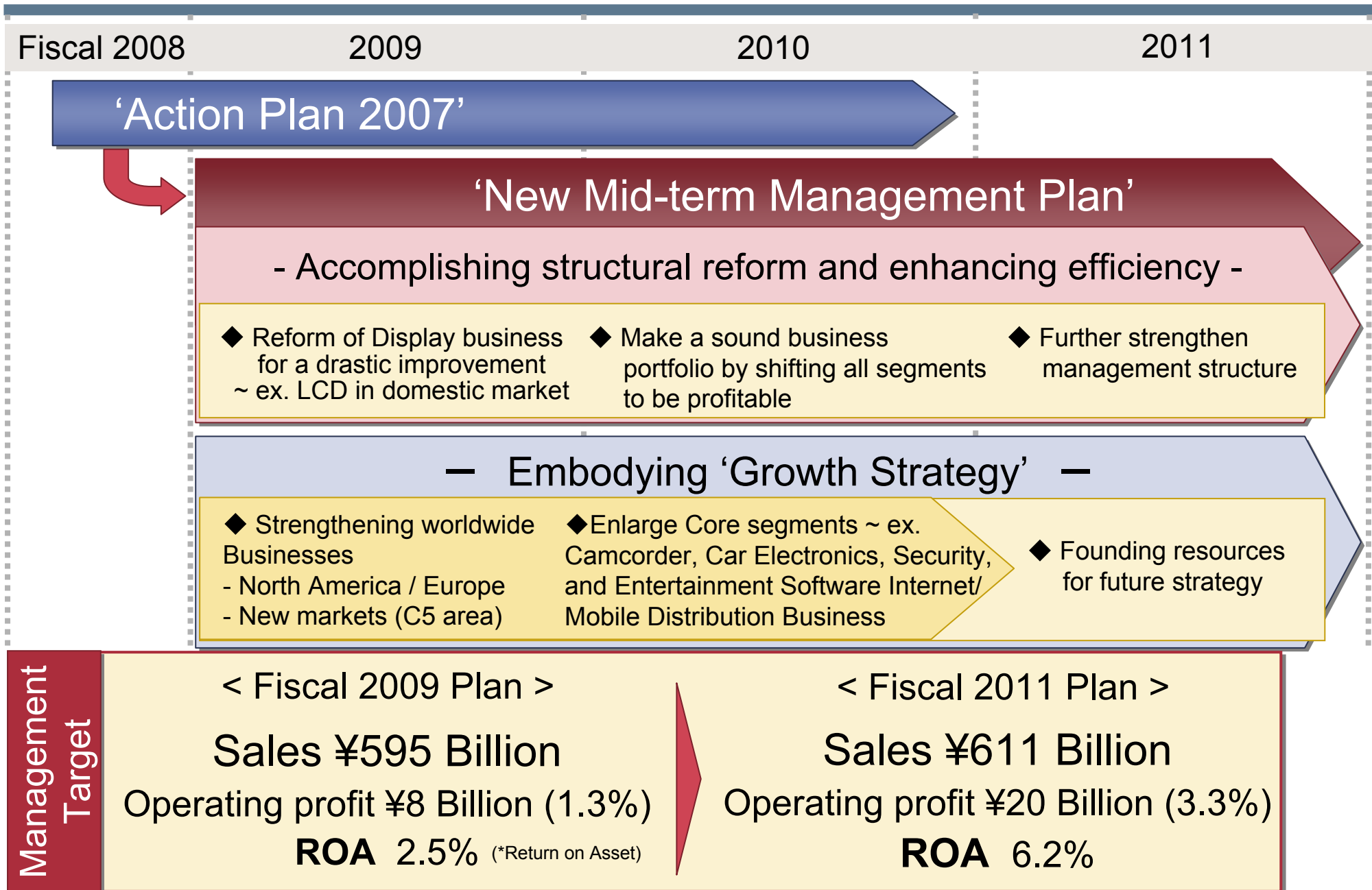
Key subjects

- Decline of sales turnover
- LCD Display business



Require further reform

## 2. Major Subjects in New Mid-term Plan



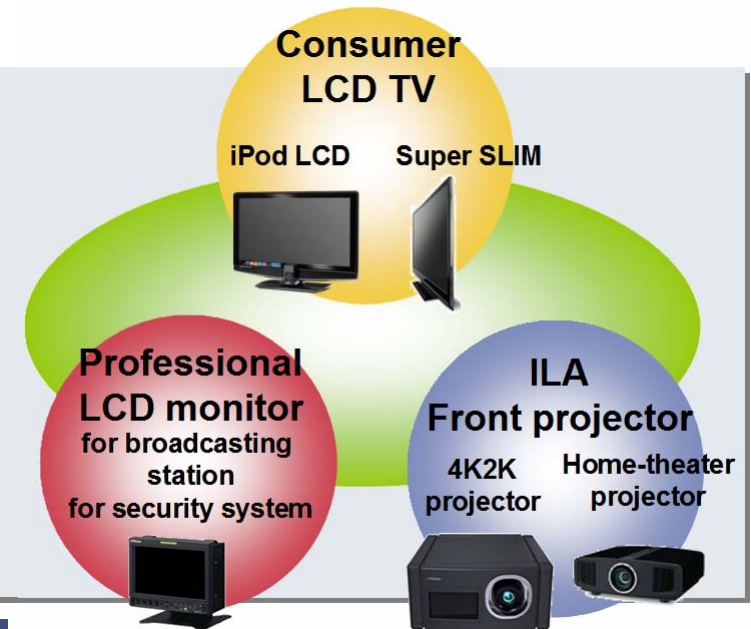
### 3. Management Reform of Display Business

1. Direction of JVC's Display Business ~ For making positive profitability by fiscal 2010
2. Management situation of DP business ~ Sales & profitability in fiscal 2007/2008
3. Main Actions to execute in fiscal 2009
4. Expected improvements in fiscal 2009
5. Improvement Steps for shifting to profitable DP business
6. Business direction of Display in Japan domestic market
7. Goal of JVC's Vision for Display business

# 1. Direction and Major Subjects for improvement

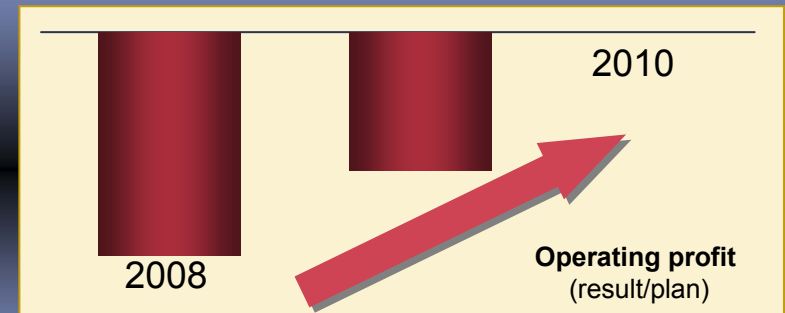
## Direction of JVC's Display Business

- Invest R&D resources intensively into Display (As 'DNA' of Victor/JVC)
  - *Consumer Display world wide, professional or business-use, and D-ILA front projector, etc.*
- To realize profitability of Display business by 2010
  - *Drastic adjustment/change of strategy for LCD TV for consumers*



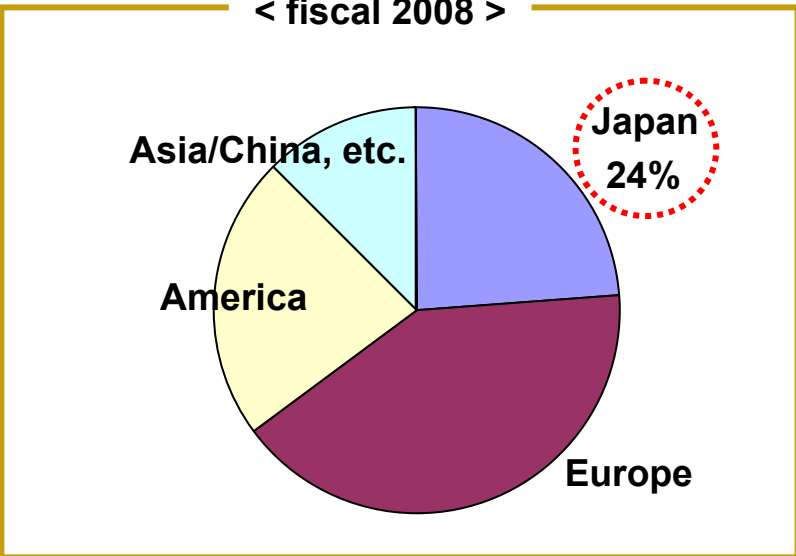
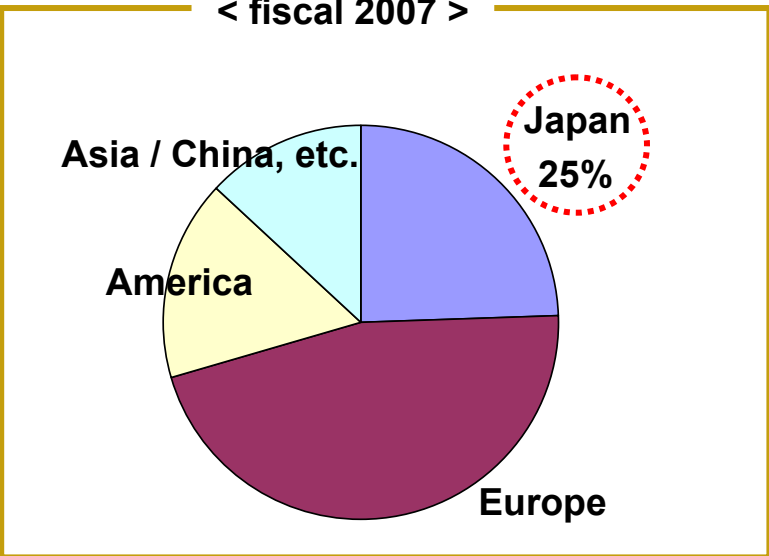
## Major Management Themes for Improvement

- Shift R&D resources and power to consumer TV world wide outside Japan and for professional monitors
- Flexibly utilize EMS manufacturing supply
- Review regional and distribution strategy
- Accelerate collaboration plan
- Improve efficiency of world wide operation

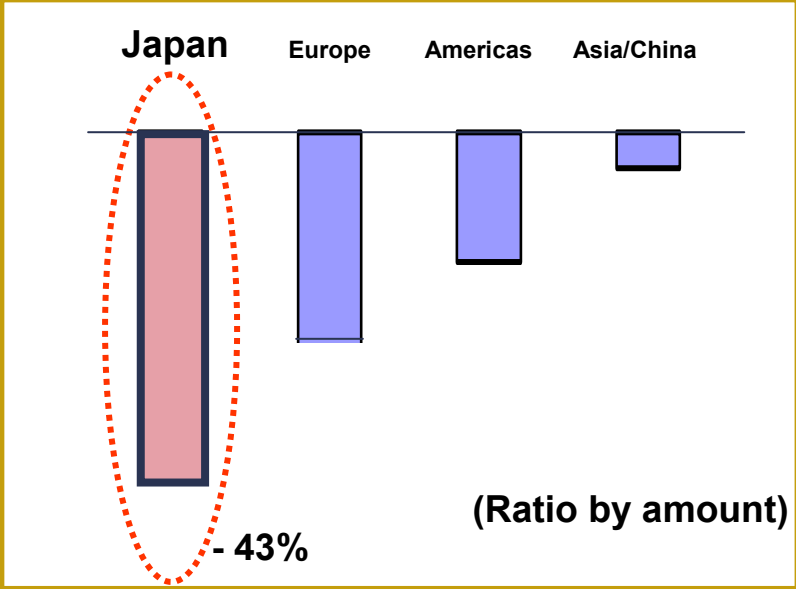
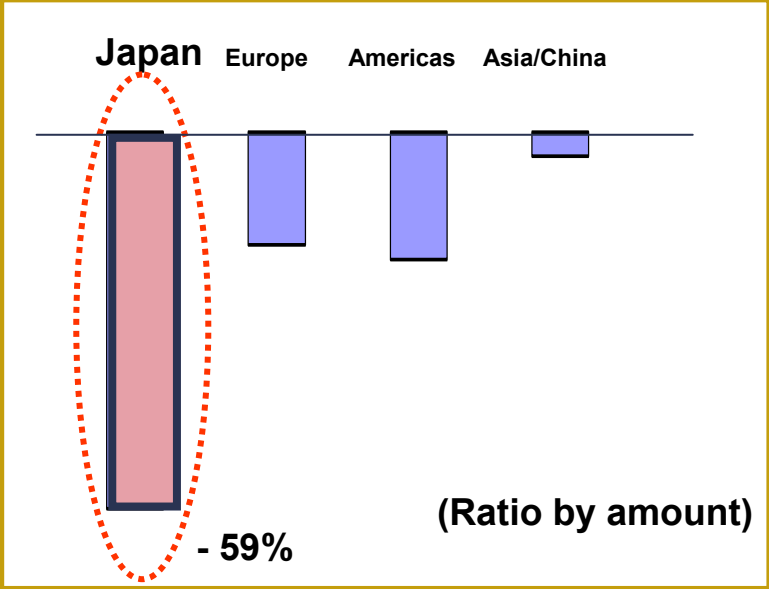


**Consumer LCD TV in Japan - Profitability to be drastically improved**

Sales ratio by region



Operating profit (\*simulated combined global sales and manufacturing profit by region)

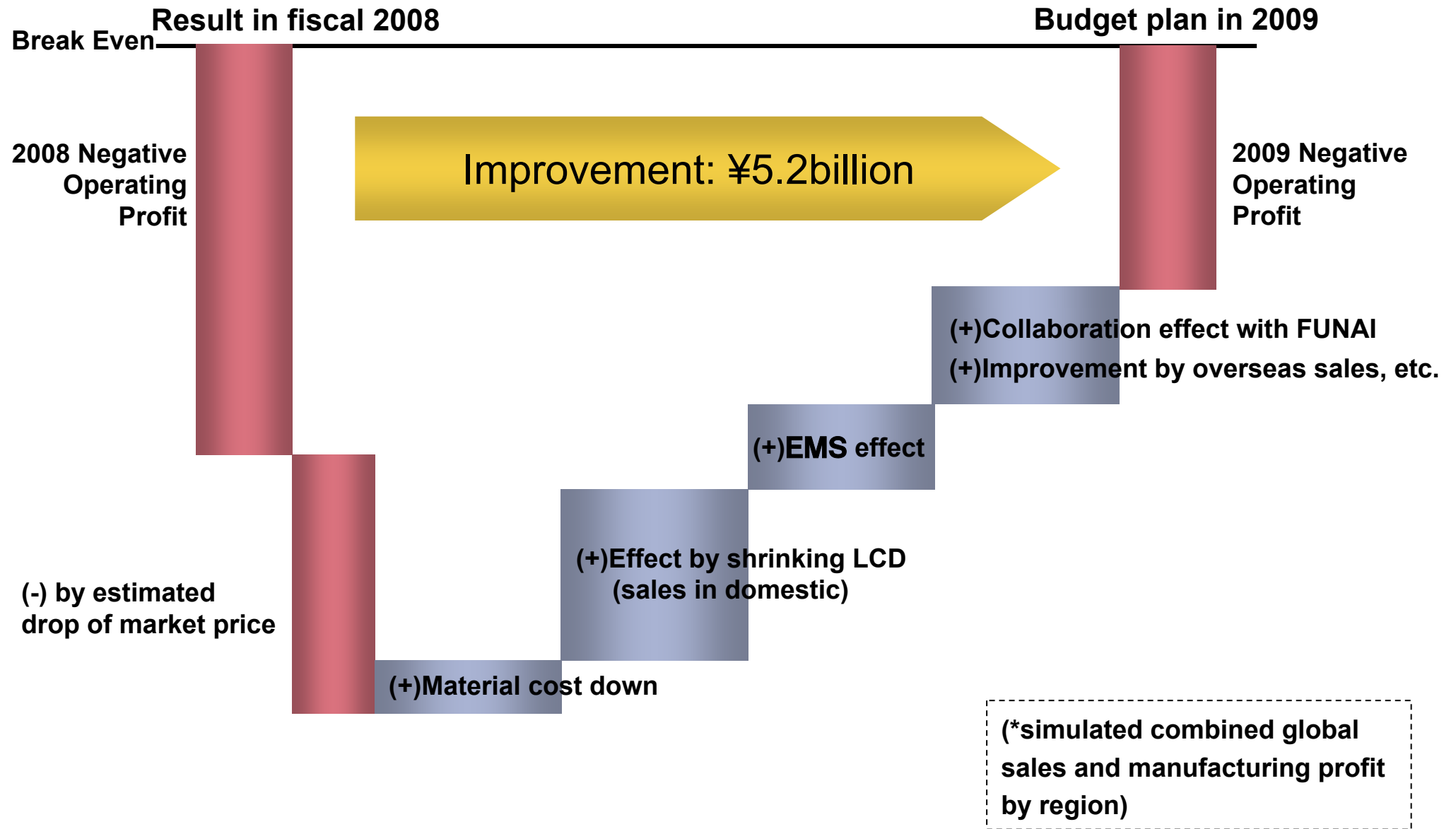


### 3. Main Actions to execute in fiscal 2009

Major subjects	Actions
<p>1. Shrink LCD TV business in Japan</p>	<ul style="list-style-type: none"> <li>- Specialize in large-screen home-theater (Japan)</li> <li>- Shift R&amp;D resources and power to consumer TV world wide outside of Japan and for professional monitors</li> <li>→ Japan consumer TV: Operating loss to ZERO in 2010</li> </ul>
<p>2. Terminate in-house production in Europe</p>	<ul style="list-style-type: none"> <li>- Stop in-house production in Europe (end/July)</li> <li>- Utilize EMS manufacturing: Start with two suppliers (Mar/ Aug/08)</li> <li>→ ¥2.0 billion positive effect by withdrawing from production in EU</li> </ul>
<p>3. Expand Display business in professional field</p>	<ul style="list-style-type: none"> <li>- Reinforce current business: 'creation', 'security', 'digital signage display'</li> <li>- Expand newly-entered fields: 'graphics', 'simulation', etc.</li> <li>(Sales): ¥ 9 billion in 2009 → ¥30 billion in 2011</li> </ul>
<p>4. Accelerate collaboration plan</p>	<ul style="list-style-type: none"> <li>- Share production with Joint development with <b>FUNAI</b></li> <li style="padding-left: 20px;">*Production at JVC/Mexico for FUNAI started from Feb/2008</li> <li style="padding-left: 20px;">*Production at FUNAI/Poland for JVC to be started from Aug/2008</li> <li>→ Collaboration benefit: ¥3 billion</li> </ul>
<p>5. Improve efficiency of world wide operation</p>	<ul style="list-style-type: none"> <li>- Reduce distribution cost at sales companies</li> <li style="padding-left: 20px;">~ Structural reform in EU</li> <li style="padding-left: 40px;">(Re-organizing Sales companies, logistics, service, etc.)</li> <li>→ Improvement: ¥1 billion</li> </ul>



# 4. Expected improvements in fiscal 2009



Fiscal 2009

Fiscal 2010 - 2011

**Complete execution of Improvement Actions**

Materialize all possible effects to realize **'Profitability'**

	Japan	America	Europe	Asia
R&D	- Shift resources Consumer → Pro	- R&D strategy for New Concept Products (Super SLIM, iPod LCD, etc.)		
Production	- Re-organize Yokosuka factory	(study EMS)	-Close UK → Shift to EMS	(study EMS)
Sales	- Shrink sales of consumer LCD - Reinforce business in Pro field	- Reform Structure of worldwide sales companies (re-organize companies, logistics, service) - Strategy by distribution channel		
Collaboration		- Collaborate with FUNAI (Production sharing and joint development)		

- Improve efficiency of R&D (global standardized platform / chassis)
- Reap all advantages from EMS, maximize benefit (Compress fixed expense)
- Improvement in 2009 ~ Shrink (Japan LCD) Reform (Worldwide)
- Optimize merits of collaboration
- Improve profitability by expanding business volume in professional field

## 6. Business Direction of Display in Japan Domestic Market

### Basic Strategy

- Stay out of “price only” competition
- Target mid-high end customer
- Utilize JVC’s DNA for product originality

LCD



Home Theater



### Product Strategy

Complete Large Screen  
Home Theater Systems

D-ILA front Projector, Large size LCD TV,  
Recorder, Speaker system, Amplifier



D-ILA

Hi-fi Audio

### Marketing Strategy

Entertainment Systems Sales  
(not unit-by-unit)

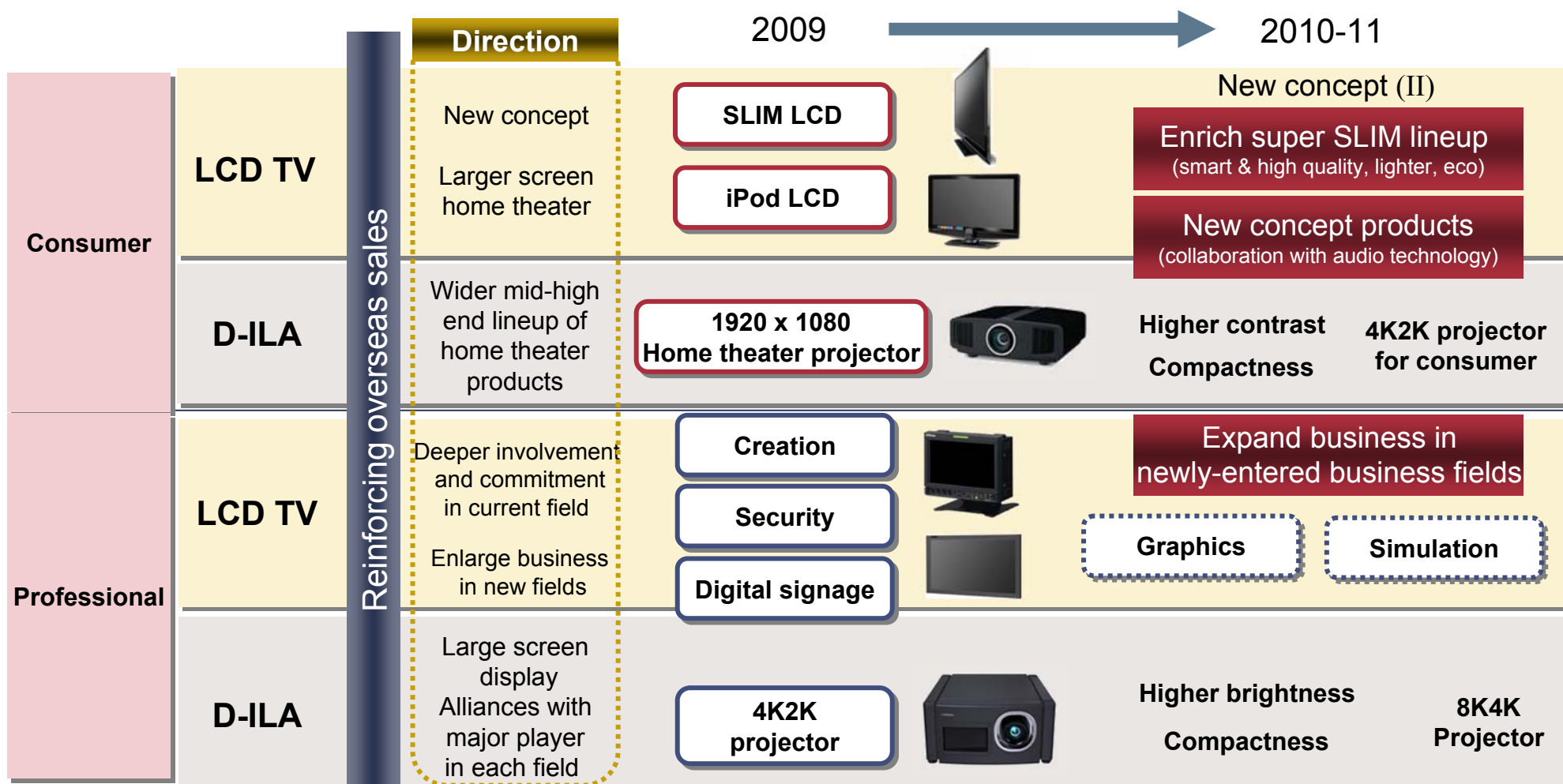
Total JVC group proposal with system sales,  
consulting, system engineering, lay-out design



# 7. Goal of JVC's Vision for Display business

## Further Strengthen Visual Technology as JVC's 'DNA' to realize Growth Strategy

- LCD TV - 1) Consumer: Reinforce sales outside of Japan and proposal of home-theater entertainment  
 2) Professional: Strengthen current business, and expand in newly-entering markets
- D-ILA Front Projector 1) Consumer: Establish market position suitable for mid-high end theater  
 2) Professional: Compactness, higher definition





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