

CONSUMER ELECTRONICS

We commemorate fiscal 2000 as the year we expanded our share of the audiovisual market and achieved double-digit growth in overseas markets, with the exception of South America.

Among our products, the mini DV camcorder showed the most remarkable growth. Backed by our reputation as a leading manufacturer constantly at the forefront of innovation in compactness and lightness as well as in improving quality and performance, our mini DV camcorder has increased its market share in countries around the world with total shipments exceeding two million units since its release five years ago. A mini DV camcorder released during the current fiscal year enhances system performance with the capability and simplicity to create video files and send video mail with a PC. Steadily growing as the number one product among its audiovisual product lineup, JVC boosted its digital camcorder production capacity 60% to 130,000 units per month with the goal of acquiring a 35% share of the world market during the current fiscal year. With solid demand for digital camcorder hardware as a foothold, we also plan to expand mini DV camcorder cassette tape sales. JVC is strengthening facilities so as to raise its present 14% mini DV camcorder cassette tape market share to 20% by the end of the current term.

In video, we will be primed for the emerging era of digital broadcasting with the release of D-VHS units with HS mode in Japan by the end of 2000 for recording high-definition (HD) transmissions via BS digital broadcasting with high-resolution image quality. With JVC leading technological development, D-VHS continues to gain acceptance throughout the world as it garners the support of prominent global hardware and software manufacturers. Applying hard disk technology and incorporating a HDD in video decks will improve accessibility dramatically. By introducing



**DIGITAL VIDEO CAMCORDER
(U.S. and Europe model)**

This slim, high-quality image DVC is the first in the world able to create video files for e-mail with audio. The video files can then easily be sent with a PC.



D-VIDEO HOME SYSTEM (Europe model, not introduced in the U.S.)
D-VHS is the digital format for the 21st century, boasting image quality and storage capacity (21 hours of continuous recording). It employs codec for recording and playback of analog signals converted into digital signals. Backward compatibility is offered with VHS and S-VHS formats.

Providing Products That Enhance Consumer Lifestyles Through Digital Networking

such large-capacity combined media, we aim to strengthen the position of video decks as home servers.

The year 2000 marks a fundamental shift from analog TVs to large HD displays. JVC has expounded for a decade that the enlargement of TVs is a crucial element of home theaters. Our vision of the home audiovisual (AV) center is gradually becoming a reality. There has been a period of weak demand in Japan prior to the shift, as sales of TVs declined across the industry in 1999. This year, however, is the first year of full-scale BS digital broadcasting in Japan following such major events as the Group of Eight (G-8) summit and the Olympics, where test broadcasting is scheduled. The year 2000 is foreseen as the launching platform for large high-definition displays, with estimates of a total of ten million units sold by the start of digitization of terrestrial broadcasting in 2003. Last year, JVC released a large, thin, lightweight ILA TV model, which employs an ILA device developed by JVC. We also handle plasma display panels (PDP) and liquid crystal displays (LCD). JVC aims to aggressively develop marketing for high-definition displays, positioning them in a central role as displays for information appliances.

With an eye on the fast-growing DVD market, JVC will expand the scale of production fourfold compared with the previous fiscal year. We will begin making inroads in Asia, as DVD is backward compatible with the popular VCD format. The Company will offer all DVD disc media, including DVD-RAM, DVD-RW and DVD-R, and work to double production capacity amid projections of outstanding growth in demand mainly for image software.

As our digital product lineup nears completion ahead of the full-blown emergence of the digital era, we are making enhancements to system performance made possible by digitization, including the incorporation of I/O ports for communicating with various products and connecting with PCs. Last year, JVC introduced the mobile PC



ILA PROJECTION TV (Japan model)

The ILA Projection TV is a large 52-inch display that incorporates D-ILA hologram devices, which allow for unprecedented high luminance and high resolution in a lightweight (52 kg) and thin (45 cm) body.



DIGITAL THEATER SYSTEM

Our Digital Theater System combines a DVD player and six speakers that are easy to set up and operate for the enjoyment of high-quality images and sound.

Inter Link as a platform for connecting a variety of equipment. The Company will provide a way to link AV and information equipment by continuing to release new models in Japan.

JVC is forming a new organization as it begins to provide products compatible with digital networking. Eliminating the former business divisions organized by product, we established four business units that target needs arranged by customer lifestyle. Integrating video and TV operations, the Home AV Network Business Unit provides total AV entertainment solutions and digital household appliances for the living room. Fusing together audio and visual technologies, the Personal & Mobile Network Business Unit will develop personal and mobile AV entertainment operations. The Communication Network Business Unit will expand communications operations centered on peripheral equipment, and the Projection & System Network Business Unit will create a professional AV solutions business centered on D-ILA projector operations through the Company's innovative technologies.

As a cross-structural function of these business units, the Product Strategy Planning Office proposes product strategies that include systems to the Company Laboratory, which will develop core technologies high in system performance. As a pioneer of the new era, JVC launched several high-priority projects during the current term in an effort to create products that provide a new way of life. We will continue to offer a product lineup of various fashionable products, including skeleton-type portable MD players that target young adults, radio cassette players, video decks as well as VHS tapes and MDs.



MOBILE PC (Japan model)
The Mobile PC is a thin, lightweight handheld PC with a variety of original AV applications installed.



BLANK MEDIA
Our lineup of blank media is renowned for quality and reliability.