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## PRESS Release

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For Immediate Release:

February 28, 2008

# JVC Announces the Spin-Off by Demerger and Business Transfer of its Motor Division

Victor Company of Japan, Limited (JVC) adopted a resolution at the Board of Directors meeting held on February 27, 2008 to spin off its Motor Division as of March 31, 2008, and transfer its motor business to a newly established company, JVC Motor Company, Limited, after the spin-off, as described below.

## Description

### 1. Objectives of the demerger

JVC is currently reforming the company's business structure and management foundation by focusing on consumer electronics, professional electronics and entertainment as its three future core businesses, under the management reconstruction plan, Action Plan 2007.

As part of Action Plan 2007 regarding the components business, JVC has planned fundamental structural reforms in each business area including business transfer and spin-off. Among these, in the Components and Devices Business, JVC and Japan Industrial Partners, Inc. (hereafter referred to as JIP) have been discussing and considering a transfer of JVC's motor business where spindle motors installed in hard disk drives (HDD) / floppy disk drives (FDD) for IT devices are manufactured and sold.

The JVC Motor Division Fujieda Plant and the Motor Division of its manufacturing company, JVC Components (Thailand) Co. Ltd. (JCT) are subject to the transfer.

It was concluded that the transfer to an investment fund managed by JIP (hereafter referred to as JIP Fund) will make maximum use of the technology and know-how built up by JVC and will best ensure continued expansion into the growing market. It was also determined that the transfer will ensure continuity in the responsibility of product supply to existing customers, as well as enhance the job security of JVC employees working in the motor business. The decision is also consistent with the direction of the reforms under Action Plan 2007.

The decision is consistent with the direction of the reforms under Action Plan 2007. The business transfer will allow JVC to concentrate its management resources on its core businesses, namely, consumer electronics, professional electronics, and entertainment. It enables JVC to commit itself to further rebuilding the entire company through business selection and concentration.

## 2. Details of the Business Transfer

(1) Transfer method:

The JVC motor business will receive an investment from JIP Fund and establish a new company.

(JVC will provide 100% of the investment to establish "JVC Motor Co., Ltd." and spin off the motor business (Fujieda Plant and the JCT Motor Division) to this company, following which the entire stock will be transferred to another new company established by JIP Fund.)

(2) Transfer value and settlement method:

The transfer value is determined based on the business appraisal at the end of March 2008. The payment will be made in cash.

(3) Transfer of employees:

The workforce (194 employees) will first resign from JVC and then be hired by the new company established by JIP Fund.

## 3. Overview of the recipient of the business transfer

(1) Name: Japan Industrial Partners, Inc.

(2) Core businesses: Management of funds for business reorganization, and related services

(3) Date of establishment: November 1, 2002

(4) Location of head office: Meiji Yasuda Seimei Bldg. 9th Floor, 2-1-1 Marunouchi, Chiyoda-ku, Tokyo

(5) Executive officers: Representative Director and President Hidemi Moue

(6) Capital: One hundred million yen

(7) Large shareholder structure: Mizuho Securities Co., Ltd.

Bain & Company Japan, Incorporated

NTT Data Corporation

(8) Relationship with JVC: The company has no capital or personal relationships with JVC.

## 5. 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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