

**PROFESSIONAL ELECTRONICS:
REDEFINING INDUSTRY
BOUNDARIES** AMID THE IMMINENT ARRIVAL
OF THE DIGITAL ERA



**DIGITAL BROADCASTING SYSTEMS:
DIGITAL-S VIDEO SYSTEM
DECODER
DVD ARCHIVE**

Business opportunities arising from the arrival of the digital era extend beyond the Consumer Electronics business. The Professional Electronics business is also preparing for a once-in-a-lifetime growth opportunity that will redefine the face of the industry, especially in the field of professional broadcasting equipment, which accounts for 30% of total sales in the Professional Electronics business.

Meeting the digital broadcasting era head-on, JVC aims to bolster its product lineup to provide a single package comprising all the systems that relate to broadcasting. In addition to the Digital S series of D-9 compliant professional cameras and studio recorders for broadcasting, which have received high acclaim internationally, JVC has entered product fields that include encoders, decoders and archives. The Company is

considering tie-ups with other companies for products it does not handle.

Newly introduced product lines have also been well received on the market. At the world's largest broadcasting equipment exhibition promoted by the National Association of Broadcasters (NAB), our high-definition encoders, small monitors and two other products were once again voted the best in their categories by industry journalists.

JVC's **encoders and decoders** are based on technology accumulated while the Company fulfilled a prominent role in the technological innovation of MPEG international standards for compressing and decompressing digital data. Praised for their world-class high image quality, small size and energy conservation qualities ideal for mobility, our encoders and decoders were delivered to four of the seven experimental terrestrial digital broadcasting stations in Japan and to DIRECTV Japan Management, Inc. for communications satellite (CS) broadcasts. With the digitization of BS transmissions to begin in December 2000, eight BS stations are earnestly setting up equipment to be ready by next spring. With the digitization of terrestrial broadcasting expected to follow soon after, JVC is increasing the number of marketing personnel with the aim of securing a dominant share of the market.

DVD archives provide a solution to videotape storage and maintenance problems at broadcasting stations. Utilizing karaoke disc-changing technology, a forte of the Professional Electronics business, our archives hold up to 600 DVDs, resolving such problems as space and searching.

In broadcasting-related fields, JVC is making efforts that include system engineering in **satellite video-on-demand systems**. These systems send image, music and text data to large-scale displays installed at restaurants and other places using excess bandwidth of satellite digital radio stations. McDonalds Japan has already commenced trial services and plans to fully deploy the system in the future. An effective advertising medium that accurately targets customers, demand is high for commercials and commercial frames that are shown in a portion of a display during regular programming. As revenues from advertising will cover most of the facility expenses, family restaurants and record store chains are enthusiastic about introducing the system. Expertly combining hardware and software into packaged proposals for this field, JVC is dedicated to developing this business into a field of solid growth.

Digital technology also contributes substantially to the field of security. Our **digital network systems** make possible the storage of surveillance images on DVD, eliminating the enormous cost associated with switching videotapes in conventional systems. A major security company that changes more than 10,000 videotapes every two days throughout Japan has decided to employ our system. The Company's proposal for a system that precisely matches customer needs was the deciding factor in winning the order. Extraordinary growth is highly anticipated for digital technology in the field of security.