

ENTERTAINMENT: **ACQUIRING CONTENT** FOR THE DIGITAL ERA

Demand is rapidly rising for high-quality content as progress is made toward multiple-channel television in Japan. In the audiovisual field, JVC is wholeheartedly promoting the acquisition of rights to high-quality works. The Company is also aggressively investing in the creation of multimedia content, a new field.

Amid a widening gap in sales between hit products and runner-ups in the Japanese **music field**, JVC has increased its ability to establish which works will receive the support of customers with a balanced approach by genre. Since 1995, the Company has selectively concentrated on boosting investment in hot sellers while handling a wide range of works with diverse appeal. As securing rights is a substantial forward-looking investment, JVC is continuously making concerted efforts to expand profitability to sufficiently cover future investments. We are promoting reductions in costs while preserving the ability to select successful works. Export of works by Japanese artists to Southeast Asia is a promising market. JVC is in position to pursue full-scale



Payback

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development of this opportunity as it monitors negotiations of the World Trade Organization (WTO) concerning copyright management.

In the **visual field**, the Company decided to acquire the rights to famous artist and major entertainment works last year. We aim to further improve investment efficiency with JVC Entertainment Inc., a company responsible for the planning, production and purchase of works targeted at the Japanese market. JVC will maximize its knack for discerning hit audiovisual products based on analysis of data acquired from its Group distribution company, which has only one competitor in Japan. In the visual field, the Company is examining the creation of independent programming for multiple-channel television.

In the **multimedia field**, we are bolstering our position in game software. Although software made in Japan is seldom distributed worldwide, game software exports are expected to skyrocket. As a result, JVC is focusing efforts on developing game software and pioneering overseas markets.



STRENGTHENING **PROPOSAL-BASED** **MARKETING** CAPABILITIES FOR DIGITAL AV NETWORKS

The digitization of audiovisual equipment and media is fostering new needs and enabling the bidirectional flow of information, blurring the distinction between consumer and professional products. Customization of products for specific applications is now possible, opening up avenues to more accurately meet consumer needs.

In April 1999, JVC established the Market Creation Division to expand sales of high-value-added digital products. It proposes systems centered on these products, including packaged products ranging from digital

video to personal computer software and projector presentation systems for untried corporate markets and information communications and software channels.

The Consumer Marketing Division is redoubling efforts to create regional specialty stores that sell our high-value-added products and improve relations with mass retailers. The Professional Products & Systems Marketing Division aims to increase sales of advanced and highly specialized systems by reinforcing its national network of systems dealers and aggressively developing user support.

Ahead in **Environmental** Fields

In 1992, JVC proclaimed its fundamental policy on the environment, and aims for sustainable development while making efforts to preserve the global environment in all business activities, as a corporate citizen of the international community. In 1998, we established Environmental Administration Divisions that include the Environmental Protection Department, the Environmental Management System Promotion Department for acquisition of ISO 14001 certification, and the Recycling System Promotion Department. All 14 of our domestic production facilities have acquired ISO 14001 certification. JVC plans to acquire the same certification for 12 overseas bases by spring 2001. Five overseas bases have already acquired certification.

In 1994, JVC preceded the industry in discontinuing the use of specific chlorofluorocarbons, and, in 1997, terminating the use of chlorine-based organic solvents. The Company has pioneered the development of energy-saving products by setting targets for reducing standby energy consumption of televisions and VCRs. Technology for making products smaller has also contributed to reductions in the number of components, energy usage and raw materials. In 1999, we developed the world's first halogen-free build-up multilayer printed wiring board that contains negligible amounts of halogen, a source of such harmful substance emissions as dioxin. Based on these extensive accomplishments, JVC will make every effort to continue leading the industry in environmental technology.