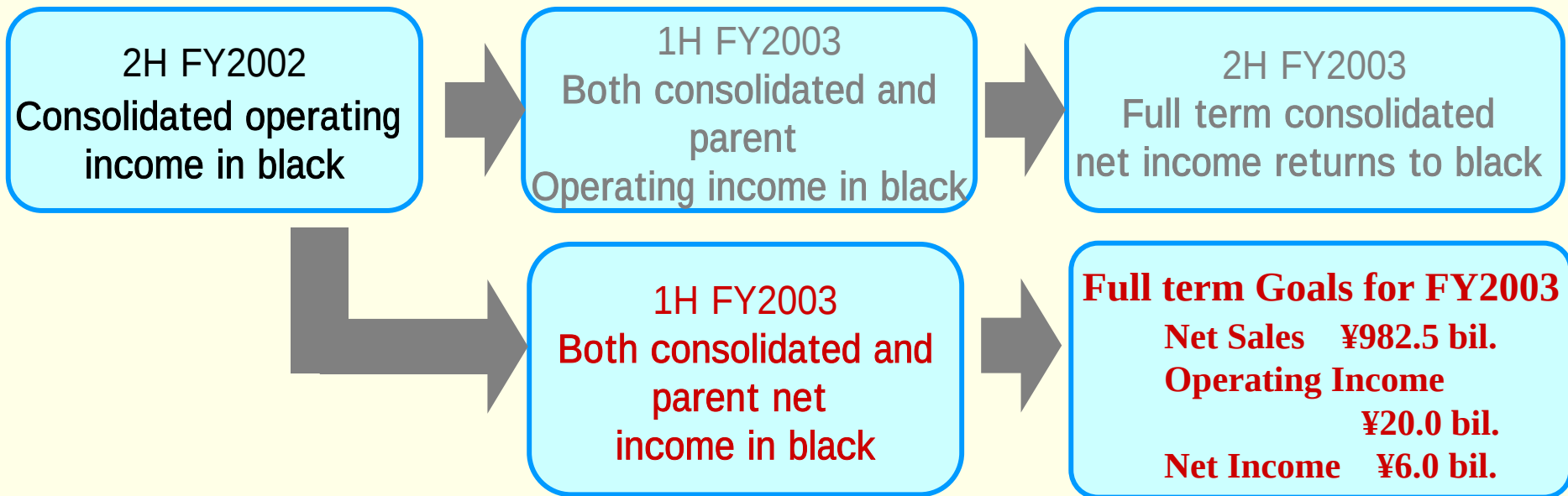


FY2003 Objectives



Full term goal for FY2003 achieved in first half.

Management Measures

- Continue business restructuring
- Improve profitability by lowering breakeven point
- Improve marginal profit ratio and productivity

Acceleration of Growth Strategy

- Focus on priority businesses
 - High-Definition Displays
 - Networkable AV Systems
 - Digital HD Storage
 - Components
 - Entertainment

Priorities for FY2003

Progress in 1H FY2003

Consumer Electronics

Global organization necessary to realize the optimization of development/production and sales locations
Reduction of fixed costs through employment structural reform
Measures to strengthen domestic sales organization
Centralization of manufacturing at Yokosuka factory to improve productivity and quality

In progress

Completed with the implementation of the early retirement program

Double Sales YoY

In Progress. Consolidating manufacturing functions (Production Engineering, Purchasing, Quality Assurance. etc) at Yokosuka plant

Industrial Electronics

Accelerating the shift to overseas production (Goal: overseas production ratio of 40%)
Focus on priority businesses through structural reform
Decreasing the number of products from 1700 to 1100

Overseas production ratio of 38%

Focus on Security/Presentation/Network/ Solution fields

Number of products reduced to 1509

Components & Devices

Expansion of Optical Pickup and Motor business
Global organization necessary to realize the optimization of development/production and sales locations
Reduction of fixed costs through employment structural reform
Withdrawal from Magnetic Head business, reduction of Crystal Oscillator Device business

Sales increase vs FY2001: Motor 113%, Optical Pickup 104%

In progress

Completed with the implementation of the early retirement program

Withdrawal from Crystal Oscillator Devices Business and Koriyama factory to close

Entertainment

Integration of 2 US plants
Employment structural reform in Media business
Dramatic reform of Film/Game business
Improve earning power in Music business

Closure of Sacramento factory , completion of integration of 2US plants

Completed with the implementation of the early retirement program

Withdrawal from Film business (production and distribution), and reduction of Game business

In progress

Aim to lower FY2003 breakeven point to ¥500 bil. in FY2003

Completion of Restructuring

Reorganization
of business/
business base

Withdrawal from Magnetic Head Business and Reduction
of Crystal Oscillator Device Business
Withdrawal from Film Business (production and distribution),
and Reduction of Game Business
Integration of Disk Production Bases in US



Completed in 1H FY2003

Employment
structural reform

Improve global competitiveness by implementing
domestic structural reform
(Number of Workforce Reduced to 8,200)



Completed in 1H FY2003

Commitment to continued restructuring

Re-basing the business

Reduction of
inventory

Reduction of Inventory Turnover to Less than 30 Days
(Inventory Turnover to 38 Days by the End of March 2003)



Reduced to 47 days in 1H FY2003
(Target was 48 days: surpassed target by
1 day)

Reduction of
procurement
costs

Reduction of Procurement Costs and Value Engineering (VE)
by 20% within Fiscal 2003



In progress. Exceed 1H FY2003 target
(Reduced procurement costs by ¥19.6 bn
Vs target of ¥16.6 bn)

Realignment of
manufacturing
facilities

Implementing goal of completing development and
Manufacturing in 6-months
Clearly shifting focus of domestic plants to consolidating
manufacturing functions at Yokosuka plant



In progress to make Yokosuka plant as
manufacturing center and transfer of
manufacturing facilities to Yokosuka

