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The Progress of Management Reform (Display Business)

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Basic Business Policy

- Concentrate resources on selective business segments and reduce selling expenses for a slim, simple organization and operation structure.
- Shift JVC business structure from 'volume-oriented' to 'profitability-oriented', to realize profitability of DP business by 2010.

Shift from 'Quantity' to 'Quality'

- Distribution: Focus sharply on target market segments & distribution channels
- Product strategy: Limit models and sales volume in lower profitability product range

Shift to 'Profit-producing' structure


- Utilize EMS, optimize collaboration merits, reduce distribution cost
- Expand in professional fields, and enlarge sales volume of premium TVs

Synchronize every structural reform
Create completely new segments for extra sales

“Clarify JVC Identification ”

**“Provide unique products with JVC originality,
that enrich the home entertainment life-style”**

Structural reform

1. Brush up strategy by region and market
 2. Examine best production structure
 3. Expand business more to professional fields
 4. Accelerate collaboration
 5. Reduce distribution cost
- 

<Five key actions>

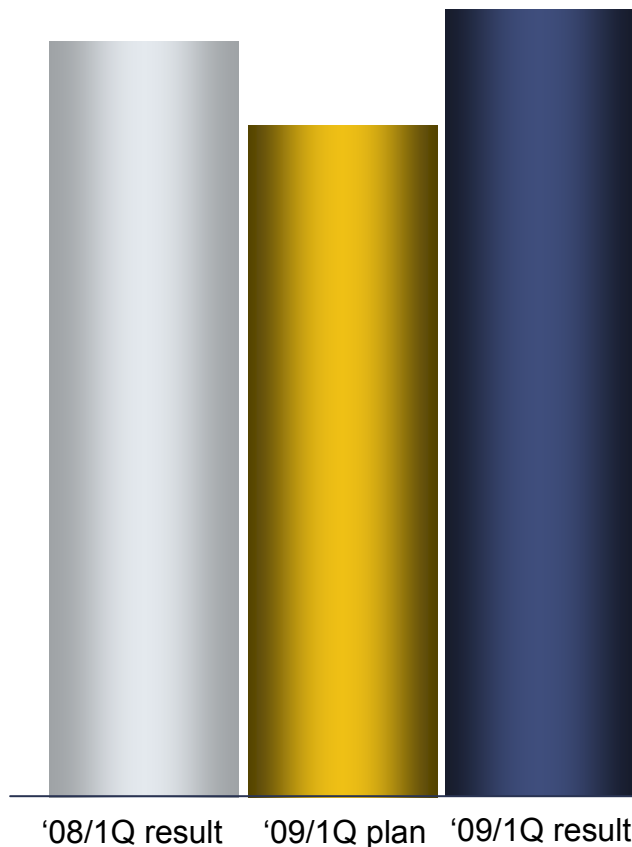
1. Shrink consumer LCD TV in Japan market
2. Intensify in-house production using two bases (4 factories → 2 factories)
3. Shift R&D resources, expand product line-up
4. Collaborate for Production • Mutual OEM supply • Joint development
5. Reform worldwide distribution operations

Actions to realize growth strategy

Reorganize R&D and Sales structure to match with
Global Management and Global Marketing Strategy

- R&D → Allocate R&D resources to maximize profitability
(Clarify unique benefits of OS, Collaboration, Own development, R&D for professional)
- Production → Utilize EMS manufacturing flexibly, and reduce costs through production and logistics reform
- Sales → Redraw Sales structure and distribution strategy for better profitability

Sales turnover



Note:
Turnover/profit on consolidated base
(Product manufacturing division
together with Sales Co.)

□ Sales turnover

In total, achieved 111% vs. plan and 4% increase from 1Q/FY2008, due to expanded sales in Europe/America, with drastic decrease in Japan (70% drop from last year).

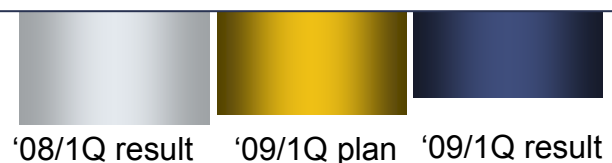
□ Operating profit

Loss amount reduced 23% from last year, due to reduced losses in domestics sales, Europe/America sales increase, and fixed expense savings, though there was a negative effect of increased logistics cost and exchange rate costs.

<Result in 1Q/2009, vs. budget plan>

	Europe	America	Asia	Japan	Total
Sales	◎	◎	◎	×	◎
Profit	◎	◎	○	○	○

Operating Profit

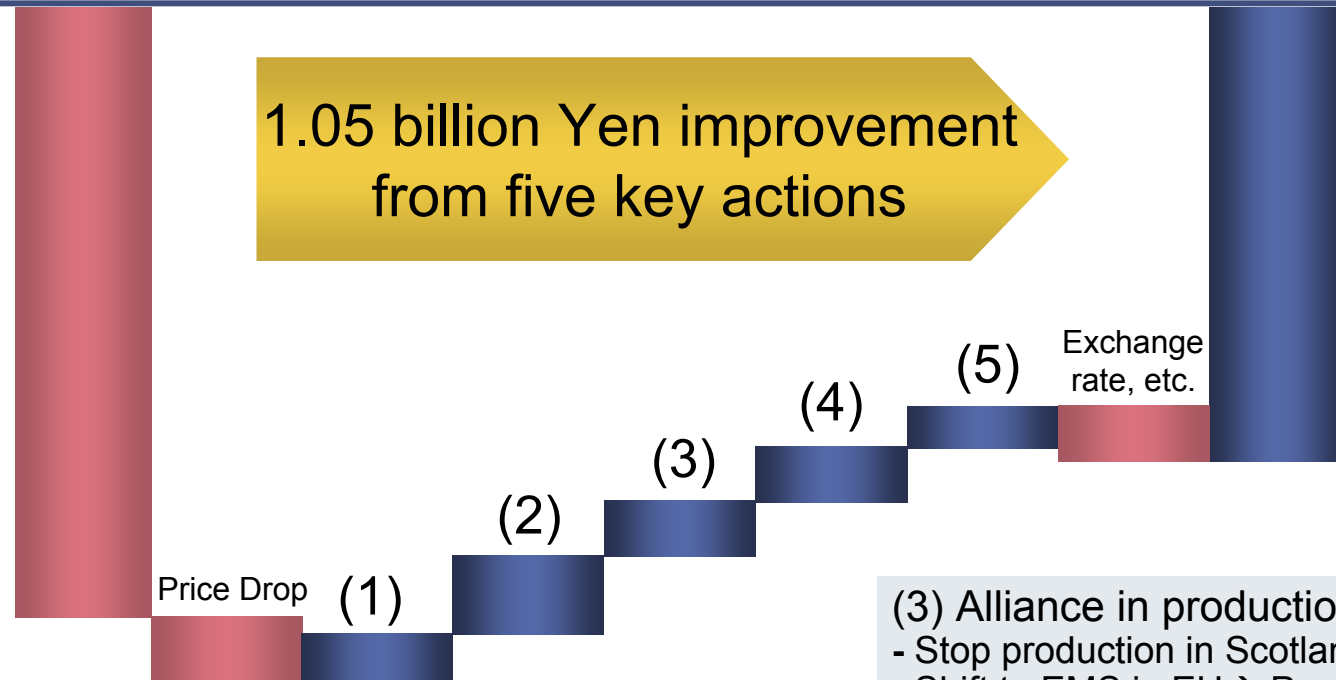


- ◎ Exceed Plan
- Achieve Plan
- × Plan Not Achieved

'08/1Q result

'09/1Q result

1.05 billion Yen improvement
 from five key actions



Note:
 Turnover/profit on consolidated base
 (Product manufacturing division
 together with Sales Co.)

(3) Alliance in production •Reduce own production
 - Stop production in Scotland by end/July
 - Shift to EMS in EU→ Production/delivery started in April, cost of TV by EMS also as estimated
 - Collaboration with FUNAI→ Production and supply on contract basis started from Feb

(4) Operation reform in worldwide distribution
 - Logistics reform→
 EU:Centralizing warehouse in East EU (Czech/Jun)
 USA:Centralizing warehouse, direct or combined delivery

(5) Sales increase
 - Launch of new models: EU (Slim-LCD),
 America (iPod-LCD)

(1) Cost down of materials
 - Cost reduction of LCD panel: Progressing within planned level

(2) Shrink consumer LCD TV business in Japan
 - Production at Yokosuka factory: closed in Jun.
 - Re-allocation of manpower: in progress (completed by end/Sep.)

Market circumstances getting tougher as worldwide economy declining

Actions from 2Q onward

- | | |
|--|---|
| <input type="checkbox"/> Accelerate management reform | <input type="checkbox"/> Optimize-efficiency of IPS control |
| -Materialize all benefits through 5 key actions | -Eliminate/minimize losses in sales opportunity, or in missed timing. |
| -Consider contingency plans | |
| <input type="checkbox"/> Strengthen sales/marketing power | <input type="checkbox"/> Accelerate collaboration |
| -Promote retail sale of Slim-LCD / iPod-LCD | -OEM with FUNAI, joint development |
| -Encourage business in EU → | <input type="checkbox"/> Build Foundation for 2010 |
| Launch new models | -Further improve production/ distribution structure |
| -Sales expansion in: | -Profitability-oriented premium TV |
| Asia, M/East, East, Europe, and Russia,
as potential/ growing markets | |

To ensure profitable Display business in FY2010



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