

For Immediate Release:

May 26, 2008

**JVC Announces Spin-Off of Recordable Media Business and
Start of Joint Venture with Partial Share Transfer to Taiyo Yuden Co., Ltd.**

At the Board of Directors' meeting held on May 26, 2008, Victor Company of Japan, Limited (JVC) adopted resolutions to spin off its recordable media business to a new company, Victor Advanced Media Co., Ltd. and to transfer a portion of the new company's shares to Taiyo Yuden Co., Ltd. as described in the following.

Some disclosure items and content have been omitted since JVC is creating the new spin-off company independently.

Description

1. Objectives

Under its new Medium-term Management Plan, JVC is currently reforming its business structure and management foundation by focusing on consumer electronics, professional systems, and entertainment as its three future core businesses. These reforms include concentrated efforts to strengthen these core businesses, as well as fundamental review of other businesses.

In the process of JVC's investigation of thorough structural reforms the company considered the transfer or spin-off of its recordable media business.

As a result, JVC decided to spin-off this business to the new company Victor Advanced Media Co., Ltd. and transfer a portion of the shares of this company to Taiyo Yuden Co., Ltd. JVC judged this to be the best option for business continuity. It will also make maximum use of the brand strength, technology, and know-how that JVC has cultivated up to the present; ensure continuity in responsibility for product supply to existing customers; and secure the employment of JVC personnel working in the recordable media business.

The subject of the share transfer is JVC's recordable media business.

2. Schedule for spin-off and transfer:

Directors' meeting to approve spin-off	May 26, 2008 (Mon)
Conclusion of spin-off contract	May 26, 2008 (Mon)
Shareholders meeting for approval of spin-off	* A shareholders meeting will not be held since this is a simple spin-off.
Conclusion of share transfer contract	May 26, 2008 (Mon)
Planned spin-off date (effective date)	July 1, 2008 (Tue) (planned)
Share transfer date	Oct. 1, 2008 (Wed) (planned)

3. Outline of companies participating in the spin-off

(1) Name	Victor Company of Japan, Limited (parent company) (As of March 31, 2008)	Victor Advanced Media Co., Ltd. (new company) (planned status after spin-off)
(2) Business lines	Research, development, manufacturing, and sales of audio, visual, and computer-related consumer and professional electronics, magnetic tapes, discs, etc.	Development, manufacturing, sales, and other related operations for Victor and JVC brand recording media (tapes, optical discs)
(3) Date established	September 13, 1927	July 1, 2008
(4) Head office	12, Moriya-cho 3-chome, Yokohama, Kanagawa	1-7-1 Shimbashi, Minato-ku, Tokyo
(5) Representative	President and Representative Director Kunihiko Sato	Senior Managing Director and Representative Director Akira Suda
(6) Paid-in capital	¥51,615 million	¥200 million
(7) Outstanding shares	361,923,000	19,000
(8) Net assets	¥114,126 million (consolidated)	¥950 million (non-consolidated)
(9) Total assets	¥315,003 million (consolidated)	¥4,743 million (non-consolidated)
(10) Fiscal year end	March 31	March 31
(11) No. of employees	19,044 (consolidated)	119
(12) Major customers	YAMADA-DENKI Co., Ltd., Others in Japan and worldwide	YAMADA-DENKI Co., Ltd., Others in Japan and worldwide

(13) Principal shareholders and shareholding ratio	Matsushita Electric Industrial Co. Ltd.: 36.81%	Victor Company of Japan, Limited: 100.00%
(14) Main bank	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Banking Corporation
(15) Relationships between the involved companies	Capital	JVC holds 100% of the outstanding shares of the new company.
	Personnel	Directors and auditors will be dispatched from JVC.
	Transactions	JVC and its subsidiaries will sell products handled by the new company.

(16) Financial results for the most recent three fiscal years

Fiscal year end	Victor Company of Japan, Limited (parent company) (consolidated)		
	March 2006	March 2007	March 2008
Total sales*	806,899	742,685	658,499
Operating income (loss)*	(6,890)	(5,656)	3,262
Ordinary income (loss)*	(15,038)	(11,695)	(7,951)
Net income (loss)*	(30,607)	(7,891)	(47,521)
Net income (loss) per share (yen)	(120.50)	(31.07)	(147.09)
Dividend per share (yen)	—	—	—
Net assets per share (yen)	536.61	515.22	309.03

(*Unit: million yen)

4. Description of business to be spun off

(1) Content of business to be spun off:

Development, manufacturing, and sales of magnetic tapes and optical discs for recording purposes, and other incidental operations.

(2) Financial results of the business to be spun off (fiscal year ending March 2008):

	Business being spun off (a)	JVC (b)	Ratio (a/b)
Sales	16,922	658,499	2.5%
Gross income (loss)	2,495	221,924	1.1%
Operating income (loss)	(2,325)	3,262	-
Ordinary income (loss)	(2,703)	(7,951)	-

(Unit: million yen)

(3) Assets to be transferred, liabilities, and their values (planned for July 1, 2008):

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current assets	4,661	Current liabilities	3,793
Fixed assets	82		
Total	4,743	Total	3,793

(Unit: million yen)

5 Listed company status after spin-off

(1) Name, business lines, head office, representative, paid-in capital, net assets, fiscal year end, overall accounting processing:

No changes as a result of the spin-off.

(2) Total assets:

Change caused by the spin-off is expected to be extremely minor.

(3) Impact on financial results:

The impact is expected to be minor.

6. Description of the partial share transfer (subsidiary transfer)

(1) Method for the partial share transfer:

On July 1, 2008, JVC will spin-off its recordable media business and establish a new company with a 100% capital investment (Victor Advanced Media Co., Ltd.) to carry out the development, manufacturing, and sales of Victor and JVC brand recording media (tapes and optical discs) and other incidental operations. JVC will subsequently transfer 65% of the shares of the new company to Taiyo Yuden Co., Ltd.

(2) Transfer value and settlement method:

The transfer value is to be determined based on the assessed value of the business as of the end of September, and the payment will be made in cash.

(3) Transfer of employees:

The related employees will resign from JVC to be newly hired by the new company.

7. Overview of recipient of share transfer

- | | |
|----------------------|---|
| (1) Name | Taiyo Yuden Co., Ltd. |
| (2) Business lines | Production and sales of condensers, ferrite products, modules, recordable media, etc. |
| (3) Date established | March 23, 1950 |
| (4) Head office | 6-16-20, Ueno, Taito-ku, Tokyo |
| (5) Representative | Yoshiro Kanzaki, President and CEO |

- (6) Paid-in capital ¥23.555 billion
(7) Relationship with JVC No capital or personnel relationships with JVC.

8. Future implications

The transfer value will be disclosed as soon as it is determined, along with the effects on the results for the current fiscal year.

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