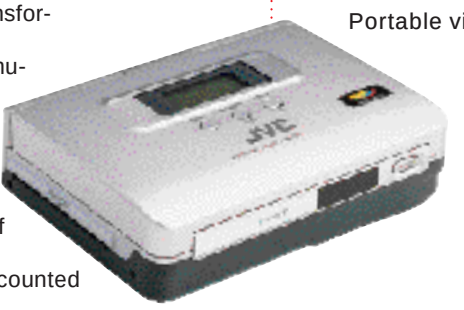
Wide-screen television

Digital camcorders, when combined with such digital equipment as computers and printers, draw out the full potential of multimedia.

Digital still camera

JLIP image editing system

Portable video printer



JVC's AV business is undergoing a tremendous transformation amid the convergence of such media as communications, broadcasting and computers into multimedia. Through the promotion of the "Victor Vision" mid-term plan, New AV, the Company's line of strategic high-value-added digital products, has accounted for a rising portion of Consumer Electronics sales–16% in fiscal 1998 compared with 4% in fiscal 1996.

Video

In video operations, JVC is furthering the diffusion of VHS, the JVC-developed de facto standard for videocassette recorders, and camcorders based on the DV format.

The VHS videocassette recorder is the foremost communications infrastructure of the 20th century, with more than 650 million units produced and approximately 20 billion video tapes in existence. As the inventor of the VHS format, JVC has driven its performance higher to fulfill the needs of the times.

JVC advances VHS technology in response to the needs of the era with S-VHS ET (left) and D-VHS VCRs.

In October 1997, JVC announced a D-VHS format VCR for the U.S. market. D-VHS is a new VHS format that offers digital bit stream recording and playback of high-quality images and sound of digital broadcasting. Evolving from the original VHS format, D-VHS maintains backward compatibility with the vast library of conventional VHS software. Production facilities and technologies used to make VHS products can be adapted for the production of D-VHS products, which makes possible production at prices conducive to the popularization of D-VHS.

D-VHS meets the necessary qualifications to become the world standard in next-generation VCRs. As satellite and terrestrial broadcasting in North America, Europe, Japan and Asia gradually become digitized, JVC will introduce its D-VHS VCRs in line with each market's progress toward digital broadcasting.

JVC continues to add value to the S-VHS format. In April 1998, S-VHS ET technology was announced as an extension of S-VHS, making possible high-quality 400-line resolution S-VHS recording on standard VHS tapes. As of 1997, the S-VHS format holds an 11% share of the domestic market. The release of S-VHS ET is expected to increase market share of the S-VHS format and strengthen JVC's position in the market.

Since their release in 1995, sales of DV format digital camcorders have continued to achieve dramatic growth, with their share of the domestic camcorder market forecasted to expand from 66% in 1997 to 80% in 1998.

In 1995, JVC released the epoch-making GR-DV1 digital camcorder, beginning a new trend in camcorders. Since then, JVC has led growth in the DV camcorder market by introducing models teeming with such advances that usher in the multimedia camcorder as unparalleled high-quality images, excellent portability, creative editing functions and connectivity to other digital equipment.

In 1998, JVC released the GR-DVY, the world's smallest and lightest DV camcorder with an LCD monitor, further identifying the JVC brand name with DV camcorders. In addition to the GR-DVY, JVC released a pocket video printer and digital still cameras. JVC calls these products Pocket Communications Tools for the digital age.

Television

JVC is a pioneer in the development of wide-screen TVs with a 16:9 aspect ratio and is expanding the market with its competitive products. The domestic market is forecast to grow to approximately 1.85 million units in fiscal 1998. Replacement demand for

Robust growth is expected in wide-screen TVs as the ideal format for digital broadcasting and high-definition image software.

DVD software

VHS software

Digital home video

Digital broadcasting and D-VHS videocassette recorder

wide-screen TVs is expected to expand along with the diffusion of wide-screen images in high-quality visual software, including DVD, and satellite and terrestrial digital broadcasting.

JVC's technological prowess in wide-screen TVs has garnered widespread approval in Japan and overseas, as demonstrated by the AV-32WP model that received the European Television of the Year award in 1997. In 1998, a flat wide-screen TV, for which demand is rapidly growing, was added to the product lineup. This product will further enhance market recognition of JVC as the leading supplier of large-screen high-quality image viewing products.

JVC's D-ILA multimedia projector is expected to attract sales growth as a large-screen high-end projector for multimedia use. D-ILA is a successor to the ILA Super Projector, which boasts a 40% share of the domestic high-end professional market, with emphasis placed on use with HDTV, personal computers and workstations. A more compact size and improvements in cost performance add to an impressive list of features, including

Our DVD business develops and supplies high-quality products befitting the JVC brand name.

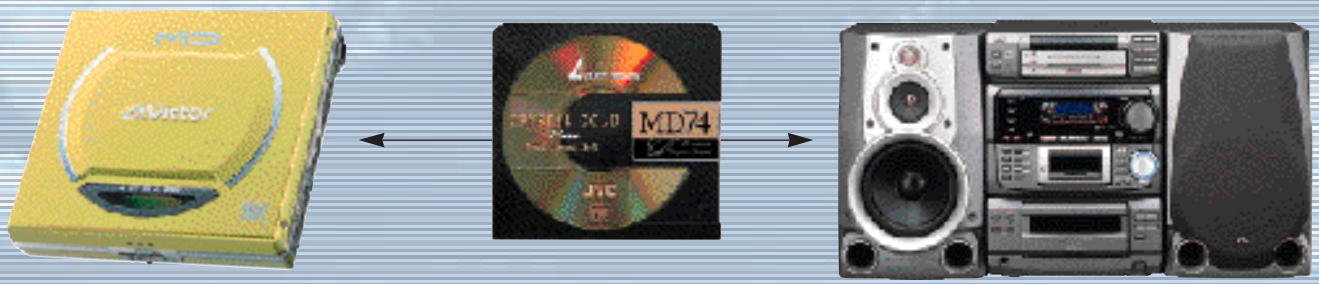
high-resolution images equal to the full 1365 x 1024 dot resolution of a personal computer, the brightness of 1,000 ANSI lumen enabling projection up to 527 inches, and setup flexibility afforded by its 13 kilogram weight and compact size. Realizing these features with market-leading cost performance, the D-ILA has cleared all the hurdles required to become the new standard in multimedia projectors.

Audio

JVC products received the top recommendation in 10 categories of the summer 1998 “Best Buy” issue of *HiVi*, Japan’s leading audio-video magazine. The advanced technologies that give JVC products the edge over other companies are expected to make great contributions to their competitiveness in such strategic business fields as MD and DVD.

The domestic MD market has expanded from one million units in 1995 to more than five million units in 1997. The MD is expected to supplant a substantial share of the cassette tape market in Japan and overseas with its ability to record and playback digital sound with no loss in quality and random access. JVC is strengthening competitiveness in MD operations, which already boast a leading share of the market, with a complete lineup of MD products ranging from portable models and radio cassette decks to minicomponent systems and car audio systems that meet the needs of consumers aiming to replace their cassette players.

JVC is also strengthening its DVD hardware and software operations. In software, our production facility in Sacramento, California in the United States is operating at full capacity. In hardware, we will bolster our lineup of high-quality products worthy of the JVC brand name.



JVC develops products with the popular MD format, including portable models and minicomponent systems.