

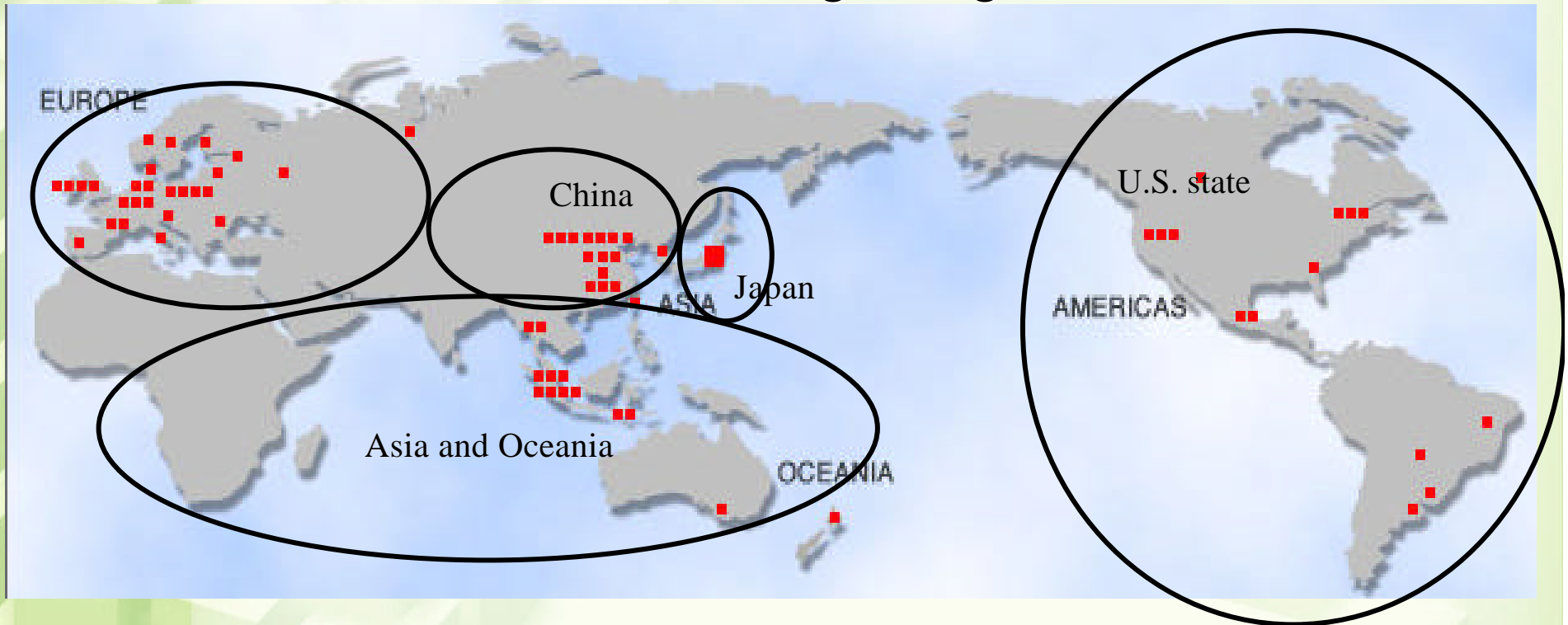


the Logistics Strategy of JVC

Role of WMS

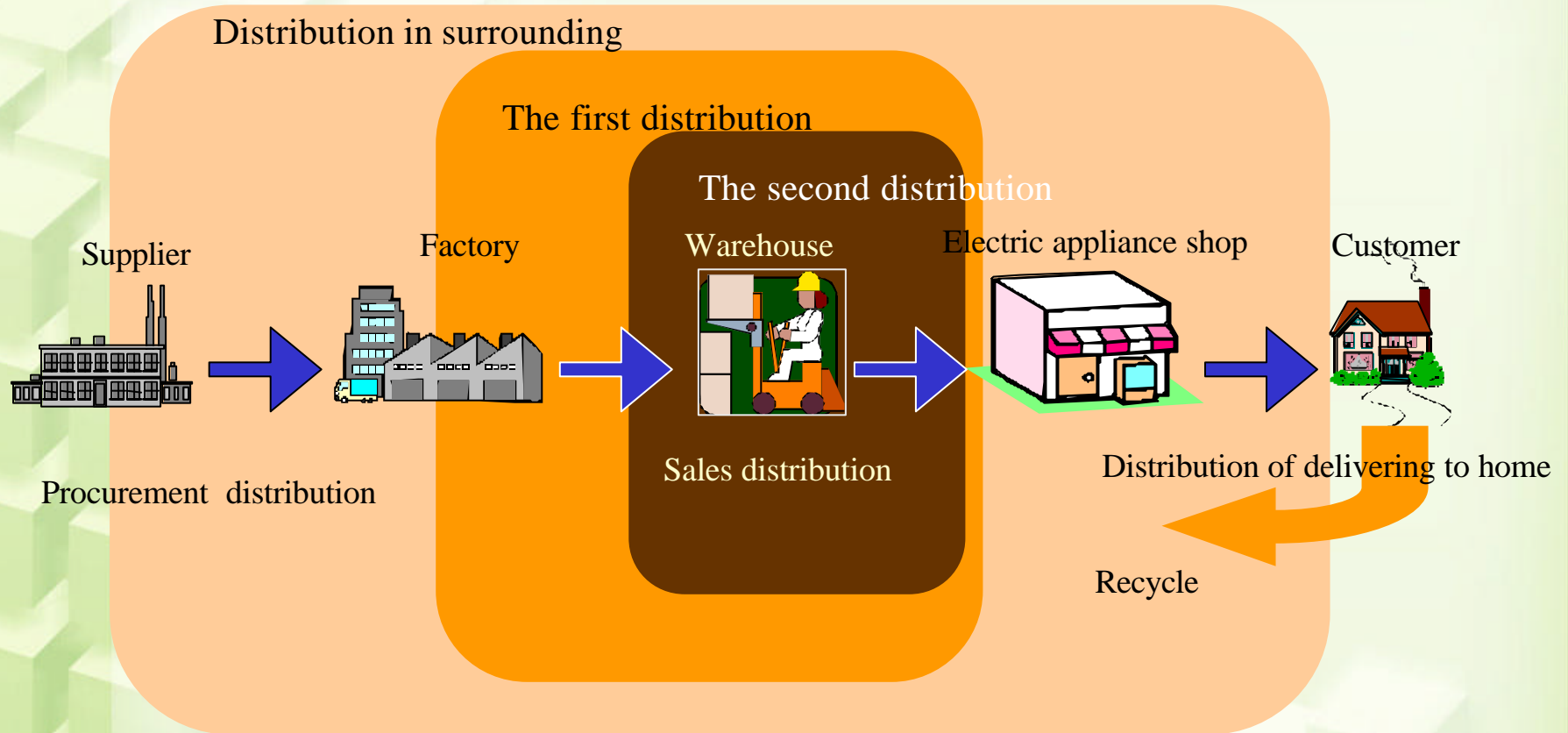
Logistics strategy of JVC 1

Efficiency improvement of 5 pole in the world distribution and the best distribution making in region



Logistics strategy of JVC

Expansion of working area



Each as a professional group that supports for seamless and high-quality, low-cost distribution service.

Logistics strategy of JVC

Device to continuing cost reduction

? Management from cost center to profit center

? New Information system and network

? Use of the New distribution technology

? Whole optimization and individual, best coexisting

? Fee system of improvement inducement type

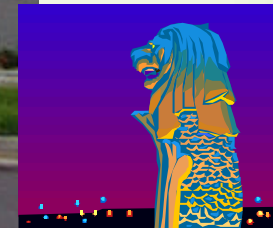


Challenge to endless cost reduction

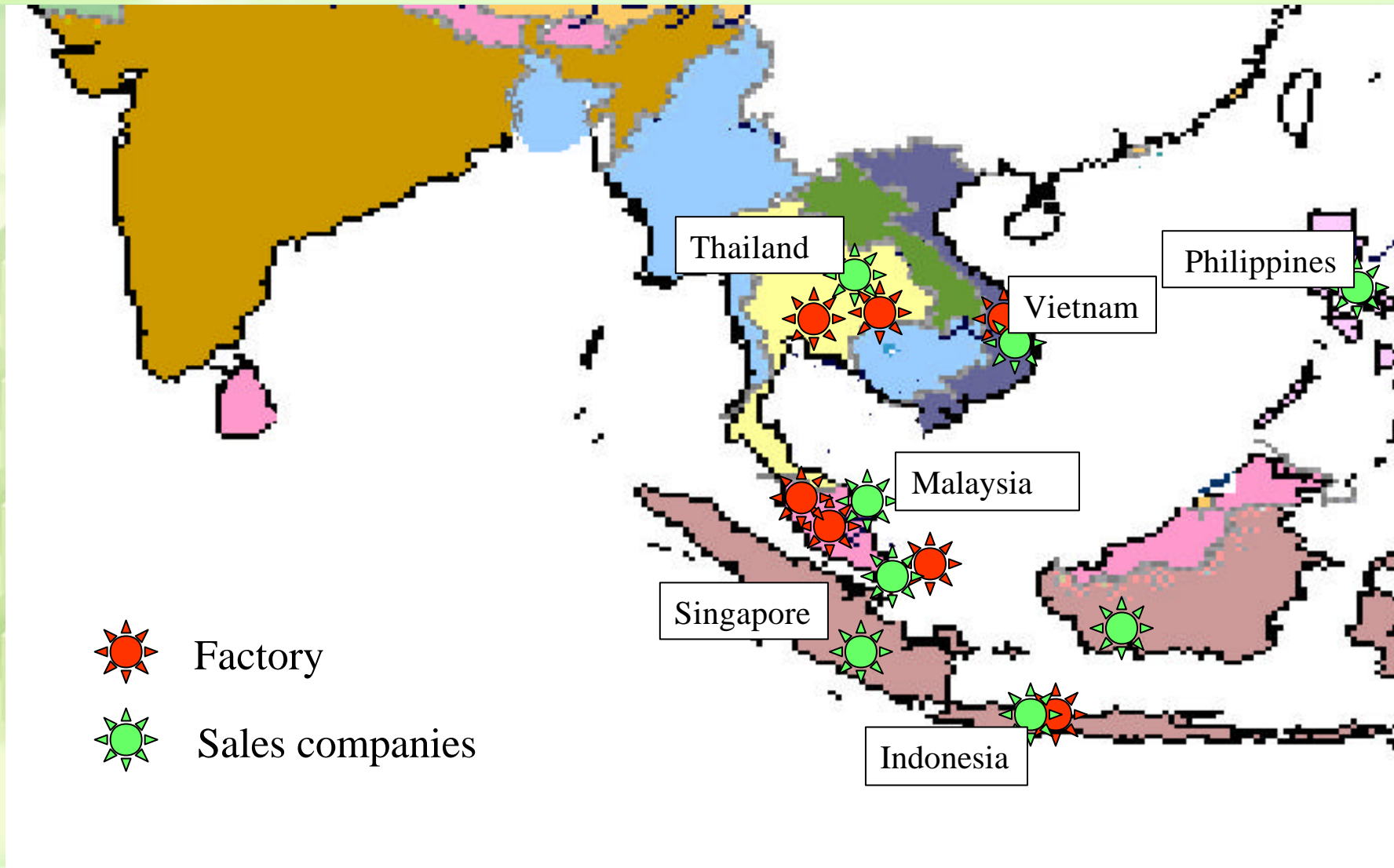


Asian distribution center establishment

JVC ASIA LOGISTICS CENTER

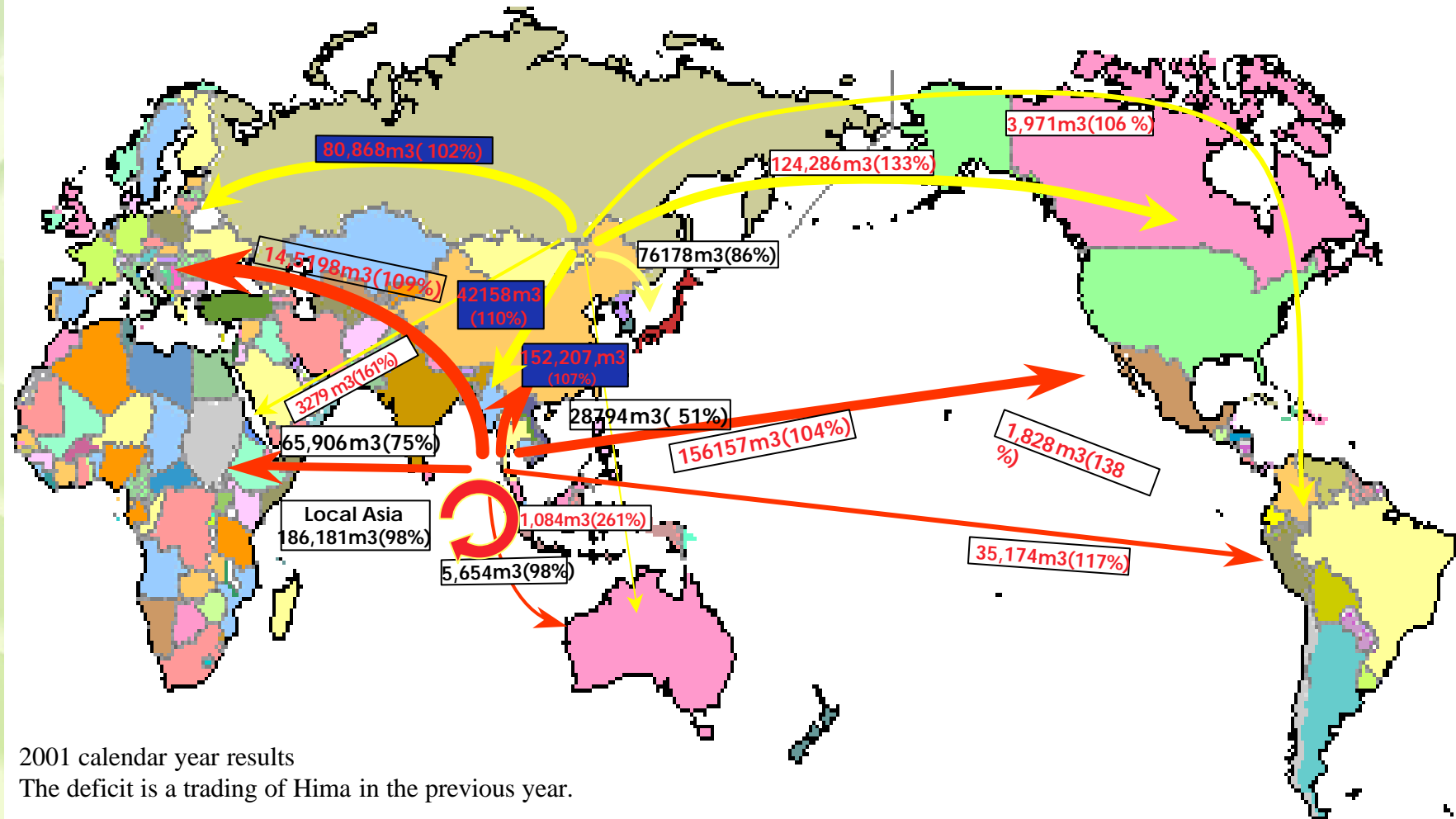


JVC of Southeast Asia



Asia is Large production base of JVC

The shipping side is a key to the cost management.



In results () year of 2000, compared with the previous year.



Establishment purpose

JVC ASIA LOGISTICS CENTER

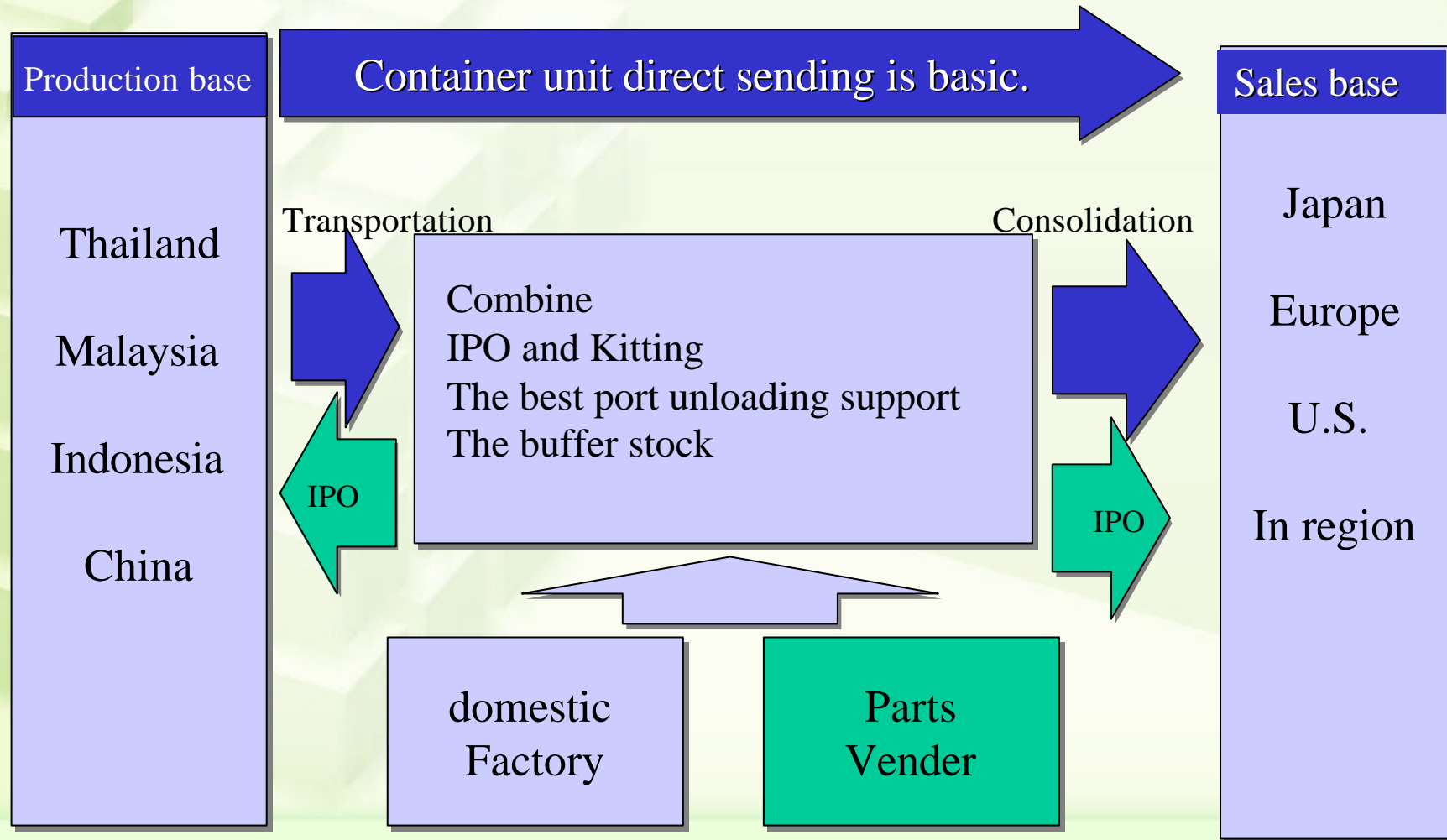
Hub center of a global JVC logistics

**Efficient logistics in a Southeast Asian region
Whole of distribution in the region optimization**

**The supply chain is supported.
All of the parts, kit and the final product are handled**

**Division company
the independent responsibility management**

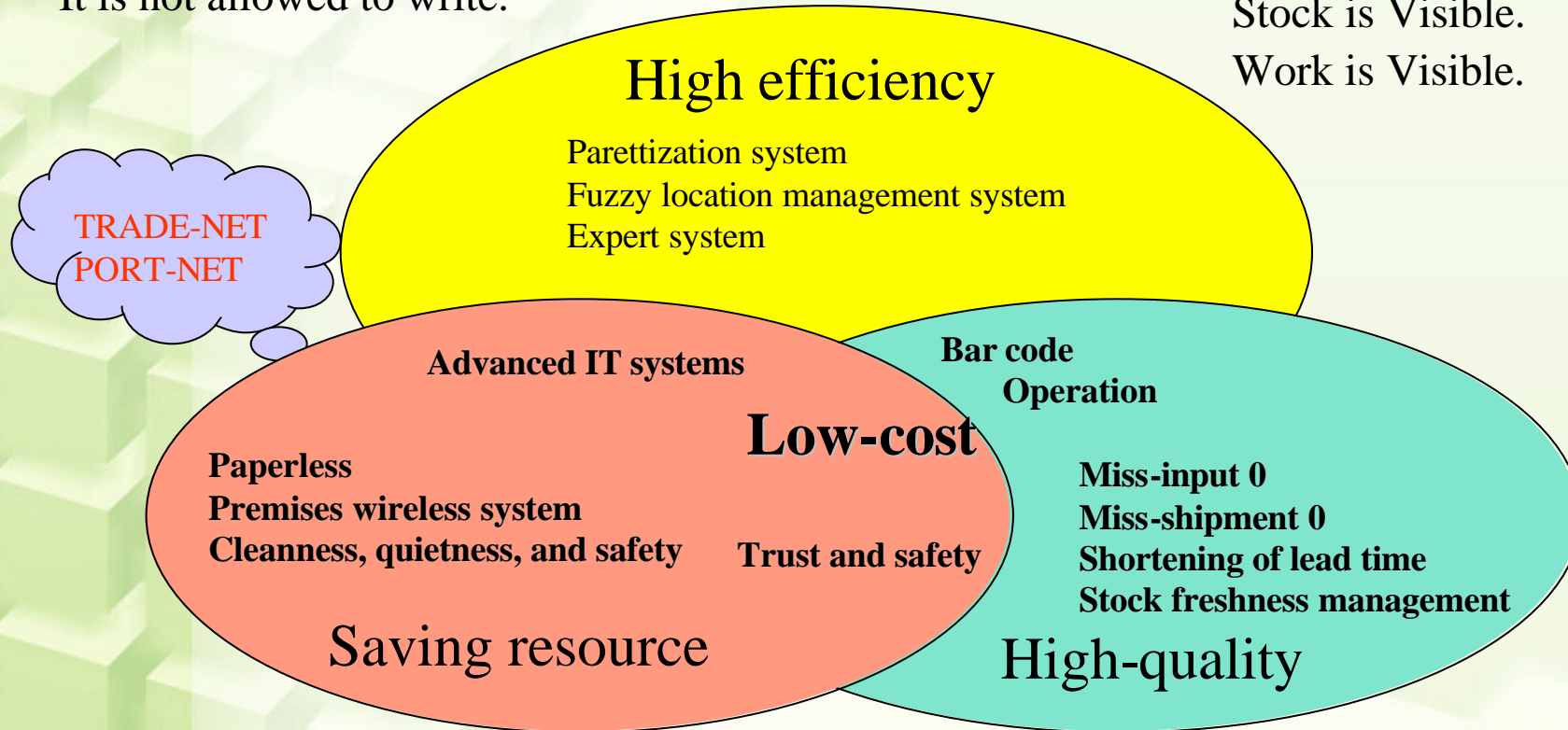
Function of Asian logistics center



Philosophy at logistics center

It is not allowed to think.
It is not allowed to look for.
It is not allowed to write.

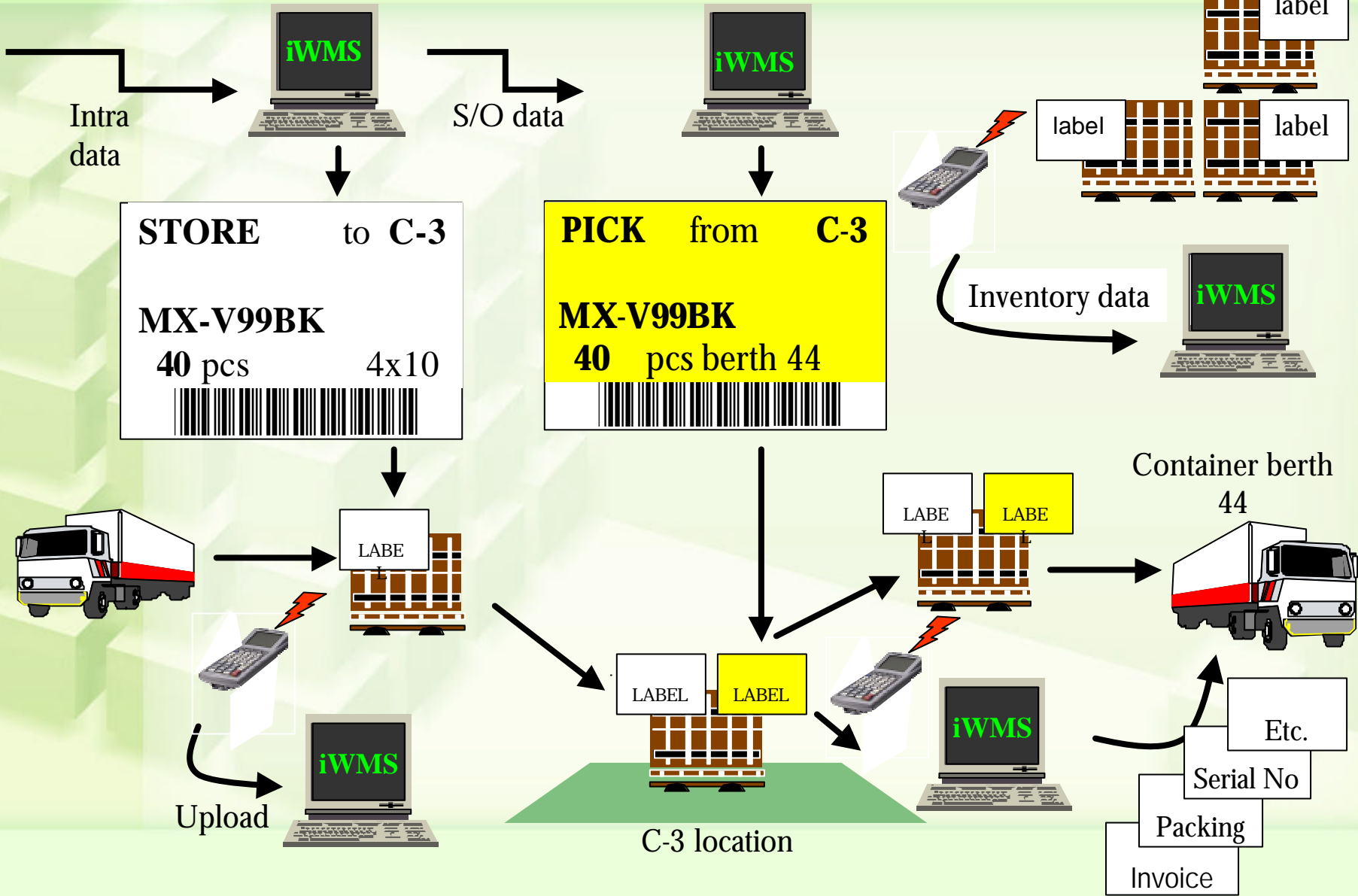
Out and In is Visible.
Stock is Visible.
Work is Visible.



Stock

Delivery

Inventory



Example of expert system: Stock label

Kind of palette

How to putting on palette

STORE TO PALLET S-07F1D
TM-H1900GE PAGE: 2/3

CTN-MODEL: TM-H1900G CARTON: 1

QTY: **6** (6+0)

PALLET: **EUR** **2x3**

ETA-DATE: 24/08/'02
INCOM-ID: 4061SG50G02-01

LOADING: SINGAPORE(SWS)
RCVKEY: 7549-2

PALLET-ID: **30619**
ACCEPTKEY: 5053



NOTES:



0046838206770000060000000000306191

Review of establishment

| | | | |
|-------------------------|-----------|----------|------|
| investment | 28.5MS\$ | 28MS\$ | -0.5 |
| Operation start | 07/'1998 | 06/'1998 | -1 |
| making profit | year 2nd | year 2nd | |
| Accumulation loss redem | year 7th | year 2nd | -5 |
| investment collect | year 16th | year 8th | -8 |
| Land lease | 30 year | 60 year | |

- ?Full operation immediately after establishment
- ?Asian crisis is a follow wind. (various measures of Singapore government)
- ? It is a loan paying off expectation in year eighth.



Absorption of distribution know-how of overseas production base
 Absorption of know-how of part distribution
 From the next shipment to the day system of the next shipment during the
 Reliability improvement from base at load receiving destination
 Start the domestic cargo collection and delivery function
 Promotion of distribution processing



European distribution center establishment

JVC LOGISTICS EUROPE



JVC

Establishment purpose

Hub center of European JVC logistics.

Distribution support of selling company in EU region

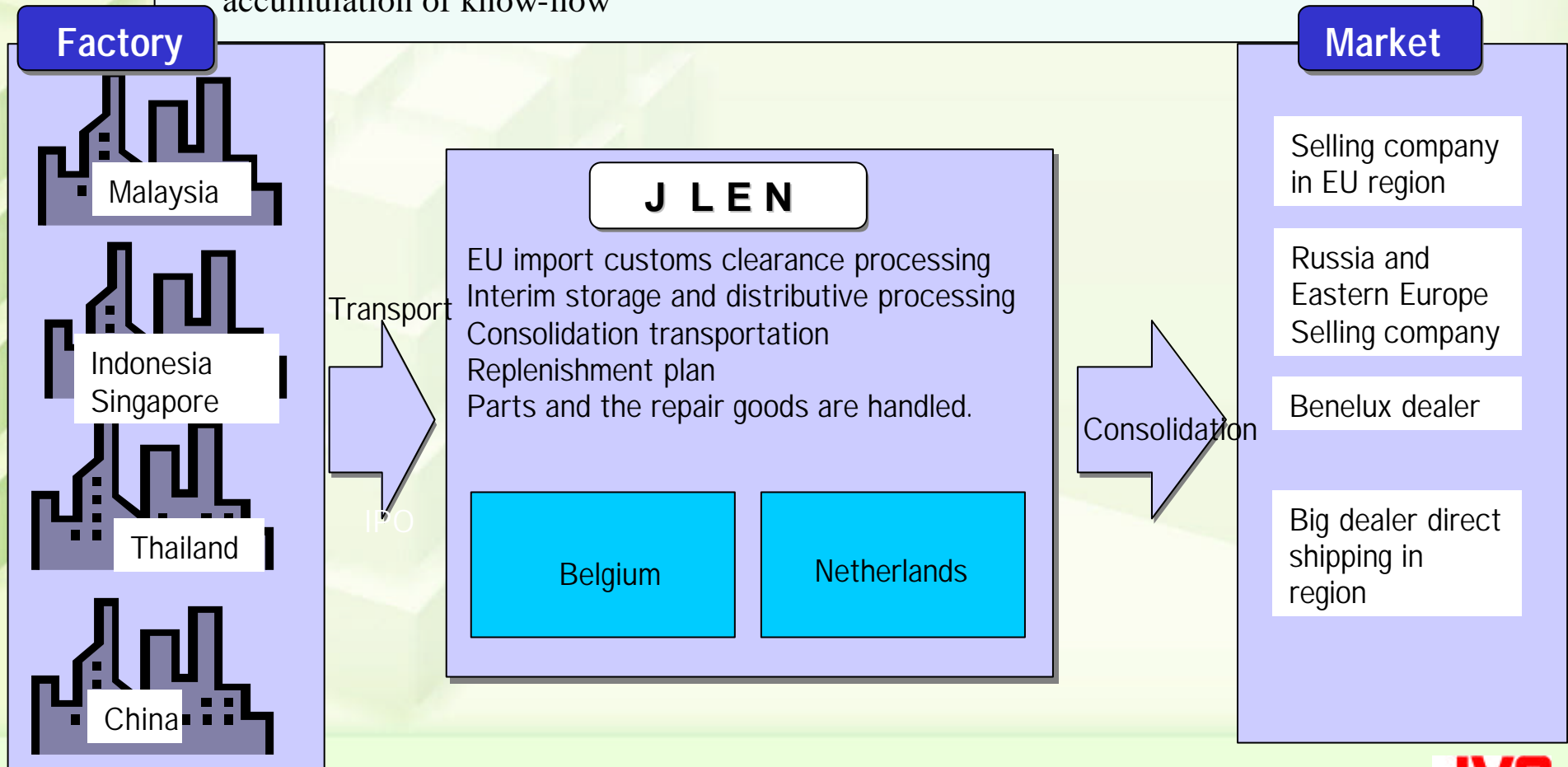
Rationalization and efficiency improvement of logistics

Professional logistics group of independence

Function of European distribution center

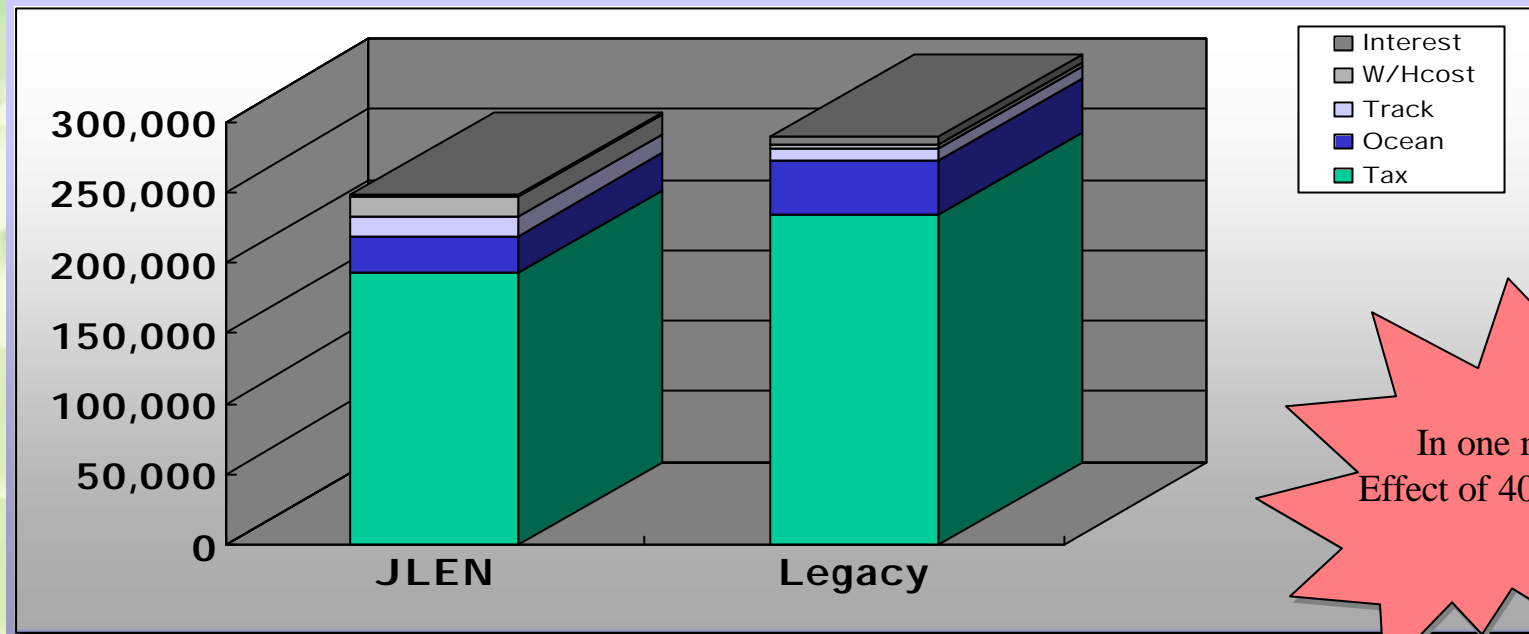
Distribution strategy plan and promotion in basic function

- ? European region
- ? Distribution support of selling company in region
- ? Import customs clearance processing in EU region (tax-avoidance of tariff)
- ? Cost reduction by making to cooperation and running own operation and accumulation of know-how



Establishment advantage

Example in tax-saving and effect of cost reduction in May, '98

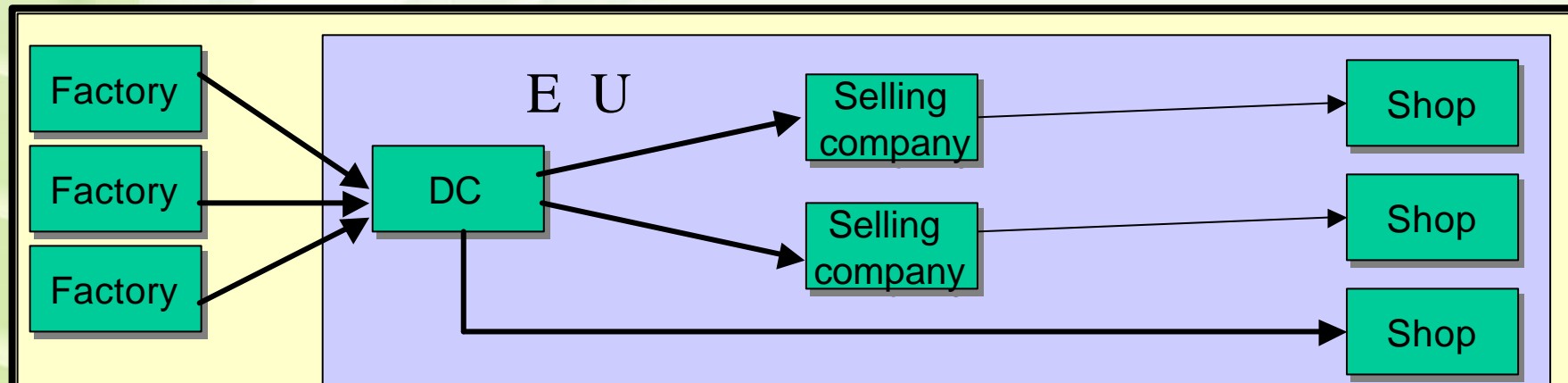
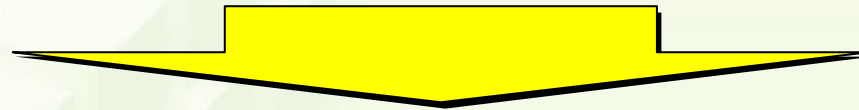
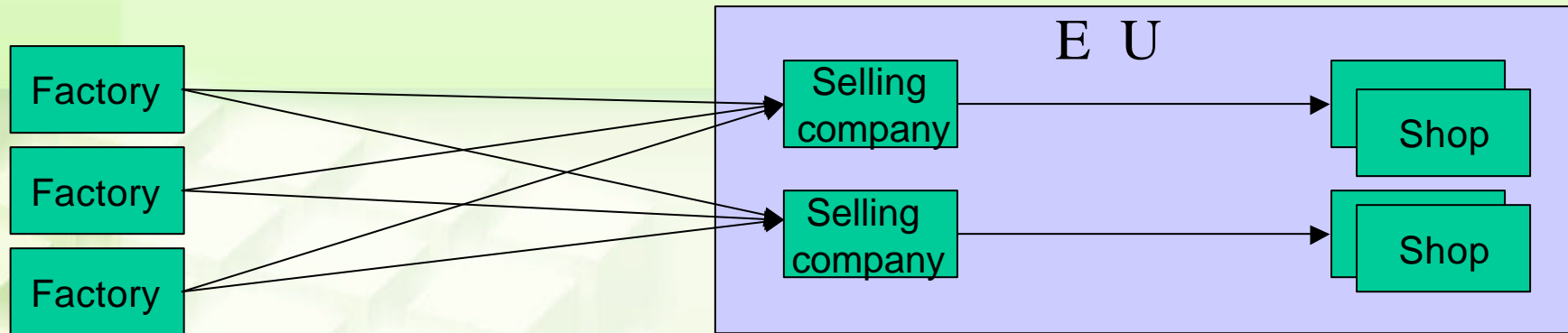


In one month
Effect of 40 million.

(1000 yen)

| | JLEN | Legacy | Advantage | Remarks |
|--------------|----------------|----------------|---------------|------------------|
| Interest | 1,297 | 5,387 | 4,090 | japan side stock |
| W/Hcost | 13,987 | 3,483 | -10,504 | |
| delivery | 13,821 | 8,419 | -5,402 | |
| Ocean | 26,697 | 38,168 | 11,471 | |
| Tax | 192,148 | 233,194 | 41,046 | |
| Total | 247,950 | 288,651 | 40,701 | |

Practice of logistics



Batch transportation

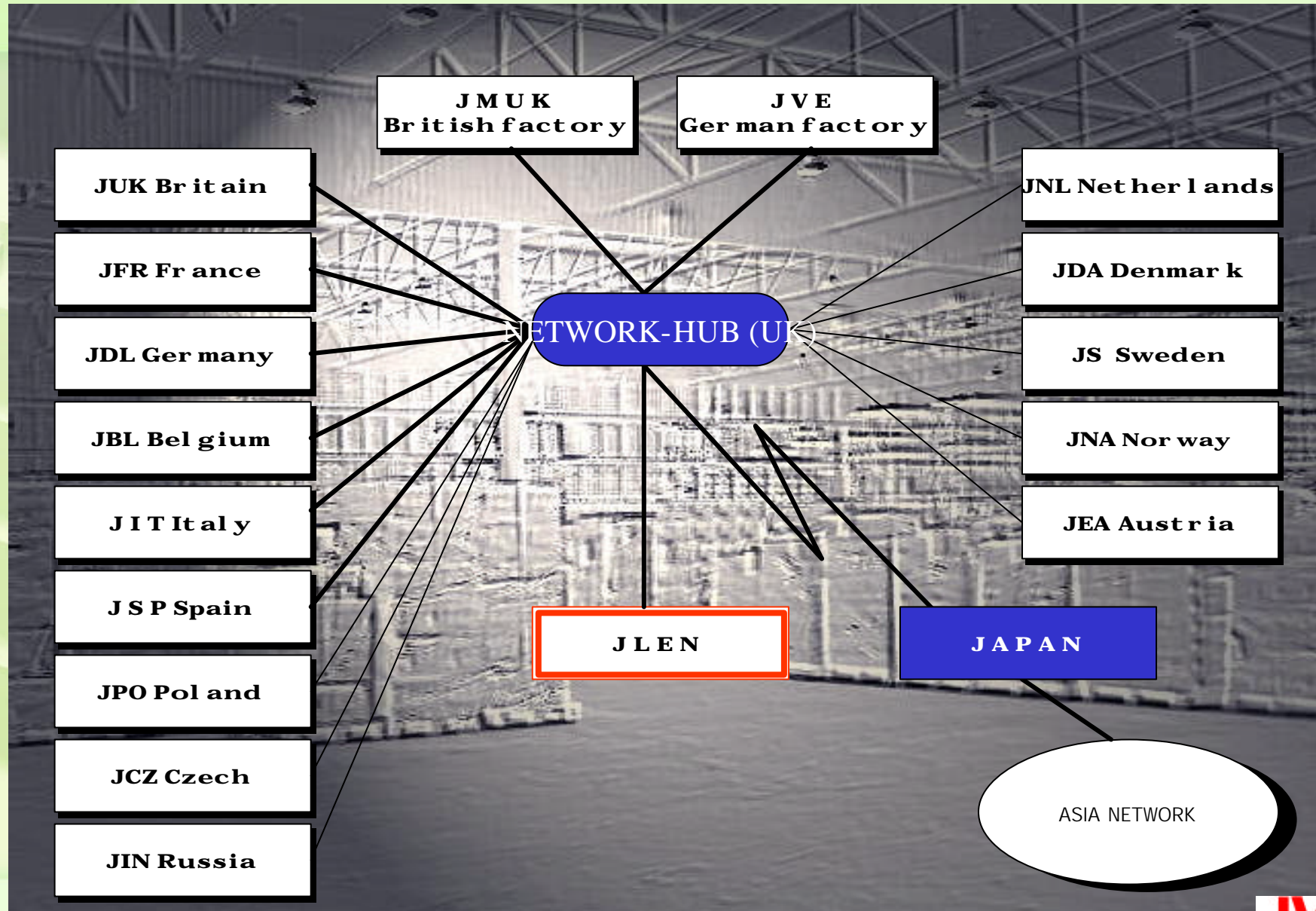
Line out shipping (stock 0)
 Ocean fee reduction
 Warehouse fee reduction

Batch import

Batch customs clearance
 Tax-saving
 customs clearance are unnecessary.
 Efficiency by palette operation

Shortening of lead time
 Transportation expense reduction
 distribution processing.

INFORMATION NETWORK(EUROPE)



Logistics Technology

Loose picking zone



Pallet rack zone



Flow rack for small item



Hot model zone



Monitoring system



Review of establishment

| | Plan | resarut | Difference |
|-------------------------|----------|----------|------------|
| operation start | 03/2003 | 03/2003 | |
| making proffit | year 1st | year 1st | |
| Accumulation loss redem | year 2nd | year 2nd | |
| investment collect | year 5th | year 5th | |

- ?Full operation immediately after establishment
- ?Warehouse 6000M2 enhancing of establishment
- ?Securing of term profit



- Absorption of know-how of Europe the 1st distribution
- Correspondence to the second distribution
- Reliability improvement from base at load receiving destination
- Promotion of distribution processing



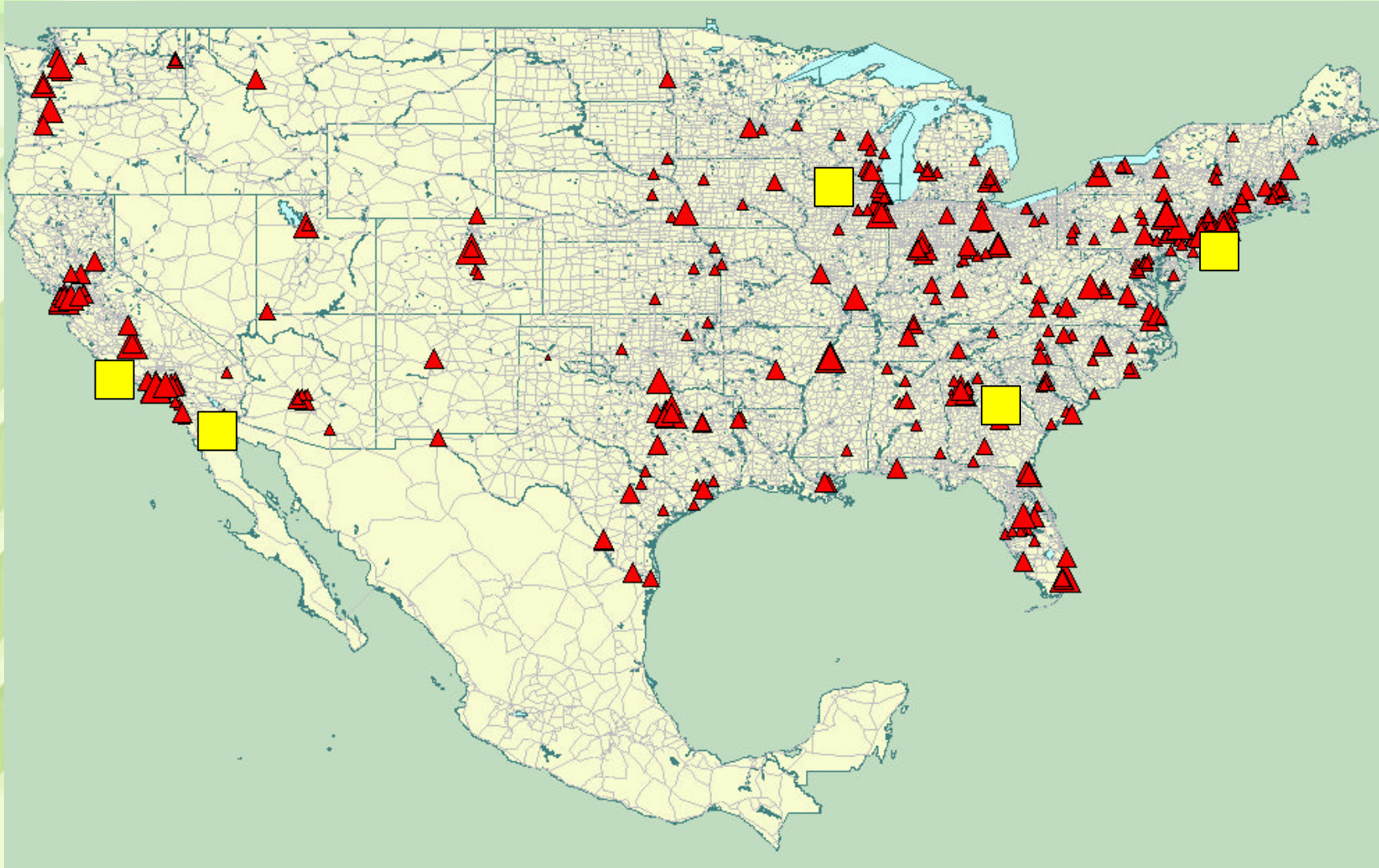
*U. S. distribution center
establishment*


JVC LOGISTICS AMERICA



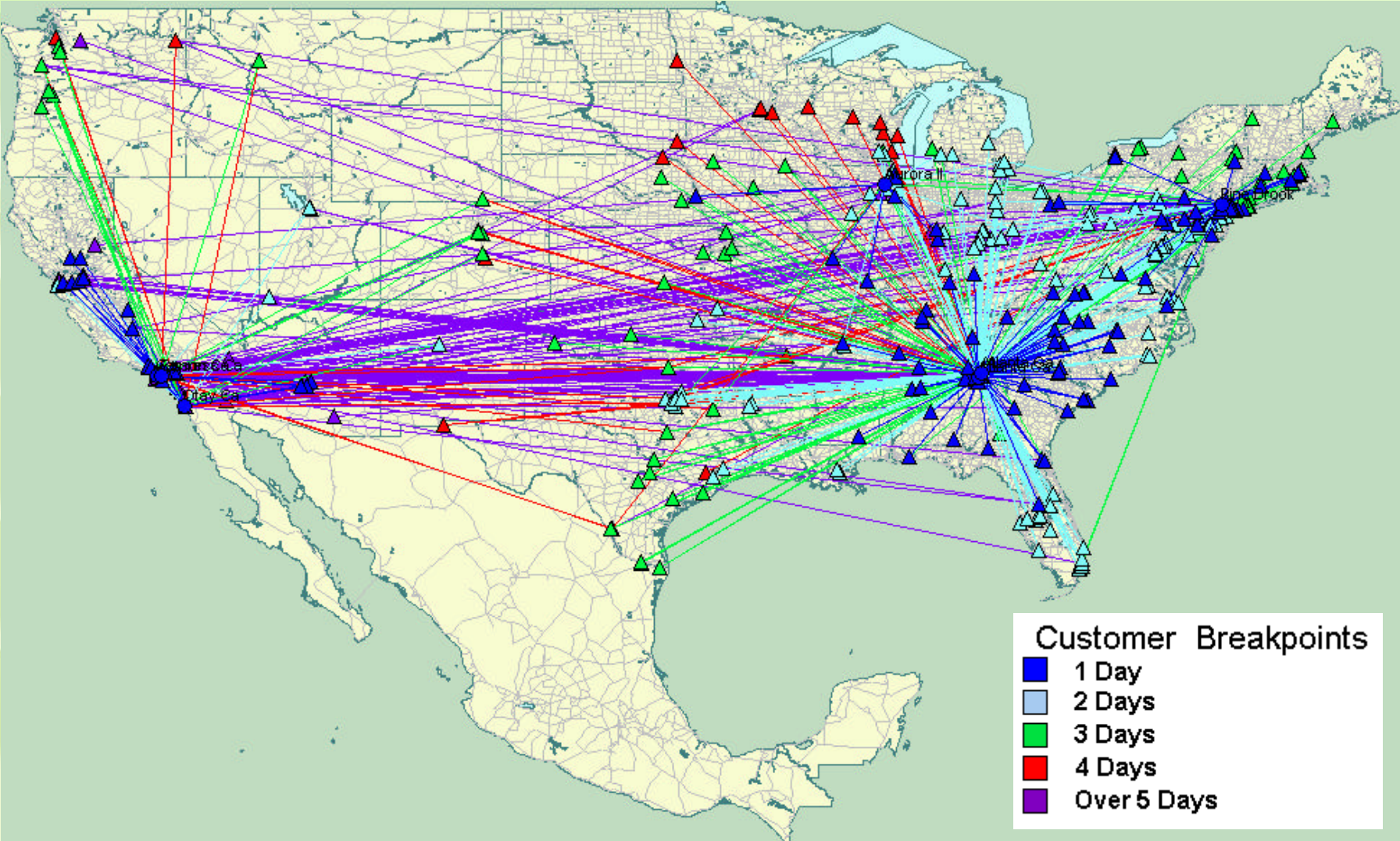
It is progressing now.

Customer Location (Volume)

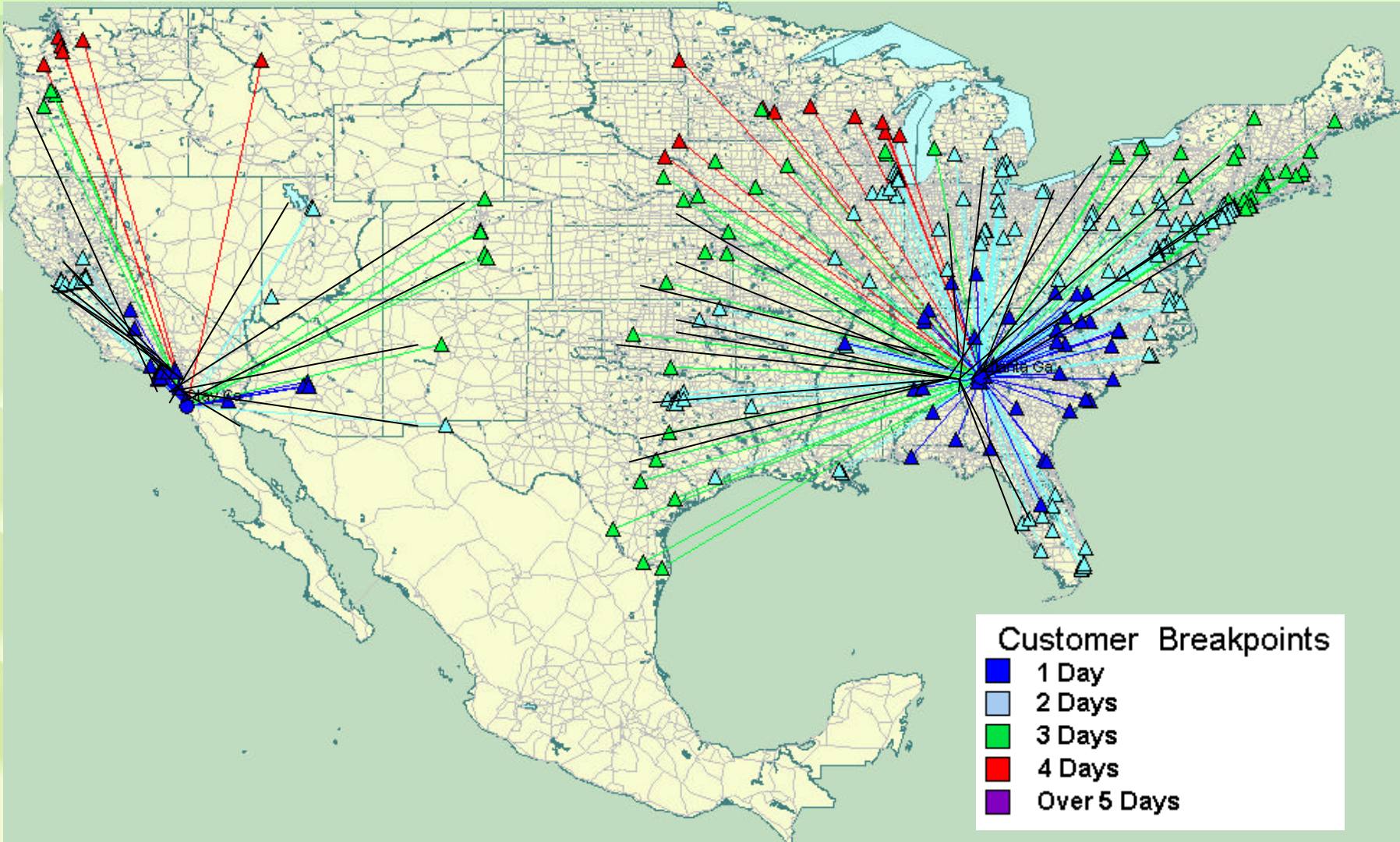


 =Distribution base

Current Distribution



Shipment optimization(two warehouses)

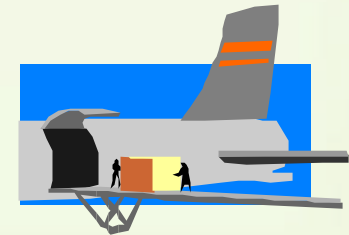
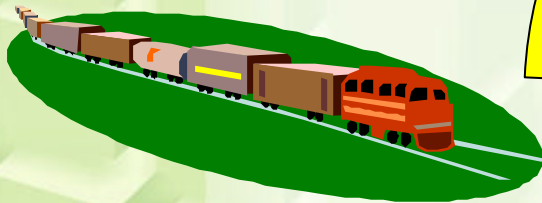


Two or more warehouses, and complex transportation and the factory distribution.

TV FACTORY



WC W/H



EC W/H



MW W/H

