

(Translation)

Securities Code: 6632  
May 29, 2015

**JVC KENWOOD Corporation**  
12, 3-chome, Moriya-cho, Kanagawa-ku,  
Yokohama-shi, Kanagawa

## **NOTICE OF CONVOCAION OF THE 7th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**Dear Shareholders,**

You are cordially invited to attend the 7th ordinary general meeting of shareholders of JVC KENWOOD Corporation (the "Company"), to be held on Friday, June 19, 2015. You will find more information about the meeting on page 2.

If you are unable to attend the meeting, you can exercise your voting rights in writing or by using electronic media (such as the Internet). After referring to the guide to exercising voting rights on page 3-4, as well as reviewing the reference documents on page 5-16, please exercise your voting rights by 6 p.m. on Thursday, June 18, 2015 (Japan time).

With Best Regards,

Haruo Kawahara  
Chairman  
(Representative Director of the Board)

This document has been translated from the Japanese original for reference purposes only. In the event of discrepancy between this translated document and the Japanese original, the original shall prevail. The company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

JVC KENWOOD Corporation is a Japanese company. The offer is subject to Japanese disclosure requirements that are different from those of the United States. The financial statements included herein have been prepared in accordance with Japanese accounting standards and thus they may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the companies are located in Japan, and some or all of their officers or directors are residents of Japan. You may not be able to sue the companies or their officers or directors in a Japanese court for violations of the U.S. securities laws. Finally, it may be difficult to compel the companies and their affiliates to subject themselves to a U.S. court's judgment.

**(Translation)**

**Details of the Meeting**

1. Date and Time: Friday, June 19, 2015 at 10 a.m.
2. Place: Shinagawa Intercity Hall  
15-4, 2-chome, Konan, Minato-ku, Tokyo
3. Agenda:
  - Matters to be Reported:
    1. Report on Business Report and Consolidated Financial Statements for the 7th Fiscal Year (From April 1, 2014 to March 31, 2015) and the Audit Reports on the Consolidated Financial Statements from the Accounting Auditor and the Board of Statutory Auditors
    2. Report on the Non-consolidated Financial Statements for the 7th Fiscal Year (From April 1, 2014 to March 31, 2015)
  - Matters to be Resolved:
    - Proposal No. 1: Election of Eight (8) Directors
    - Proposal No. 2: Election of One (1) Substitute Statutory Auditor

- The business report, the consolidated financial statements, the non-consolidated financial statements, the accounting audit report, the statutory auditors' report, and the reference material for the meeting to be attached to this Notice are presented from page 17 through page 45. Notes to the consolidated financial statements and notes to the non-consolidated financial statements are not described in the documents attached to this notice, since they are posted on the Company's website.  
<http://www.jvckenwood.com/ir/stock/stockholder/>  
This is pursuant to laws and regulations and Article 15 of the Company's Articles of Incorporation. Therefore, the documents accompanying this notice are part of our consolidated financial statements or non-consolidated financial statements, which were audited when the Accounting Auditor prepared the accounting audit report.
- If there are any changes to the reference documents, the business report, the non-consolidated financial statements and the consolidated financial statements, those changes will be posted on our website stated above.
- Notice of resolutions at this meeting will also be posted on our website stated above.

(Translation)

## Procedures and Treatment in Exercising the Voting Rights

The following are methods of exercising your voting rights.

Please exercise your voting rights after referring to the reference documents from page 5 to page 16.

### **In the case of attending the general meeting of shareholders**

If you plan to attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception of the meeting. In addition, you are kindly asked to bring this brochure as meeting materials. If you attend the meeting, you do not need to take the procedures for exercising the voting rights by mail (Voting Rights Exercise Form) or via the Internet.

If you are unable to attend the meeting, you can exercise your voting rights by either of the methods described below. Please exercise your voting rights by the time indicated below.

#### Notes for attendance

- To help prevent global warming and respond to the government's request for reducing the consumption of electricity, we will turn down the air-conditioning systems. Accordingly, we would like to ask shareholders who attend the meeting to be lightly dressed. Directors and employees of the Company will also be lightly dressed (in Cool Biz style).
- If you are unable to attend the meeting, a shareholder who has voting rights as a proxy may attend the meeting in your place. However, in this case we will need to receive a form designating such person as your proxy.

### **In the case of not attending the general meeting of shareholders**

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please exercise your voting rights by the following deadline.

Deadline for exercising voting rights

6 p.m., Thursday, June 18, 2015 (Japan time)

Your early voting would be greatly appreciated since it facilitates vote counting.

#### Postal Voting

Indicate whether you vote For or Against the proposals in the enclosed Voting Rights Exercise Form and then return it by 6 p.m. on Thursday, June 18, 2015 (Japan time).

#### Internet Voting

Please check the content described on page 4 before exercising your voting rights.

### **Electronic Voting Platform for Institutional Investors**

Institutional investors can also exercise voting rights for this meeting in electronic media from the "Electronic Voting Platform" operated by ICJ, Inc.

(Translation)

## **Exercising the Voting Rights via the Internet**

### **1. Please access the following online voting site.**

Online voting site: <http://www.web54.net>

### **When using the Internet via cellular phones**

If your cellular phone is equipped with a barcode reader, you can use the two-dimensional code<sup>®</sup> on the right to access the online voting site. For more details on operation procedure, please refer to your phone's user manual.

\*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

### **2. When voting online, enter the voting code and password indicated on the enclosed Voting Rights Exercise Form.** Then indicate your consent or dissent to each proposal by following the instructions displayed on the screen.

The deadline for exercising your voting rights is by 6 p.m. on Thursday, June 18, 2015 (Japan time). Your early voting would be greatly appreciated.

### **Note**

If you exercise your voting rights via both online and the enclosed Voting Rights Exercise Form, only the online vote shall be counted.

If you exercise your online votes more than once (including votes via a computer and via a cellular phone), only the last vote shall be counted.

### **Conditions concerning the system**

If you wish to exercise your voting rights via the Internet, please check the following points:

#### (1) Through the PC site

1) Screen resolution is no less than W800 x H600 dots (SVGA).

2) Following applications are installed:

(a) For web browser, Microsoft<sup>®</sup> Internet Explorer Ver.5.01 SP2 or later.

(b) For PDF file browser, Adobe<sup>®</sup> Acrobat<sup>®</sup> Reader<sup>®</sup> Ver. 4.0 or later, or Adobe<sup>®</sup> Reader<sup>®</sup> Ver. 6.0 or later (Internet Explorer is a registered trademark, trademark, and product name of Microsoft Corporation in the U.S., while Adobe<sup>®</sup> Acrobat<sup>®</sup> Reader<sup>®</sup> and Adobe<sup>®</sup> Reader<sup>®</sup> are registered trademarks, trademarks, and product names of Adobe Systems Incorporated in the U.S. for the U.S. and other countries.)

#### (2) Through the cellular phone site

128-bit SSL (Secure Socket Layer) encrypted communication compatible model is required.

Voting rights can be exercised using the full browser function of cellular phones, including smartphones. Please note, however, that some models cannot be used for exercising voting rights.

### **Inquiries about Online Voting**

(1) Please contact the following Help Desk if you have any inquiries about the procedures for exercising voting rights at this site via PCs or cellular phones.

#### **Sumitomo Mitsui Trust Bank, Limited**

#### **Stock Transfer Agency Web Support (Help Desk)**

**Phone (toll-free within Japan): 0120-652-031 (9 a.m. to 9 p.m.)**

(2) For other inquiries, please contact the following

#### **Sumitomo Mitsui Trust Bank, Limited**

#### **Stock Transfer Agency Administration Center (Help Desk)**

**Phone (toll-free within Japan): 0120-782-031 (9 a.m. to 5 p.m.)**

**(Excluding Saturdays, Sundays and national holidays)**

(Translation)


## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposal No. 1: Election of Eight (8) Directors

All eight (8) directors' tenure of office is to expire at the end of the coming General Meeting of Shareholders.

The Company intends to reinforce its governance by newly recruiting one (1) external director, while maintaining the current structure with eight (8) directors and establishing a management structure that better clarifies the areas of responsibilities of the Board of Directors and the Board of Executive Officers. Various initiatives taken during and before the previous consolidated fiscal year have helped to improve actual business results, and we will continue to push forward these initiatives and promote growth strategies including the commercialization of next-generation businesses. To execute these initiatives, we propose to elect eight (8) directors including three (3) external directors. Of the candidates for director, two (2) including one (1) external director are new candidates.

The candidates are as follows:

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
1	 Haruo Kawahara (March 9, 1939)  Candidate for reappointment	<p>Jun. 1996 Director and General Planning Manager, delegation, TOSHIBA CORPORATION</p> <p>Jun. 1997 Executive Director</p> <p>Jul. 2000 Advisor</p> <p>Jun. 2002 President, Representative Director of the Board, Executive Officer CEO of Kenwood Corporation (currently JVC KENWOOD Corporation)</p> <p>Jun. 2007 Chairman, Representative Director of the Board</p> <p>Oct. 2008 Chairman, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Holdings, Inc. (currently JVC KENWOOD Corporation)</p> <p>Representative Director of the Board of Victor Company of Japan, Limited (currently JVC KENWOOD Corporation)</p> <p>Jun. 2009 Chairman and President, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Holdings, Inc.</p> <p>May 2011 Chairman, Representative Director of the Board, Executive Officer Responsible for Integrated Management of JVC KENWOOD Holdings, Inc.</p> <p>Jun. 2012 Representative Director of the Board, Chairman of the Board of Directors of JVC KENWOOD Corporation</p> <p>Nov. 2013 Representative Director of the Board, Chairman of the Board of Directors, Executive Officer CEO of JVC KENWOOD Corporation</p> <p>May 2014 Chairman, Representative Director of the Board, Executive Officer, CEO of JVC KENWOOD Corporation (current position)</p> <p>&lt;Current responsibilities&gt; Chairman, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Corporation</p> <p>&lt;Important concurrent duties&gt; Not applicable</p>	137,890


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No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
2	 Takao Tsuji (September 28, 1949)  Candidate for reappointment	Apr. 1973    Joined Nissho Iwai Corporation (currently Sojitz Corporation), Tokyo Head Office Apr. 1994    Acting General Manager, Electronic System Department Oct. 1995    General Manager, Office of the President, NISSHO ELECTRONICS CORPORATION Jun. 1999    Director Mar. 2000    Director, FUSION COMMUNICATIONS CORPORATION Jun. 2001    Managing Director, NISSHO ELECTRONICS CORPORATION Jun. 2002    President and Representative Director of NISSHO ELECTRONICS CORPORATION 2003 onwards    Part-time lecturer: Shinshu University (MBA); School of Business, Aoyama Gakuin University; Faculty of Commerce, Doshisha University; Department of Management of Technology (MOT), Tokyo University of Science; Faculty of Economics, Soka University; School of International Studies, Kwansei University (current position) Jun. 2009    Chairman of the Board of Directors of NISSHO ELECTRONICS CORPORATION Sep. 2009    Member of the Final Selection Committee for Japan Aerospace Exploration Agency (JAXA) Aerospace Open Laboratory Jun. 2010    Advisor to Machinery Division, Sojitz Corporation Jun. 2011    Director of the Board (External) of TAKAGI CO., LTD. (current position) Jun. 2013    External Director of JVC KENWOOD Corporation May 2014    President and Representative Director of the Board, Executive Officer, COO, CRO, CIO of JVC KENWOOD Corporation Apr. 2015    President and Representative Director of the Board, Executive Officer, COO, CIO of JVC KENWOOD Corporation (current position) <Current responsibilities> President and Representative Director of the Board, Executive Officer, COO, CIO of JVC KENWOOD Corporation <Important concurrent duties> Not applicable	50,700

(Translation)


No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
3	 <p data-bbox="261 633 469 728">Kazuhiro Aigami (October 27, 1957)</p> <p data-bbox="261 757 469 817">Candidate for reappointment</p>	<p data-bbox="491 342 635 371">Apr. 1990</p> <p data-bbox="491 371 635 400">Apr. 2007</p> <p data-bbox="491 400 635 430">Jun. 2007</p> <p data-bbox="491 430 635 459">Jun. 2008</p> <p data-bbox="491 495 635 524">Jun. 2009</p> <p data-bbox="491 607 635 636">Jun. 2010</p> <p data-bbox="491 696 635 725">May 2011</p> <p data-bbox="491 882 635 911">Jun. 2011</p> <p data-bbox="491 1061 635 1090">Jun. 2013</p> <p data-bbox="491 1323 635 1352">May 2014</p> <p data-bbox="491 1413 635 1442">Oct. 2014</p> <p data-bbox="491 1563 799 1592">&lt;Current responsibilities&gt;</p> <p data-bbox="491 1592 1257 1682">Representative Director of the Board, Executive Officer, Regional CEO (America) of JVC KENWOOD Corporation, President of JVCKENWOOD USA Corporation (current position)</p> <p data-bbox="491 1682 852 1711">&lt;Important concurrent duties&gt;</p> <p data-bbox="491 1711 1046 1740">President of JVCKENWOOD USA Corporation</p>	72,280

(Translation)


No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
4	 Seichi Tamura (December 30, 1968)  Candidate for reappointment	<p>Mar. 1992      Joined Accenture Japan Ltd.            (Specialized in planning growth strategies and            new business strategies for manufacturing,            distribution and retail, transportation and travel            service industries, and engaged in launching            of many businesses and their monetization)</p> <p>Sep. 2005      Executive Partner</p> <p>Jan. 2010      Joined Enterprise Turnaround Initiative            Corporation of Japan (ETIC)            Professional Office Managing Director            (Specialized in business investment and            loans, involved in decision and implementation            of many investments and loans, at the same            time, engaged in revitalization and regrowth of            the recipient companies as their executive            director)</p> <p>May 2011      External Director, Shibamasa Kanko Co., Ltd.*</p> <p>Jun. 2011      Director and Vice President, Executive            Officer, FUJISHO PRINTING INC.*</p> <p>Sep. 2011      External Director, Okiso Construction Co.,            Ltd.*</p> <p>Mar. 2013      *All the cases are dispatched from ETIC            Joined JVC KENWOOD Corporation, SOO            (Senior Operating Officer) treatment, Assistant            to CEO, General Manager of Business            Development Division</p> <p>Jun. 2013      Director of the Board, Executive Officer ,CSO,            General Executive of Corporate Strategy            Division, General Manager of Business            Development Operation, Corporate Strategy            Division of JVC KENWOOD Corporation            (current position)</p> <p>&lt;Current responsibilities&gt;            Director of the Board, Executive Officer, CSO, General            Executive of Corporate Strategy Division, General Manager of            Business Development Operation, Corporate Strategy Division            of JVC KENWOOD Corporation</p> <p>&lt;Important concurrent duties&gt;            Not applicable</p>	30,800




(Translation)

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
5	 Yasuyuki Tanida (May 8, 1966)  First-time Candidate	<p>Apr. 1989    Joined Victor Company of Japan, Limited (currently JVC KENWOOD Corporation)</p> <p>Apr. 2008    Engineering Manager of Camcorder Category, Mobile AV Business Group, Victor Company of Japan, Limited ("JVC")</p> <p>Jun. 2009    Engineering Manager of Imaging, Digital Imaging Division, JVC</p> <p>Oct. 2010    Manager of Product Design, Imaging Division, JVC</p> <p>Jun. 2011    Engineering Executive of Home &amp; Mobile ("HM"), JVC</p> <p>Oct. 2011    Engineering Executive of HM, HM Electronics Business Group, JVC KENWOOD Corporation ("JVC KENWOOD")</p> <p>Jul. 2013    Deputy General Executive of Engineering, Imaging Division, JVC KENWOOD</p> <p>Oct. 2013    Co-leader of New Imaging Business Development Task Force; Deputy General Executive of Engineering, Imaging Division, JVC KENWOOD</p> <p>May 2014    Senior Vice President &amp; Executive Officer; Co-leader of New Imaging Business Development Task Force; and General Executive of Optical &amp; Audio Segment, JVC KENWOOD</p> <p>Apr. 2015    Senior Vice President &amp; Executive Officer, General Executive of Optical &amp; Audio Segment, JVC KENWOOD (current position)</p> <p>&lt;Current responsibilities&gt;            Senior Vice President &amp; Executive Officer, General Executive of Optical &amp; Audio Segment, JVC KENWOOD (current position)</p> <p>&lt;Important concurrent duties&gt;            Not applicable</p>	5,400

(Translation)

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
6	 Junichi Hikita (January 16, 1949)  Candidate for reappointment  External Director  Independent Officer	<p>Mar. 1971      Joined Toyo Electronics Industry Corporation (currently ROHM Co., Ltd.)</p> <p>Jun. 1991      Director, General Manager of LSI Operations Headquarters</p> <p>Jun. 1993      Managing Director, General Manager of LSI Operations Headquarters</p> <p>Jun. 1997      Managing Director, General Manager of LSI Product Development Headquarters, ULSI Research and Development Headquarters, LSI Operations Headquarters, Modules Production Headquarters, and Discrete Devices Production Headquarters</p> <p>Jun. 1999      Managing Director, General Manager of LSI Product Development Headquarters, Advanced Research and Development Headquarters, LSI Operations Headquarters, and Administrative Headquarters</p> <p>Jan. 2008      Senior Corporate Adviser</p> <p>Jun. 2008      Established Hikita Consulting Co., Ltd., President and Representative Director of the said company (current position)</p> <p>Jun. 2012      Director of the Board (External) of JVC KENWOOD Corporation (current position)</p> <p>&lt;Important concurrent duties&gt; President and Representative Director, Hikita Consulting Co., Ltd.</p>	25,500
<p><b>Special Notes on Candidate for External Director</b></p> <p>Mr. Junichi Hikita is a candidate for external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b></p> <p>The Company proposes to elect Mr. Junichi Hikita as an external director and expects that his extensive experience and knowledge as an engineer and manager and his proper advice in technological matters based on his professional views will be reflected in the Company's management, and that he will give the Company advice and proposals—from the position of an objective third party not involved in the Group's business execution—in order to ensure the appropriateness and properness of the decision-making of the Board of Directors.</p> <p><b>Tenure of office as external director of the Company since he took office</b></p> <p>Mr. Hikita is currently an external director of the Company and his tenure of office as external director of the Company will be three (3) years at the end of this General Meeting of Shareholders.</p> <p><b>Outline of the liability limitation agreement</b></p> <p>The Company has concluded a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Hikita. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence. When the reappointment of Mr. Hikita is approved, the Company shall extend this agreement with him.</p> <p><b>Matters concerning independence</b></p> <p>The Company regards him as independent because there is no relationship between Hikita Consulting Co., Ltd., where he concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors or cross-shareholding. Although he has worked for ROHM Co., Ltd., which does have business relations with the Company regarding the purchase of components such as semiconductors for our products, it has been seven (7) years since he resigned as a Senior Corporate Advisor of that company. Currently, he has no relationship with that company. The transactions between the Company and ROHM Co., Ltd., amount to less than one percent of the consolidated net sales of the Company in the consolidated fiscal year under review, and there is no transactions between ROHM and the Company regarding donations, exchanges of directors or cross-shareholding.</p> <p>When his appointment is approved, the Company shall designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.</p>			

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No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
7	 Masanori Yoshikai (August 7, 1947)  Candidate for reappointment  External Director  Independent Officer	May 1972    Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI)) Apr. 1982    Associate Professor, Graduate School of Policy Science, Saitama University Mar. 1989    Director, London Metal Centre, JAPAN EXTERNAL TRADE ORGANIZATION (JETRO) Jun. 1998    Deputy Director-General for International Affairs, Machinery and Information Industries Bureau, METI Jun. 2000    Deputy Director-General for International Affairs, Industrial Science and Technology Policy and Environment Bureau, METI Jul. 2001    Deputy Director-General for International Affairs, Commerce and Information Policy Bureau, METI Jul. 2002    Trustee and Director of Planning Headquarters, National Institute of Advanced Industrial Science and Technology, AIST Aug. 2007    Joined Sumitomo Electric Industries, Ltd., as Chief Engineer Apr. 2009    Managing Executive Officer, Sumitomo Electric Industries, Ltd. Jun. 2013    Advisor, Sumitomo Electric Industries, Ltd. (current position) Jun. 2014    Director of the Board (External) of JVC KENWOOD Corporation (current position) <Important concurrent duties> Advisor, Sumitomo Electric Industries, Ltd.	3,400
<p><b>Special Notes on Candidate for External Director</b>            Mr. Masanori Yoshikai is a candidate for external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b>            The Company proposes to elect Mr. Yoshikai as an external director and expects that his extensive experience, solid track record, and insights as an engineer and manager will be reflected in the Company's management, and that he will give the Company advice and proposals—from the position of an objective third party not involved in the Group's business execution—in order to ensure the appropriateness and properness of the decision making of the Board of Directors.</p> <p><b>Tenure of office as external director of the Company since he took office</b>            Mr. Yoshikai is currently an external director of the Company, and his tenure of office as external director of the Company will be one (1) year at the end of this General Meeting of Shareholders.</p>			

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	<p><b>Outline of the liability limitation agreement</b></p> <p>When Mr. Yoshikai's appointment is approved the Company will conclude a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Yoshikai. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence.</p>
	<p><b>Matters concerning independence</b></p> <p>Sumitomo Electric Industries, Ltd., where he concurrently holds office, had business relations with the Company in the past regarding purchases and sales. Its transactions with the Company, however, amounted to less than one percent of the consolidated net sales of the Company, and no transactions were recorded in the consolidated fiscal year under review. In addition, the Company has no relationship including donations, exchanges of directors or cross-shareholding.</p> <p>Also the Ministry of Economy, Trade and Industry (METI) and the JAPAN EXTERNAL TRADE ORGANIZATION (JETRO), where Mr. Yoshikai served as an executive, and Saitama University, where he served as teaching staff, have no business relations with the Company such as donations. Although they have had transactions with the Company regarding the purchase of our products, the transactions between the Company and each of these entities has amounted to less than one percent of the consolidated net sales of the Company. In addition, the National Institute of Advanced Industrial Science and Technology (AIST), where he served in the past as an executive, has no business relations including donations with the Company. As a result of the above, the Company regards Mr. Yoshikai as independent. This is because the Company has no major business with the one company at which he is serving concurrently or with MITI, JETRO, the university and AIST, at which he served in the past, nor has he been an operating officer or the like of our major business partners or major shareholders of the Company in the past.</p> <p>When his appointment is approved, the Company shall designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.</p>

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No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
8	 <p data-bbox="263 571 470 638">Yasuyuki Abe (April 17, 1952)</p> <p data-bbox="263 660 470 728">First-time Candidate</p> <p data-bbox="263 750 470 795">External Director</p> <p data-bbox="263 817 470 884">Independent Officer</p>	<p data-bbox="494 280 1260 313">Apr. 1977 Joined Sumitomo Corporation</p> <p data-bbox="494 313 1260 369">Nov. 1980 Transferred to Houston Office, Sumitomo Corporation of Americas</p> <p data-bbox="494 369 1260 436">Sep. 1983 Transferred to the Los Angeles Office of Sumitomo Corporation of America</p> <p data-bbox="494 436 1260 526">Jun. 1987 Assistant to General Manager, Electric Machines/Equipment Division No. 1, of Sumitomo Corporation</p> <p data-bbox="494 526 1260 728">Jun. 1993 Transferred to the Los Angeles Office of Sumitomo Corporation of America (later, engaged in the machinery and plant departments at the New York Office, and the electric machines/equipment, machinery and information industry departments at the San Francisco Office and other offices)</p> <p data-bbox="494 728 1260 851">Apr. 2002 Corporate Officer and Assistant to General Manager, Network Division, Sumitomo Corporation, Adviser to Sumisho Electronics Co., Ltd. (currently SCSK Corporation)</p> <p data-bbox="494 851 1260 907">Jun. 2002 President and Representative Director of Sumisho Electronics Co., Ltd.</p> <p data-bbox="494 907 1260 996">Apr. 2005 President and Representative Director of Sumisho Computer Systems Corporation (currently SCSK Corporation)</p> <p data-bbox="494 996 1260 1198">Jun. 2009 Retired as President, CEO and Representative Director of Sumisho Computer Systems Corporation Representative Director, Managing Executive Officer and General Manager, Financial &amp; Logistics Business Unit of Sumitomo Corporation</p> <p data-bbox="494 1198 1260 1321">Apr. 2010 Representative Director, Managing Executive Officer and General Manager, New Industry Development &amp; Cross-Function Business Unit of Sumitomo Corporation</p> <p data-bbox="494 1321 1260 1444">Apr. 2011 Representative Director, Senior Managing Executive Officer and General Manager, New Industry Development &amp; Cross-Function Business Unit of Sumitomo Corporation</p> <p data-bbox="494 1444 1260 1556">Apr. 2013 Representative Director, Senior Managing Executive Officer and General Manager, Corporate Planning &amp; Coordination Group of Sumitomo Corporation</p> <p data-bbox="494 1556 1260 1646">Apr. 2015 Representative Director and Assistant to President and CEO of Sumitomo Corporation (current position)</p> <p data-bbox="494 1646 1260 1680">Jun. 2015 Advisor (planned)</p> <p data-bbox="494 1680 1260 1758">&lt;Important concurrent duties&gt; Representative Director and Assistant to President and CEO of Sumitomo Corporation</p>	-

(Translation)

<p><b>Special Notes on Candidate for External Director</b> Mr. Yasuyuki Abe is a candidate for external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b> The Company proposes to elect Mr. Yasuyuki Abe as an external director and expects his extensive experience, knowledge and achievements as a corporate manager and in the electronics and machinery business fields abroad to be reflected in the Company's management, and that he will give the Company advice and proposals from the position of an objective third party not involved in the Group's business execution to ensure the appropriateness and properness of the decision making of the Board of Directors.</p> <p><b>Tenure of office as external director of the Company since he took office</b> Mr. Abe is a first-time candidate for external director.</p>
<p><b>Outline of the liability limitation agreement</b> When Mr. Abe's appointment is approved the Company will conclude a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Abe. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence.</p> <p><b>Matters concerning independence</b> There is no relationship between Sumitomo Corporation, where he concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors and cross-shareholding. SCSK Corporation ("SCSK") and the Company have business relations for the purchase regarding the use of the license for the software, etc. used for development of the Company's products, and the predecessors of SCSK included Sumisho Electronics Co., Ltd., and Sumisho Computer Systems Corporation, both of which he served previously as a management executive. However, it has been more than five years since he retired as President, CEO and Representative Director of Sumisho Computer Systems Corporation. Currently, he has no relations with SCSK and the business transactions between SCSK and the Company for the fiscal year under review amounted to less than 1% of the Company's consolidated net sales. In addition, there are no relations between SCSK and the Company, including donations, exchanges of directors and cross-shareholding. For these reasons, the Company regards him as independent.</p> <p>When his appointment is approved, the Company shall designate him as an independent executive as stipulated in the provisions of Tokyo Stock Exchange (TSE) Group Inc. and shall so notify the TSE of that designation.</p>

Notes common to all of the eight (8) candidates above:

1. There are no conflicts of interest between each candidate and the Company.
2. No candidates for Director will receive and have not received in the past two (2) years a large amount of money or other assets (excluding the remuneration for director, accounting advisor, statutory auditor, executive officer or other similar position) from special related corporations of the Company (subsidiaries).


(Translation)

**Proposal No. 2: Election of One (1) Substitute Statutory Auditor**

In preparation for situations in which the Company does not have enough statutory auditors (including external statutory auditors) required by the laws and regulations, the Company proposes to elect one (1) substitute statutory auditor.

The Board of Statutory Auditors has given its consent to the proposal.

The candidate for a substitute statutory auditor is as follows:

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
1	 Nagaaki Ohyama (January 24, 1954)  Candidate for reappointment  Substitute External Statutory Auditor	Mar. 1982 Finished Doctoral course, Department of Information Engineering Interdisciplinary Graduate School of Science and Engineering, Tokyo Institute of Technology Jul. 1983 Assistant, Imaging Science and Engineering Institute School of Engineering, Tokyo Institute of Technology Dec. 1986 Researcher, Optical Research Center, Department of Radiology, College of Medicine, The University of Arizona Nov. 1988 Assistant Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology Nov. 1993 Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology Apr. 2000 Professor, Information and Research Function, The Frontier Collaborative Research Center, Tokyo Institute of Technology Apr. 2002 Professor, Collaborative Research & Information area (previously Information and Research Function), The Frontier Collaborative Research Center, Tokyo Institute of Technology Apr. 2003 Professor, Collaborative Research & Information area (previously Information and Research Function), The Frontier Collaborative Research Center and Imaging Science and Engineering Institute, Graduate School of Engineering, Tokyo Institute of Technology Apr. 2010 Professor, Imaging Science and Engineering Laboratory (renamed from Imaging Science and Engineering Institute, Graduate School of Engineering), Tokyo Institute of Technology (current position) Jun. 2012 Substitute Statutory Auditor (current position) <Important concurrent duties> Professor of Tokyo Institute of Technology	—

(Translation)

**Special Notes on Candidate for Substitute External Statutory Auditor**

Mr. Nagaaki Ohyama is a candidate for a substitute external statutory auditor.

**Reasons for selecting him as a candidate for external director as well as for judging that he will fulfill his responsibilities appropriately as an external director**

The company proposes to elect Mr. Ohyama as a substitute external statutory auditor and expects that his extensive experience, achievements, and knowledge as an academic will strengthen the audit of the Company, and that he will give the Company advice on agenda and discussions in meetings of the Board of Directors and the Board of Statutory Auditors—from the position of objective third party, separate from the Group. Though Mr. Ohyama has not engaged in corporate management in the past, we believe that he will be able to properly perform his duties as a statutory auditor based on his extensive experience and knowledge.

**Outline of the liability limitation agreement**

When his appointment is approved as an external auditor, the Company will conclude a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Ohyama. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external statutory auditor has acted faithfully and without gross negligence.

**Matters concerning independence**

The Company regards him as independent because there are no business transactions between other corporations where he concurrently holds office and the Company, including donations, exchanges of directors, cross-shareholding, and the like; nor has he been an operating officer and the like of our major business partners and major shareholders in the past.

When he assumes the post of statutory auditor after his appointment is approved as a substitute statutory auditor, the Company shall appoint him as an external statutory auditor and designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.

Notes:

1. There are no conflicts of interest between the candidate and the Company.
2. The candidate for substitute statutory auditor will receive and have not received in the past two (2) years a large amount of money or other assets (excluding the remuneration for director, accounting advisor, statutory auditor, executive officer or other similar position) from special related corporations of the Company (subsidiaries).



(Translation)

(Document Provided Based on Article 437, Article 444 of the Companies Act)

## **BUSINESS REPORT**

(From April 1, 2014 to March 31, 2015)

### **1. Matters Concerning the Current Situation of the Group**

#### **[1] Course of Business and the Results**

During the fiscal year under review, the global economy as a whole continued to grow gradually. More specifically, the U.S. economy continued to show growth in consumer spending, employment, and corporate capital investment, while the Chinese economy slowed in some sectors. On the other hand, Europe's economy remained sluggish, and emerging countries saw economic growth slow. Regarding Japan's economy, the export environment improved and production began to recover against the backdrop of a weaker yen and the U.S. economy's recovery. In addition, consumer spending grew gradually, supported by the government's economic policy, although it signaled weakness due to falling consumer confidence.

Under these circumstances, net sales of the JVCKENWOOD Group for the fiscal year under review declined from a year earlier, mainly due to the disposal of some businesses. On the other hand, operating income increased significantly from the previous fiscal year. This was mainly attributed to the favorable impacts of business restructuring, including comprehensive cost cuts and reforms to sales operations undertaken from the third quarter of the previous fiscal year, as well as the Group's efforts to reduce fixed costs by carrying out structural reforms during the previous fiscal year. As a result, positive effects have steadily emerged in operating results from the first quarter of the fiscal year under review.

Profit-and-loss exchange rates used when preparing the financial statements for the fiscal year under review are as follows:

		1 <sup>st</sup> Quarter (from April 1, 2014 to June 30, 2014)	2 <sup>nd</sup> Quarter (from July 1, 2014 to September 30, 2014)	3 <sup>rd</sup> Quarter (from October 1, 2014 to December 31, 2014)	4 <sup>th</sup> Quarter (from January 1, 2015 to March 31, 2015)
Profit-and-loss exchange rates	U.S. dollar	approx. 102 yen	approx. 104 yen	approx. 114 yen	approx. 119 yen
	Euro	approx. 140 yen	approx. 138 yen	approx. 143 yen	approx. 134 yen
FY2013 (Reference)	U.S. dollar	approx. 99 yen	approx. 99 yen	approx. 100 yen	approx. 103 yen
	Euro	approx. 129 yen	approx. 131 yen	approx. 137 yen	approx. 141 yen

#### **\* Consolidated Net Sales**

Net sales for the fiscal year under review declined by approximately 31,300 million yen, or 9.9%, year-on-year to 285,010 million yen.

The OEM Business posted an increase in sales of dealer option products, which was driven mainly by new orders and Shinwa International Holdings Limited (hereinafter, referred to as "Shinwa"), a company that was converted into a consolidated subsidiary in June 2013, which performed strongly and made a substantial contribution throughout the entire fiscal year under review. However, the OEM Business was hit severely by a drop in sales of genuine products due to a slump in market demand, resulting in a decline in overall net sales of the Car Electronics Segment. The Professional Systems Segment's sales decreased due to the negative impacts of the sale of all shares of Kenwood Geobit Corporation (hereinafter, referred to as "Geobit") in March 2014. Geobit had operated primarily as a seller of mobile phone devices and was divested in line with the corporate strategy of focusing on core businesses. However, the Communications Business posted an increase in net sales. This was mainly attributable to a rebound in sales of professional-use wireless terminals in North America, the largest market, as well as additional sales revenue from EF Johnson Technologies, Inc. (hereinafter, referred to as "EFJT"), a company that was converted into a consolidated subsidiary in March 2014. In other words, excluding the effects of selling Geobit, net sales generated by the Professional Systems Segment's existing businesses increased. The Optical & Audio Segment posted a significant decline in net sales as a result of product refinements and other business reforms conducted in the Creation (former Imaging) Business, in response to sharp contractions of both domestic and overseas markets for consumer-use video camera products. Net sales of the Entertainment Software Segment also dropped, which was attributable to a downturn in sales of the content business, having been adversely affected by a shrinking market and changes in the compositions of products. Furthermore, the transfer of shares of JVC America, Inc. (hereinafter, referred to as "JAI") in the U.S., which was executed in the first quarter of the fiscal year under review, resulted in significant declines in the net sales of other business segments.

(Translation)

**\* Consolidated Operating Income and Loss**

Operating income for the fiscal year under review increased significantly by approximately 2,100 million yen, or 48.6%, year-on-year to 6,570 million yen. As described above, this was mainly attributed to the favorable impacts of business restructuring, such as comprehensive cost cuts and reforms to sales operations undertaken from the third quarter of the previous fiscal year, as well as the Group's efforts to reduce fixed costs by carrying out structural reforms in the previous fiscal year. As a result, positive effects have steadily emerged in operating results since the first quarter of the fiscal year under review.

The Car Electronics Segment's operating results improved significantly, marking a return to an operating profit from the operating loss posted in the previous fiscal year. The big swing to profitability was mainly attributed to the strong recovery of the Consumer Business, as a result of business reforms undertaken from the third quarter of the previous fiscal year. The Optical & Audio Segment also increased its operating income, backed by significant improvements in the Creation (former Imaging) Business, as a result of business reforms.

**\* Consolidated Ordinary Income and Loss**

Ordinary income for the fiscal year under review increased by approximately 3,200 million yen year-on-year to 3,176 million yen with a swing to profitability from the loss posted in the previous fiscal year. The upturn in ordinary income was mainly attributed to a substantial rise in operating income, as well as improved non-operating profit or loss, as a result of factors such as reduced commissions for borrowings and a decline in interest payments.

**\* Consolidated Net Income and Loss**

The JVCKENWOOD Group achieved a turnaround during the fiscal year under review, with net income increasing sharply by approximately 11,200 million yen year-on-year to 4,654 million yen. This improvement in net income was due to a substantial increase in ordinary income, posting a gain on sales of property, plant and equipment (approximately 5,400 million yen) and a decrease in costs of structural reforms, as well as a non-recurring adjustment of income tax-deferred of approximately 1,500 million yen posted as profit in connection with deferred tax assets created by the integration with the U.S. subsidiary. These positive factors offset an extraordinary loss of approximately 1,100 million yen incurred due to the transfer of JAI shares in the first quarter of the fiscal year under review.

Net sales and operating income and loss by business segment are as follows:

Note: As a result of organizational changes implemented effective November 1, 2014, the Home Audio Business and the Optical Pickup Business were transferred from the Optical & Audio Segment to the Car Electronics Segment, and the Professional Video Camera Business was transferred from the Professional Systems Segment to the Optical & Audio Segment. Accordingly, the year-on-year performance comparison was made by applying the results of each business for the previous consolidated fiscal year to those under the new segment name after the change.

**\* Car Electronics Segment**

Net sales of the Car Electronics Segment for the fiscal year under review declined by approximately 4,000 million yen, or 3.2%, year-on-year to 120,745 million yen, and operating income turned profitable, with a roughly 1,400 million yen increase year-on-year to 1,347 million yen. Losses widened in the OEM Business from increased development costs for next-generation businesses, resulting in a loss for the business, and losses also increased from a sales decline in the Home Audio Business, which was transferred from the Optical & Audio Segment on November 1, 2014. Nevertheless, the Consumer Business showed a large improvement as a result of business reforms being implemented from the third quarter of the previous fiscal year, leading to large profit growth for the segment.

**CE Consumer Division**

In the Consumer Business, sales of Saisoku-Navi, an SSD-type AV car navigation system, were negatively impacted by a decline in domestic demand as a reaction to last-minute demand before a consumption tax hike and a shrinking market, while in overseas markets, sales in the U.S. and Asia marked strong performance. As a result, net sales of the Consumer Business were almost on a par with the previous fiscal year.

**CE OEM Division**

The OEM Business posted an increase in net sales. This was largely because sales of dealer option products were strong due to new order intake during the fiscal year under review and to a strong

(Translation)

contribution by Shinwa, which became a consolidated subsidiary in June 2013, although sales of genuine products for automobile makers, such as SSD-type AV car navigation systems, declined.

**Home Audio Division**

The Home Audio Business was transferred from the Optical & Audio Segment on November 1, 2014, and its net sales dropped significantly, mainly due to struggling sales of low-end products.

**\* Professional Systems Segment**

Net sales of the Professional Systems Segment for the fiscal year under review declined by approximately 5,000 million yen, or 5.5%, year-on-year to 85,265 million yen, due largely to the sale of Geobit, which was worth approximately 13,000 million yen, although strong operating performance, mainly led by the Communications Business, boosted sales. Operating income decreased by approximately 700 million yen, or 17.5%, year-on-year to 3,259 million yen. In other words, excluding the effects of selling Geobit, net sales generated by existing businesses increased.

Operating income of the Communications Business was lower than in the previous fiscal year, mainly because EFJT's sales synergies were below expectations, although sales of professional-use wireless terminals recovered mainly in North American private-sector markets. The Professional Systems Business increased its operating income due to the positive effects of structural reforms executed in the previous fiscal year. Development costs of next-generation businesses increased from a year earlier, resulting in increased losses.

**Communications Equipment Division**

The Communications Business logged an increase in net sales, which was mainly attributable to a rebound in sales of professional-use wireless terminals on the back of growing private-sector demand in North America, the largest market, and new revenue contributed by EFJT, a consolidated subsidiary incorporated into the Group in March 2014.

**Professional System & Healthcare Division**

In the Professional System Business, declining sales in overseas markets were covered by brisk sales in domestic markets. As a result, overall net sales were almost on a par with the previous fiscal year. The Healthcare Business, which primarily handles information equipment, was transferred from Totoku Electric Co., Ltd. in July 2013, and contributed to sales growth throughout the fiscal year under review.

**\* Optical & Audio Segment**

Net sales of the Optical & Audio Segment for the fiscal year under review decreased by approximately 15,500 million yen, or 26.4%, year-on-year to 43,355 million yen, while operating income increased significantly by approximately 800 million yen, or 1,363.3%, year-on-year to 878 million yen.

The Creation (former Imaging) Business reduced its losses significantly and posted a swing to profit for the fiscal year under review, as a result of business reforms from the third quarter of the previous fiscal year. The Image & Optical Device Business posted a significant decline in operating income because net sales fell. The AV Accessory Business also recorded a decline in operating income, due mainly to changes in product mix caused by intensifying competition in the U.S. market.

**Creation Division**

The Creation (former Imaging) Business posted a substantial decline in net sales, due largely to the consolidation of its product lineup as part of business-reform measures, which were undertaken in response to substantial contractions of both domestic and overseas markets for consumer video camera products.

**Imaging Optical Division**

The Imaging Optical Business marked a significant fall in net sales, because of declining sales of high-definition 4K models in the projector field.

**AV Accessory Division**

In the AV Accessory Business, declining sales mainly in overseas markets were covered by increased sales in domestic markets, and overall net sales increased.

**\* Entertainment Software Segment**

Net sales of the Entertainment Software Segment for the fiscal year under review declined by approximately 1,600 million yen, or 4.9%, year-on-year to 29,832 million yen, from the effects of market contraction and changes in the title lineup in the Content Business, and a decrease in OEM products in the OEM Business from changes in the market environment and other factors. With sales declines in

## (Translation)

both the Content Business and the OEM Business, the segment's operating income declined by approximately 300 million yen, or 21.5%, year-on-year to 1,002 million yen.

### **[2] Issues to be Addressed**

The JVCKENWOOD Group has been affected by exchange rate fluctuations, including significantly increased yen-denominated costs caused by a rapidly depreciating yen against the U.S. dollar, and deteriorating sales and earnings in Europe due to a rapidly depreciating yen against the euro. Accordingly, it is important to reduce risks caused by future exchange rate fluctuations and take cost reduction measures to improve profitability. The JVCKENWOOD Group also considers that issues outstanding are to create synergies with companies it acquires, enhance competitive advantages, and steadily implement growth strategies including the development of next-generation businesses.

#### 1) Comprehensive Cost Cuts, Strengthened Direct Sales by Business Units, and Measures for Foreign Exchange Risk

- Comprehensive cost cuts

Cost reductions (short-term) by decreasing the number of models, changing design concepts and parts procurement systems, and other measures, as well as comprehensive cost-cutting measures through production innovations (mid-term), including exploration of next-generation production systems.

- Strengthen direct sales by business units.

Implementation of a structure in which business coordinators support direct sales teams under the control of regional CEOs for Professional Systems, OEM Business (CE), etc., and strengthening activities to increase a new order intake.

- Measures for foreign exchange risk

Reduction of short-term foreign exchange risk by making foreign exchange contracts and mid-term foreign exchange risk related to production costs by pursuing local production for local consumption

#### 2) Improvement Measures for U.S. Subsidiaries in the Wireless Equipment Business

- EFJT

EFJT plans to recruit a sales manager who is well acquainted with government-related businesses, and significantly increase the number of sales persons. EFJT also plans to reduce costs further to enhance cost competitiveness.

- Zetron

Zetron's performance has continued to recover since the second quarter of the fiscal year ended March 2014.

This year, Zetron entered the security control room solution business in the fiscal year ended March 2015 to expand its business area.

### **[3] State of Capital Investments**

The total amount of capital investments implemented in this consolidated fiscal year is about 5,300 million yen. The main subjects of the investments are for the expansion, improvement and upgrade of production facilities, including tools and equipment.

### **[4] State of Financing**

Not applicable.

### **[5] State of Transfer of Business, Merger & Division, or New Establishment & Division**

Not applicable.

## Reference

### **“Vision 2020,” Medium- to Long-term Business Plan**

JVC KENWOOD Corporation’s operating environment is undergoing drastic changes, including a sudden contraction in the home electronics market mainly due to the widespread use of smartphones and the sharp depreciation of the yen. At the same time, waves of technological innovation present an opportunity to utilize JVCKENWOOD’s strengths in diverse technological assets to create new value.

Against this backdrop, we have formulated a new medium- to long-term management policy that looks to fiscal 2020 and a medium-term strategy running through fiscal 2017, which we have collectively named “Vision 2020.”

By pursuing this vision, we will seek to transform JVCKENWOOD from a manufacturing and sales business that is engaged primarily in product sales, to a company that creates value for customers by providing solutions to customers’ problems.

JVCKENWOOD embarked on this transformation to a market-oriented structure in May 2014 with the introduction of a regional CEO system. To accommodate the increasing direct-to-consumer businesses based on direct communication between head office business units and customers in the growing sectors, the roles of regional CEOs and sales companies will be expanded, and the direct-to-consumer businesses will also serve as the regional management companies which provide product planning, marketing, and customer support functions. In addition, head office business units are being restructured according to customer industry to promote the integration of JVCKENWOOD’s technological assets and accelerate solutions development through closer cooperation with outside companies.

This vision also introduces return on equity (ROE) and return on invested capital (ROIC) to measure profitability relative to capital as the main management indicators, so that management resources can be concentrated in the sectors where JVCKENWOOD can utilize its strengths.

### **“Shape of the company” for fiscal year 2020**

- Stable profit generated by “profit-base businesses,” such as Public Services and Media Services sectors, will support investments for growth in “growth-leading businesses,” Automotive sector.
- As a result, in the long-term, Automotive sector will contribute approximately half of the profit, supported by Public Services and Media Services sectors, thereby transforming into a business structure which will enable JVCKENWOOD to realize significant profit growth.

### **Mid-term targets for fiscal year 2017**

- Consolidated operating profit: 14 billion yen, 10% ROE

For further details regarding “Vision 2020,” please visit our corporate website (<http://www.jvckenwood.com/en/>).

(Translation)

**[6] State of Transfer of Business from Other Companies**

Not applicable.

**[7] State of Succession of Rights and Obligations Regarding Other Corporations in Relation to the Merger & Acquisition or Merger & Division**

Not applicable.

**[8] State of Ownership of Other Company Shares or Acquisition or Disposal of Share Options**

At its meeting held on May 14, 2014, the Board of Directors approved the transfer of all shares of JAI, a manufacturer and seller of CD/DVD discs and a wholly-owned subsidiary of JVC Americas Corp., a consolidated subsidiary wholly owned by the Company and also U.S. sales subsidiary, to Cinram Group Inc., which is also engaged in the manufacturing and sales of CD/DVD discs, and the agreement was concluded on the same day. The transfer of all JAI shares was completed on June 17, 2014, and JAI was therefore removed from the scope of consolidation of the Company.

**[9] Transition of Assets and Profit & Loss**

**(1) State of Assets and Profit & Loss (the Group)**

(Millions of yen)

Items	4th Term (March 2012)	5th Term (March 2013)	6th Term (March 2014)	7th Term (March 2015) (Current consolidated fiscal year)
Net sales	320,868	306,580	316,343	285,010
Operating profit (loss)	12,813	9,603	4,421	6,570
Ordinary income (loss)	6,420	3,106	(70)	3,176
Net income (loss)	6,032	1,146	(6,571)	4,654
Net income (loss) per share (yen)	43.50	8.27	(47.39)	33.56
Total assets	241,761	246,614	267,152	278,669
Net assets	57,072	67,240	59,824	79,221
Net assets per share (yen)	399.76	473.18	373.01	517.67

Notes:

1. Net income (loss) per share is calculated based on the average number of outstanding shares in the fiscal year. The treasury stocks are excluded from the average number of outstanding shares in the fiscal year.
2. Net assets of the Group for the consolidated fiscal year under review increased by approximately 19,400 million yen because other comprehensive income increased approximately 15,600 million yen. Major factors of this increase include an increase in retained earnings mainly due to the recording of net income for the fiscal year under review, leading to an increase in shareholders' equity by approximately 4,500 million yen compared with the previous consolidated fiscal year; an increase in foreign currency translation adjustment regarding investments in overseas affiliates due to yen depreciation against the U.S. dollar and Asian currencies compared with the end of the previous consolidated fiscal year; and an increase in the remeasurements of defined benefit plans.

(Translation)

**(2) State of Assets and Profit & Loss (the Company)**

(Millions of yen)

Items	4th Term (March 2012)		5th Term (March 2013)	6th Term (March 2014)	7th Term (March 2015) (Current fiscal year)
	Before the correction	After the correction			
Net sales	116,901	116,901	209,133	191,527	175,667
Operating profit (loss)	1,524	1,524	4,583	331	287
Ordinary income (loss)	3,962	3,373	3,900	102	4,642
Net income (loss)	2,243	1,654	3,371	(3,940)	4,579
Net income (loss) per share (yen)	16.18	11.93	24.31	(28.41)	33.03
Total assets	247,647	247,529	235,745	219,873	220,023
Net assets	72,755	72,166	74,865	70,212	74,154
Net assets per share (yen)	518.84	514.60	534.07	500.53	534.79

Notes:

1. Net income (loss) per share is calculated based on the average number of outstanding shares in the fiscal year. The treasury stocks are excluded from the average number of outstanding shares in the fiscal year.
2. As some accounting errors were found for financial results of the past fiscal year—i.e., the 4th term of the Company (fiscal year ended March 2012)—the figures for before and after the correction are provided.

**[10] State of Important Parent Companies and Subsidiaries, etc.**

**(1) State of Parent Companies**

Not applicable.

**(2) State of Important Subsidiaries**

Name	Capital	Ratio of the Company's Capital Contribution	Major Businesses
JVCKENWOOD Victor Entertainment Corporation	¥5,595 million	100.0%	Planning, production and sales of music and visual software
JVCKENWOOD Creative Media Co., Ltd.	¥1,207 million	91.4%	Development, manufacturing and sales of recorded optical disk
JVCKENWOOD USA Corporation	\$94,600 thousand	100.0%	Wholesale (U.S.A. and other countries)
JVCKENWOOD U.K. Limited	£12,348 thousand	100.0%	Wholesale (U.K. and other countries)
JVCKENWOOD France S.A.S.	€5,424 thousand	100.0%	Wholesale (Germany and other countries)
JVCKENWOOD Singapore Pte. Ltd	S\$36,650 thousand	100.0%	Wholesale (Singapore and other countries)
Shinwa Industries (China) Limited	\$19,500 thousand	(70.0%)	Production and sales of car AV mechanisms, contract manufacturing service
Shinwa Precision (Hungary) Kft.	\$30,800 thousand	(100.0%)	Production and sales for painted plastic parts for car

Notes:

1. Among the ratio of the Company's capital contribution, the value in parentheses indicates the Company's indirect holding ratio.
2. Kenwood U.S.A. Corporation changed its trade name to JVCKENWOOD USA Corporation as of October 1, 2014.
3. JVC Europe Limited changed its trade name to JVCKENWOOD U.K. Limited as of March 3, 2015.

(Translation)

**[11] Major Businesses (As of March 31, 2015)**

Business Segment	Main Products
Car Electronics Segment	Manufacturing and sales of car AV systems, car navigation systems, home audio, optical pickup, etc.
Professional Systems Segment	Manufacturing and sales of land mobile radio equipment, video surveillance equipment, video equipment, audio equipment, displays, etc.
Optical & Audio Segment	Manufacturing and sales of consumer video cameras, professional video cameras, projectors, and AV accessories, etc.
Entertainment Software Segment	Planning, production, and sales of audio and video software, etc. Production of CD and DVD discs, etc.
Other	Manufacturing and sales of home furniture, etc.

Note:

As a result of organizational changes implemented effective November 1, 2014, the Home Audio Business and the Optical Pickup Business were transferred from the Optical & Audio Segment to the Car Electronics Segment, and the Professional Video Camera Business was transferred from the Professional Systems Segment to the Optical & Audio Segment.

**[12] Main Offices and Factories (As of March 31, 2015)**

**(1) Head Office**

12, 3-chome, Moriya-cho, Kanagawa-ku, Yokohama, Kanagawa, Japan

**(2) R&D Center**

Name	Location
JVC KENWOOD Corporation (the Company)	
Head Office & Yokohama Business Center	Yokohama, Kanagawa
Kurihama R&D Center	Yokosuka, Kanagawa
Hachioji Business Center	Hachioji, Tokyo
Hakusan Business Center	Yokohama, Kanagawa

**(3) Main Japanese Manufacturing Sites**

Name	Location
JVC KENWOOD Corporation (the Company)	
Head Office & Yokohama Business Center	Yokohama, Kanagawa
Yokosuka Business Center	Yokosuka, Kanagawa
JVCKENWOOD Creative Media Co., Ltd.	Yamato, Kanagawa
JVCKENWOOD Interior Furniture Corporation	Fukuroi, Shizuoka
JVCKenwood Yamagata Corporation	Tsuruoka, Yamagata
JVCKenwood Devices Corporation	Yorii, Osato-gun, Saitama
JVCKENWOOD Nagaoka Corporation	Nagaoka, Niigata

**(4) Japanese Business sites**

Name	Location
JVC KENWOOD Corporation (the Company)	Business sites nationwide, including Tokyo, Sapporo, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka and others
J&K Business Solutions Corporation	Yokohama, Kanagawa
JVCKENWOOD Arcs Corporation	Minato-ku, Tokyo
JVCKENWOOD Video Tech Corporation	Shibuya-ku, Tokyo
JVCKENWOOD Victor Entertainment Corporation	Shibuya-ku, Tokyo

Note:

VICTOR ARCS Co., Inc. changed its trade name to JVCKENWOOD Arcs Corporation as of July 1, 2014.



(Translation)

**(5) Global Manufacturing Sites**

Name	Location
P.T. JVC Electronics Indonesia	Indonesia
JVCKENWOOD Electronics Malaysia Sdn. Bhd.	Malaysia
JVC Optical Components (Thailand) Co., Ltd.	Thailand
JVCKENWOOD Electronics (Thailand) Co., Ltd.	Thailand
Shanghai Kenwood Electronics Co., Ltd.	China
JVC Manufacturing Malaysia Sdn. Bhd.	Malaysia
JVCKENWOOD Technologies Singapore Pte. Ltd.	Singapore
Kenwood Electronics Bretagne S.A.	France
Shinwa Industries (China) Limited	China
EF Johnson Technologies, Inc.	U.S.A.
Zetron, Inc.	U.S.A.

Note:

JVC Manufacturing (Thailand) Co., Ltd. changed its trade name to JVCKENWOOD Electronics (Thailand) Co., Ltd. as of June 3, 2014.

**(6) Overseas Sales Bases**

Name	Location
JVCKENWOOD USA Corporation	U.S.A.
JVCKENWOOD Nederland B.V.	Netherlands
JVCKENWOOD Singapore Pte. Ltd.	Singapore
JVC (China) Investment Co., Ltd.	China

**[13] State of Employees (As of March 31, 2015)**

**(1) State of Employees at the Group**

Number of Employees	Increase or Decrease in Comparison with End of Previous Consolidated Fiscal Year
17,668	2,123 decrease

Notes:

1. The number of employees excludes employees transferred from a Group company to a non-Group company, but includes employees transferred from a non-Group company to a Group company.
2. The number of employees at the Group decreased by 2,123 from the end of the previous consolidated fiscal year, due mainly to the decrease of employees at the overseas manufacturing subsidiaries.

**(2) State of Employees at the Company**

Number of Employees	Increase or Decrease in Comparison with End of Previous Fiscal Year	Average Age	Average Years of Service
3,708	90 decrease	45.8	21.7

Note:

The number of employees excludes employees transferred from the Company to an outside company, but includes employees transferred from an outside company to the Company.

(Translation)

**[14] State of Major Lenders (As of March 31, 2015)**

(Millions of yen)

Name of Lenders	Debt Balance
Resona Bank, Limited.	9,064
Sumitomo Mitsui Banking Corporation	9,064
Sumitomo Mitsui Trust Bank, Limited	8,767
Shinsei Bank, Limited	7,111
Mitsubishi UFJ Trust and Banking Corporation	6,133
BANK OF AMERICA, N.A.	6,008
The Bank of Yokohama, Ltd.	4,709
Aozora Bank, Ltd.	2,795
Mizuho Bank, Ltd.	1,726
ShinGinko Tokyo, Limited	1,336

**[15] Other Important Subsequent Events of the Consolidated Group**

1) According to the resolution by the Board of Directors meeting held on January 30, 2015, the Company concluded a stock transfer contract as of the same date with ASK Industries S.p.A. ("ASK Industries") and acquired all of the issued shares of ASK Industries as of April 1, 2015, to make it a wholly owned subsidiary of the Company. ASK Industries supplies in-vehicle equipment such as car-mounted speakers, amplifiers and antennas to major automobile makers primarily in Europe.

2) According to the resolution by the Board of Directors meeting held on March 27, 2015, the Company concluded a stock transfer contract as of the same date with XING Inc. ("XING") and transferred all of the Company's shares in TEICHIKU ENTERTAINMENT, INC., a consolidated subsidiary of the Company that engages in the planning, production and sale of music and video software, to XING as of April 28, 2015.

(Translation)

## 2. Matters Regarding the Company's Shares (As of March 31, 2015)

[1] Total number of authorized shares 400,000,000

[2] Total number of outstanding shares 139,000,201  
(Treasury stock 340,031)

[3] Number of shareholders 52,629

### [4] Major shareholders (Top 10)

Name of Shareholder	Capital Contribution	
	Shareholding	Ratio of Capital Contribution
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	7,243,603	5.22%
Japan Trustee Services Bank, Ltd. (Trust Account)	4,897,400	3.53%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	4,202,000	3.03%
DENSO CORPORATION	4,171,000	3.01%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,761,400	2.71%
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	3,339,000	2.41%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	3,132,736	2.26%
GOLDMAN SACHS INTERNATIONAL	2,433,585	1.76%
The Dai-ichi Life Insurance Company, Limited	1,852,268	1.34%
Japan Securities Finance Co., Ltd.	1,774,400	1.28%

Note:

The ratio of capital contribution is calculated after deducting treasury stock (340,031 shares) from the total number of issued shares.

[Composition ratio of shareholders]

Shares held in the Company's own name	0.24%
Individuals, etc.	35.33%
Foreigners	34.08%
Financial institutions	20.91%
Securities companies	5.00%
Other domestic corporations	4.44%

## 3. Matters Regarding the Company's Subscription Rights to Shares (As of March 31, 2015)

At the time of term modification, including the extension of the maturity date, for the No. 7 Unsecured Bond issued by our former subsidiary Victor Company of Japan, Limited, in August 2007, the Company – by the resolution of the Board of Directors passed at its meeting held on August 1, 2011 – issued the No. 1 Subscription Rights to Shares to the holders of the said bonds in exchange for the profits the Company was to gain by the modification, but based on the resolution of the Board of Directors passed at its meeting held on July 18, 2014, all of those Subscription Rights to Shares were acquired and retired effective September 30, 2014.

(Translation)

#### 4. Matters Regarding Company Officers

##### [1] State of Directors and Statutory Auditors (As of March 31, 2015)

Name	Position	Responsibilities and important concurrent duties
Haruo Kawahara	Chairman, Representative Director of the Board	Executive Officer, CEO
Takao Tsuji	President, Representative Director of the Board	Executive Officer, COO, CRO, CIO
Shoichiro Eguchi	Representative Director of the Board	Executive Officer, Regional CEO (Europe)
Kazuhiro Aigami	Representative Director of the Board	Executive Officer, Regional CEO (America), President of JVCKENWOOD USA Corporation
Naokazu Kurihara	Director of the Board	Executive Officer, Regional CEO (Japan), President, Representative Director of Kenwood Home Electronics Corporation
Seiichi Tamura	Director of the Board	Executive Officer & CSO, General Executive of Corporate Strategy Division, General Manager of Business Development Operation, Corporate Strategy Division
Junichi Hikita	Director of the Board	President and Representative Director, Hikita Consulting Co., Ltd.
Masanori Yoshikai	Director of the Board	Advisor, Sumitomo Electric Industries, Ltd.
Takayoshi Sakamoto	Statutory Auditor	—
Akihiko Washida	Statutory Auditor	—
Shojiro Asai	Statutory Auditor	Advisor, Rigaku Corporation

Notes:

1. Directors Junichi Hikita and Masanori Yoshikai are external directors stipulated in Article 2-15 of the Companies Act.
2. Statutory Auditors Akihiko Washida and Shojiro Asai are external statutory auditors stipulated in Article 2-16 of the Companies Act.
3. Auditor Takayoshi Sakamoto has been responsible for finance and accounting operations and the like at the Group for about 11 years and has sufficient knowledge concerning finance and accounting.
4. Director Koji Kashiwaya retired from office upon expiration of his term as of the end of the 6th General Meeting of Shareholders held on June 20, 2014.
5. The Company designated Directors Junichi Hikita and Masanori Yoshikai, Statutory Auditors Akihiko Washida and Shojiro Asai as an independent officer, as stipulated in the provisions of the Tokyo Stock Exchange (TSE), and notified the TSE accordingly.
6. Changes in Directors and Statutory Auditors during the fiscal year are as follows:

(Translation)

(As of July 1, 2014)

Name	Position	Responsibilities and important concurrent duties
Naokazu Kurihara	Director of the Board	Executive Officer, Regional CEO (Japan), President, Representative Director of Kenwood Home Electronics Corporation

(As of October 1, 2014)

Name	Position	Responsibilities and important concurrent duties
Kazuhiro Aigami	Representative Director of the Board	Executive Officer, Regional CEO (America), President of JVCKENWOOD USA Corporation

(As of November 1, 2014)

Name	Position	Responsibilities and important concurrent duties
Seiichi Tamura	Director of the Board	Executive Officer & CSO, General Executive of Corporate Strategy Division, General Manager of Business Development Operation, Corporate Strategy Division

7. Changes in the Position and/or "Responsibilities and Representation at Other Corporations" of Directors and/or Audit & Supervisory Board Member after the end of the consolidated fiscal year under review are as follows:

(As of April 1, 2015)

Name	Position	Responsibilities and important concurrent duties
Takao Tsuji	President, Representative Director of the Board	Executive Officer, COO, CIO

(As of May 1, 2015)

Name	Position	Responsibilities and important concurrent duties
Naokazu Kurihara	Director of the Board	Executive Officer, Regional CEO (Japan)

8. The Company adopts the Executive Officer System. There are fifteen (15) Executive Officers as of May 13, 2015: Haruo Kawahara, Takao Tsuji, Shoichiro Eguchi, Kazuhiro Aigami, Naokazu Kurihara and Seiichi Tamura, who are among the Directors mentioned above, and the following nine (9) persons.

Name	Position and Responsibilities
Satoshi Fujita	Chief Financial Officer (CFO), General Manager of Finance & Accounting Division
Masaaki Saito	Senior Executive Vice President & Executive Officer, General Executive of Software & Entertainment Segment, President, Representative Director of JVCKENWOOD Victor Entertainment Corporation
Toshiaki Matsuzawa	Executive Vice President & Executive Officer, General Executive of SCM Division
Kazuki Oi	Regional CEO (Asia), General Manager of Professional Systems Business, Asia Regions
Masatoshi Miyamoto	Senior Vice President & Executive Officer, General Executive of Car Electronics Segment
Akira Suzuki	Senior Vice President & Executive Officer, General Executive of Professional Systems Segment, General Manager of Communications Systems Business Operation, Professional Systems Segment
Yasuyuki Tanida	Senior Vice President & Executive Officer, General Executive of Optical & Audio Segment
Masaki Imai	Senior Vice President & Executive Officer Chief Risk Officer, General Executive of Corporate Management Division
Fabien Gregoire	Senior Vice President & Executive Officer, General Executive of Global Brand Experience Division

(Translation)

**[2] Amount of Compensation for Directors and Statutory Auditors**

Title	Number of Relevant Personnel	Amount of Compensation (Millions of yen)
Director	9	276
(External Director)	(4)	(31)
Statutory Auditor	3	34
(External Auditor)	(2)	(14)
Total	12	310

Notes:

1. The table above includes one (1) director, who retired from office at the end of the 6th General Meeting of Shareholders, held on June 20, 2014.
2. The amount of compensation for directors does not include the compensation that they receive for being employees, if they are employees as well as directors. Currently, there are no such directors in the Company.
3. It was resolved, with regard to determination of compensation for directors and statutory auditors, at the 1st General Meeting of Shareholders of the Company, held on June 24, 2009, that compensation for directors is up to 36 million yen a month (of which, compensation for external directors is up to 4 million yen) and that compensation for statutory auditors is up to 9 million yen a month. It was also resolved that bonuses, retirement benefits or any other monetary compensation will not be paid to directors and statutory auditors.

**[3] Matters Regarding External Officers**

**(1) State of Important Concurrency of External Officers (As of March 31, 2015)**

Position	Name	Company of Concurrent Office	Responsibilities of Concurrent Office	Relationship
External Director	Junichi Hikita	Hikita Consulting Co., Ltd.	President and Representative Director	No significant business relationship with JVCKENWOOD Corporation
	Masanori Yoshikai	Sumitomo Electric Industries, Ltd.	Advisor	
External Statutory Auditor	Akihiko Washida	—	—	—
	Shojiro Asai	Rigaku Corporation	Advisor	No significant business relationship with JVCKENWOOD Corporation

Note:

Statutory Auditor Shojiro Asai, who concurrently held the office of Executive Vice President and Director of Rigaku Corporation, retired from that position and assumed the position of Advisor in June 2014.

(Translation)

## (2) Major Activities of External Officers

Position	Name	Major Activities
External Director	Junichi Hikita	Attendance in the meetings of the Board of Directors in the current fiscal year: 17 (attendance rate: 100.0%) Mr. Hikita provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience, performance and knowledge as an engineer and manager and proper advice in technical aspects based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Masanori Yoshikai	Attendance at the meetings of the Board of Directors in the current fiscal year: 11 (attendance rate: 100.0%) Mr. Yoshikai provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience, performance and knowledge as an engineer and manager and proper advice in technical aspects based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
External Statutory Auditor	Akihiko Washida	Attendance in the meetings of the Board of Directors in the current fiscal year: 17 (attendance rate: 100.0%) Attendance in the meetings of the Board of Statutory Auditors in the current fiscal year: 16 (attendance rate: 100.0%) Mr. Washida provides necessary comments regarding issues such as the agenda and discussions of the Board of Directors and Board of Auditors in a timely manner, based on his extensive experience, performance and knowledge in business management and bolstering audit based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Shojiro Asai	Attendance in the meetings of the Board of Directors in the current fiscal year: 17 (attendance rate: 100.0%) Attendance in the meetings of the Board of Statutory Auditors in the current fiscal year: 16 (attendance rate: 100.0%) Mr. Asai provides necessary comments regarding issues such as the agenda and discussions of the Board of Directors and Board of Auditors in a timely manner, based on his extensive experience and knowledge as an engineer and manager and bolstering audit based on his professional views, from the position of an objective third party not involved in the business execution of the Group.

Notes:

1. During the current fiscal year, there were 17 meetings of the Board of Directors and 16 meetings of the Board of Statutory Auditors.
2. Director Masanori Yoshikai took office at the end of the 6th Ordinary General Meeting of Shareholders held on June 20, 2014, and therefore, his attendance rate is calculated from 11 meetings of the Board of Directors which have been held after he assumed his position.

## (3) Matters Regarding the Liability Limitation Agreement (Overview of the Liability Limitation Agreement of External Directors and External Statutory Auditors)

The Company's Articles of Incorporation prescribe a provision regarding a liability limitation agreement to be concluded with external directors and external statutory auditors.

An outline of the details of the liability limitation agreements that the Company concluded with all external directors and external statutory auditors in accordance with the Articles of Incorporation is as follows:

The amount of indemnity liability provided under Article 423-1 of the Companies Act is limited to 5 million yen or the minimum liability limitation provided by the law, whichever is higher, provided that the external directors and external statutory auditors have acted faithfully and without gross negligence.

## (4) Amount of Compensation Received as Executive Officer for Current Fiscal Year from Parent Company or Subsidiary of Parent Company

Not applicable.

(Translation)

**(5) Opinions from External Officers in Relation to the Description**

Not applicable.

**5. State of Accounting Auditor**

**[1] Name of Accounting Auditor**

Deloitte Touche Tohmatsu LLC

**[2] Overview of Liability Limitation Agreement**

Not applicable.

**[3] Amount of Compensation for Accounting Auditor for Current Fiscal Year**

(Millions of yen)

Amount of compensation for accounting auditor for current fiscal year	176
Total amount of money and other financial benefits to be paid by the Company and the Company's subsidiaries	203

Notes:

1. In the audit agreement between the Company and the accounting auditor, the amounts of compensation for the audit based on the Companies Act and the audit based on the Financial Instruments and Exchange Act is not distinguished, and also substantively undistinguished. Therefore the total amount of this compensation is stated as the amount of compensation for the accounting auditor for the current fiscal year.
2. As for (2) State of Important Subsidiaries, in [10] State of Important Parent Companies and Subsidiaries, etc. under 1. Matters Concerning the Current Situation of the Group, subsidiaries other than JVCKENWOOD Victor Entertainment Corporation and JVCKENWOOD Creative Media Co., Ltd. are audited by certified public auditors or corporate auditors other than the Company's.

**[4] Policy for Dismissal and Non-reappointment Decisions**

At the Company, if the accounting auditor falls under the items stipulated in Article 340-1 of the Companies Act, the Board of Statutory Auditors shall dismiss the accounting auditor based on the unanimous consent of the Board of Statutory Auditors. Also, in principle, in case the accounting auditor becomes unable to perform the auditing service, such as receiving an audit business suspension order from a regulatory authority, the Board of Statutory Auditors shall propose to the general meeting of shareholders, a bill concerning the dismissal or non-reappointment of the accounting auditor.

**6. Framework and Policies of the Company**

**[1] Framework to Ensure the Conformity of the Directors' Exercise of Function with the Laws and Regulations and the Articles of Incorporation/Framework to Ensure Propriety of Other Operations**

In line with the implementation of the Act for Partial Revision of the Companies Act and the Ministerial Order for Partial Revision of the Ordinance for Enforcement of the Companies Act as of May 1, 2015, the Company, by resolution of the Board of Directors meeting held on May 13, 2015, reviewed and made partial revisions to the matters related to the Group's internal control and the matters related to the establishment of the system to support auditors' audit duties, concerning "the establishment of a framework necessary to ensure the appropriateness of operations of a stock corporation" as stipulated in Article 362, Paragraph 4, Item 6, of the Companies Act and Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act. The revised content is as follows.

**1) Frameworks for ensuring that the execution of duties of the directors, employees, etc., of the Corporate Group Consisting of the Company and its major subsidiaries (hereinafter the "Group") conforms to laws and regulations and the Articles of Incorporation**

- (1) The corporate vision, management policies and action guidelines are prepared and followed, while being shared and fully recognized by all officers and employees of the Group under the leadership of a department in charge of compliance.
- (2) Various internal rules, regulations and guidelines, etc., for the entire Group are prepared and updated as the guidelines for the execution of duties by employees.
- (3) The JVC KENWOOD Group Code of Conduct on Compliance are established and followed.
- (4) Each of the Group companies establishes the "Board of Directors Regulations" to properly supervise the management's decision making and directors' execution of duties.
- (5) Internal audits targeted at the entire Group are conducted. In addition, the "JVC KENWOOD Group Internal Whistle-Blowing Rules" are stipulated as a means for enabling internal



(Translation)

reporting by all employees of the Group to establish the procedures for internally notifying any act that deviates from the “JVC KENWOOD Group Code of Conduct on Compliance,” carrying out corrective measures against such act and protecting the whistle-blowers from unfair treatment.

- (6) Statutory Auditors audit the execution of duties by the Group’s directors, employees, etc., from an independent standpoint.

**2) Frameworks for storing and managing information in relation to the execution of duties by the Company’s directors**

- (1) The minutes of the Board of Directors meetings are created in accordance with the “Board of Directors Regulation” and stored at the main office in accordance with the relevant laws and regulations and internal rules.
- (2) The “Regulations for Management of Confidential Information” are established to define the basic rules to be observed in managing confidential information whether in print or in electronic form, and are handled determinately.

**3) Regulations and other frameworks for managing the risk of loss of the Group**

- (1) The Group regulations for compliance and risk management are established, together with an across-the-board organization for monitoring them with responsibilities being clearly defined, thereby promoting the Group’s risk management efforts in a proper manner.
- (2) The risk management rules by type of risk are prepared and updated to prevent various risks that might occur in the Group and clarify the actions to be taken in the event of such risks, as well as measures for restoration, thereby preventing the damage from spreading and minimizing the loss should a critical issue arise.

**4) Frameworks for ensuring the efficient execution of duties of the Group’s directors**

- (1) The Company formulates business plans, etc., on a Group-wide basis, thereby clarifying management targets, promoting awareness thereof in the Group and evaluating the status of achievement thereof.
- (2) The Company has in place the executive officer system to entrust the duty of business execution to the Executive Officers, thereby separating management oversight functions from business execution functions and clarifying the realms of oversight responsibility and business execution responsibility.
- (3) The Company establishes the “Board of Directors Regulations” and the “Board of Executive Officers Regulations,” as well as the “Administrative Authority Regulations,” the “Decision-Making Authority Standards” and the “Decision-Making Items Table” for the entire Group, to clarify the method of making decisions for the entire Group management.
- (4) The rules regarding segregation of duties for each department of the Group are established to clarify the scope of duties and execute them determinately.

**5) Frameworks for ensuring the propriety of business operations in the Group**

- (1) Based on the “Basic Policies on Consolidated Management,” the corporate philosophy and management policies are shared among the Group companies. In addition, the “Administrative Authority Regulations,” the “Decision-Making Authority Standards” and the “Decision-Making Items Table” are established as the regulations applying to the entire Group to ensure the propriety of business operations on a Group-wide basis.
- (2) The Company dispatches directors or business supervising officers to major subsidiaries to ensure the propriety of business operations.
- (3) The Company executes the internal audits of the Group subsidiaries through its internal audit department.

**6) Frameworks for reporting to the Company on matters concerning the execution of duties of directors and business executing employees, etc., of the Group subsidiaries**

- (1) The Company assigns a responsible department in each subsidiary to ensure that the subsidiary reports important information to such department, which in turn has responsibility for the overall management of that subsidiary.
- (2) If necessary, the Company dispatches directors and/or administrative staff members to a subsidiary so that the Company’s business execution team can grasp the status of business operation of that subsidiary.
- (3) The Company keeps in place a reporting system to ensure that reports of any abnormal situation occurring internally and possibly affecting the operations of the Group’s businesses will be delivered to the top management of the Company through an appropriate procedure and without delay.

**7) Systems concerning employees who assist the Company’s statutory auditors in performing their duties, matters concerning the independence of such employees from the Company’s directors and matters concerning how to ensure the effectiveness of directions given to such employees**

(Translation)

- (1) The Company assigns employees as dedicated staff members who assist the Company's statutory auditors in performing their auditing duties.
  - (2) The Company lets statutory auditors evaluate the performance of employees exclusively assigned as staff of statutory auditors and has prior discussion with statutory auditors with regard to the assignment of such staff.
  - (3) The Company's statutory auditors clarify the necessary matters to ensure the independence of the employees assisting them, including the auditors' authority to give orders to the supporting staff. The Company respects such matters.
- 8) Frameworks for giving reports to the Company's statutory auditors by directors and employees of the Company, directors, statutory auditors, business operating employees and employees of the Company's subsidiaries, or persons who have received reports therefrom**
- (1) The Company's statutory auditors attend the Board of Directors meetings and other important meetings to receive reports on the status of business execution of the Group and other important matters.
  - (2) The Company's directors and general managers of head office departments report their business execution status to the Company's statutory auditors periodically and as required.
  - (3) The Company's statutory auditors execute auditing of the Company's business units and subsidiaries according to the annual audit plan, including the above, and receive reports and hear opinions therefrom.
  - (4) The Group's directors and employees and persons who have received reports therefrom promptly respond whenever the Company's statutory auditors ask for reports on the businesses or investigate the status of the Group's business and property.
  - (5) A Group-wide notification system is provided, by which parties such as Group employees, can directly notify any fraudulent activities and concerned issues regarding accounting and auditing that might arise within the Group to the Board of Statutory Auditors.
  - (6) The Company's statutory auditors periodically receive reports on the audit plans and audit results of the internal auditing department.
- 9) Frameworks for ensuring that directors and employees of the Company, directors, statutory auditors, business operating employees and employees of the Company's subsidiaries, or persons who have received reports therefrom do not receive unfair treatment due to the act of delivering such reports**
- (1) It is prohibited to unfairly treat a person within the Group who has delivered reports to the Company's statutory auditors on account of said act of delivering notification. This is fully recognized among the directors and employees of the Group.
  - (2) The Company's statutory auditors who have received notification through the internal notification system ask the related departments not to unfairly treat that whistle-blower due to the act of notification. Should the statutory auditors be informed by that whistle-blower that he/she is under unfair treatment, they call on the Company and the Group's personnel department to discontinue such unfair treatment.
- 10) Matters concerning the policies on the procedures for advance payment or redemption of expenses arising from the execution of the duties of the Company's statutory auditors and any other treatment of expenses or liabilities arising from the execution of such duties**
- (1) When the Company's statutory auditors ask the Company for advance payment or other treatment of expenses arise in relation to their execution of duties, the Company will immediately address such expenses or liabilities, unless such expenses or liabilities are proved to be unnecessary for the execution of the duties of the Company's statutory auditors.
  - (2) The Company's statutory auditors conduct the payment of audit expenses, while giving due consideration to the efficiency and appropriateness of the audit.
- 11) Other frameworks for ensuring effective auditing of the Company's statutory auditors**
- (1) The Company's directors prepare conditions to enable the execution of effective audit in accordance with the audit plan made up by the Company's statutory auditors.
  - (2) The Company's representative directors and statutory auditors have periodical meetings in order to enhance mutual communication.
  - (3) The Company's directors prepare conditions to enable the Company's statutory auditors to cooperate with the departments in charge of legal affairs, accounting and internal auditing as well as external experts for the implementation of their duties.
  - (4) The appointment of the Company's external statutory auditors is made with consideration to their independence and expertise.
- 12) Frameworks for ensuring the propriety of financial reports**
- (1) In accordance with the Financial Instruments and Exchange Act and related laws and regulations, systems are provided to ensure the propriety of financial reports of the Group,

(Translation)

which consists of the Company and its subsidiaries.

- (2) The enhancement and operation of the system to ensure the propriety of financial reports is periodically evaluated and promoted the improvement thereof.

**13) Basic policy for the elimination of antisocial forces**

The Group shall block off any and all transactions, including the provision of funds and backstage deals, with all antisocial organizations which could possibly cause damage to the whole JVCKENWOOD Group, including its stakeholders by making unjustifiable requests to the Group's officers and employees or by obstructing healthy business activities, by means of tying up with external professional organizations as necessary and taking appropriate measures including legal actions. The Group recognizes that the exclusion of such antisocial forces is essential for ensuring the propriety of the Company's businesses.

**[2] Basic Policy Regarding the Control of a Stock Company**

If a share acquisition by a specific individual or group may risk damaging the corporate value or the common interests of shareholders, the Company considers it necessary to take appropriate measures to ensure the corporate value and the common interests of shareholders to the extent that can be tolerated by laws and regulations and the Articles of Incorporation. The Company also acknowledges the importance of ensuring the corporate value and the common interests of shareholders, and is carefully continuing reviews on the matter, but at this point no concrete defense measures have been implemented.

**[3] Basic Policies for Distribution of Profits**

The Company considers a stable return to shareholders and securing management resources for future growth to be one of its most important managerial issues, and sets the dividend from surplus and other distributions based on a comprehensive consideration of the Company's profitability and financial position.

The Company stipulates in its Articles of Incorporation that it can pay dividends from surplus on a record date it determines, in addition to two (2) record dates in a year: the record date for the year-end dividend (March 31) and that for the interim dividend (September 30).

The Company stipulates in its Articles of Incorporation that matters, including dividends from surplus, set forth in each item of Article 459, Paragraph 1 of the Companies Act shall be decided by resolutions of the Board of Directors, not those of general meeting of shareholders, unless otherwise provided by laws and regulations.

Based on this policy, the Company's Board of Directors decided at its meeting held on October 31, 2014, not to pay an interim dividend for the fiscal year under review. With regard to a year-end dividend, based on the full-year business results, the Company, by resolution of the Board of Directors meeting held on May 13, 2015, decided to resume the payment and pay a year-end dividend of 5 yen per share.

(Translation)

**Consolidated Balance Sheet**  
(As of March 31, 2015)

(Millions of yen)

Assets		Liabilities	
Accounting Items	Amount	Accounting Items	Amount
Assets		Liabilities	
<b>Current assets</b>	<b>161,039</b>	<b>Current liabilities</b>	<b>139,358</b>
Cash and cash equivalents	55,077	Trade notes and accounts payable	30,033
Trade notes and accounts receivable	57,944	Short term loans payable	16,827
Merchandise and finished goods	25,836	Current portion of bonds payable	5,946
Work in process	2,935	Current portion of long-term loans payable	43,009
Raw materials and supplies	8,381	Other accounts payable	10,584
Deferred tax assets	4,103	Accrued expenses	19,196
Other current assets	8,374	Income taxes payable	1,931
Allowance for doubtful receivables	(1,612)	Provision for product warranties	1,505
		Provision for sales returns	1,418
		Other current liabilities	8,906
<b>Fixed assets</b>	<b>117,630</b>	<b>Long term liabilities</b>	<b>60,090</b>
<b>Tangible fixed assets</b>	<b>53,435</b>	Long-term loans payable	7,835
Buildings and structures	13,009	Deferred tax liabilities for land revaluation	1,606
Machinery and equipment	6,870	Deferred tax liabilities	14,548
Tools, furniture and fixtures	5,451	Net defined benefit liability	33,357
Land	27,703	Other long term liabilities	2,742
Construction in progress	400		
<b>Intangible fixed assets</b>	<b>23,099</b>	<b>Total Liabilities</b>	<b>199,448</b>
Goodwill	7,998		
Software	9,818	<b>Net Assets</b>	
Other intangible fixed assets	5,282	Net Assets	
<b>Investments and other assets</b>	<b>41,095</b>	<b>Shareholders' equity</b>	<b>77,217</b>
Investment securities	5,058	<b>Paid-in capital</b>	<b>10,000</b>
Net defined benefit asset	29,729	<b>Capital surplus</b>	<b>45,574</b>
Other investments	7,218	<b>Retained earnings</b>	<b>22,181</b>
Allowance for doubtful receivables	(911)	<b>Treasury stock</b>	<b>(538)</b>
		<b>Other comprehensive income</b>	<b>(5,437)</b>
		Unrealized gain and loss on available-for-sale securities	569
		Land revaluation surplus	3,375
		Foreign currency translation adjustments	(6,383)
		Remeasurements of defined benefit plans	(3,000)
		<b>Minority interests</b>	<b>7,441</b>
		<b>Total Net Assets</b>	<b>79,221</b>
<b>Total Assets</b>	<b>278,669</b>	<b>Total Liabilities and Net Assets</b>	<b>278,669</b>

Notes to consolidated financial statements and notes to non-consolidated financial statements are posted on the Company's website (<http://www.jvckenwood.com/ir/stock/stockholder/>).

(Translation)

**Consolidated Statement of Income**  
(From April 1, 2014 to March 31, 2015)

(Millions of yen)

Accounting Items	Amount	
<b>Net sales</b>		285,010
<b>Cost of sales</b>		200,049
<b>Gross profit</b>		84,960
<b>Selling, general and administrative expenses</b>		78,390
<b>Operating profit</b>		6,570
<b>Non-operating profit</b>		
Interest income	181	
Dividends income	220	
Royalty income	149	
Reversal of provision for product warranties	51	
Equity in earnings of affiliates	2	
Other non-operating profit	930	1,535
<b>Non-operating expense</b>		
Interest expense	1,944	
Loan commission	467	
Foreign exchange losses	1,078	
Other non-operating expenses	1,438	4,929
<b>Ordinary income</b>		3,176
<b>Extraordinary profit</b>		
Gain on sales of fixed assets	5,427	
Gain on sales of investment securities	190	
Gain on reversal of stock acquisition rights	806	
Other extraordinary profit	518	6,942
<b>Extraordinary loss</b>		
Loss on sales of fixed assets	12	
Loss on disposal of fixed assets	176	
Loss on sales of shares in subsidiaries and associated companies	1,105	
Business structural reform expenses	295	
Employment structural reform expenses	1,237	
Loss on abandonment of inventories for closing business	444	
Other extraordinary loss	216	3,489
<b>Income before income taxes</b>		6,629
Corporate tax, corporate inhabitant tax and corporate enterprise tax	2,634	
Corporate tax and other adjustment	(1,519)	1,115
<b>Income before minority interests</b>		5,514
Minority interests in income		860
<b>Net income</b>		4,654

(Translation)

**Consolidated Statement of Changes in Shareholders' Equity**  
(From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2014</b>	10,000	45,875	17,421	(537)	72,759
Cumulative effects of changes in accounting policies			(195)		(195)
<b>Shareholders' equity as restated</b>	10,000	45,875	17,226	(537)	72,564
<b>Changes during the consolidated fiscal year</b>					
Transfer to retained earnings from capital surplus		(301)	301		—
Net income			4,654		4,654
Acquisition of treasury stocks				(1)	(1)
Disposal of treasury stock				0	0
Changes (net amount) of items other than shareholders' equity during the fiscal year					
<b>Total changes during the fiscal year</b>	—	(301)	4,955	(1)	4,652
<b>Balance as of March 31, 2015</b>	10,000	45,574	22,181	(538)	77,217

	Other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Unrealized gain and loss on available-for-sale securities	Land revaluation surplus	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income			
<b>Balance as of April 1, 2014</b>	205	3,209	(13,440)	(11,010)	(21,036)	806	7,294	59,824
Cumulative effects of changes in accounting policies								(195)
<b>Shareholders' equity as restated</b>	205	3,209	(13,440)	(11,010)	(21,036)	806	7,294	59,629
<b>Changes during the consolidated fiscal year</b>								
Transfer to retained earnings from capital surplus								—
Net income								4,654
Acquisition of treasury stocks								(1)
Disposal of treasury stock								0
Changes (net amount) of items other than shareholders' equity during the fiscal year	364	166	7,057	8,010	15,598	(806)	146	14,939
<b>Total changes during the fiscal year</b>	364	166	7,057	8,010	15,598	(806)	146	19,592
<b>Balance as of March 31, 2015</b>	569	3,375	(6,383)	(3,000)	(5,437)	—	7,441	79,221

(Translation)

**Non-consolidated Balance Sheet**  
(As of March 31, 2015)

(Millions of yen)

Assets		Liabilities	
Accounting Items	Amount	Accounting Items	Amount
Assets		Liabilities	
<b>Current assets</b>	<b>71,175</b>	<b>Current liabilities</b>	<b>124,372</b>
Cash and cash equivalents	14,945	Notes payable-trade	1,116
Notes receivable-trade	1,184	Accounts payable-trade	23,777
Accounts receivable-trade	26,121	Short term loans payable	36,036
Merchandise and finished goods	7,345	Current portion of bonds payable	5,946
Work in process	750	Current portion of long-term loans payable	42,892
Raw materials and supplies	2,091	Debt for lease	143
Advance payments-trade	40	Other accounts payable	5,838
Prepaid expenses	746	Accrued expenses	4,755
Short-term loans receivable	4,331	Income taxes payable	225
Accrued revenue	12,206	Advances received	1,033
Deferred tax assets	1,531	Deposits received	2,444
Other	1,105	Unearned revenue	0
Allowance for doubtful receivables	(1,226)	Provision for product warranties	150
<b>Fixed assets</b>	<b>148,847</b>	Other current liabilities	11
<b>Tangible fixed assets</b>	<b>29,042</b>	<b>Long term liabilities</b>	<b>21,495</b>
Buildings	6,043	Long-term loans payable	7,600
Structures	169	Debt for lease	101
Machinery and equipment	223	Deferred tax liabilities for land revaluation	1,606
Vehicles	89	Deferred tax liabilities	4,159
Tools, furniture and fixtures	2,110	Provision for retirement benefits	7,476
Land	20,305	Asset retirement obligations	545
Construction in progress	102	Other long term liabilities	7
<b>Intangible fixed assets</b>	<b>8,842</b>	<b>Total Liabilities</b>	<b>145,868</b>
Goodwill	22	<b>Net Assets</b>	
Software	8,739	Net Assets	
Other	80	<b>Shareholders' equity</b>	<b>70,357</b>
<b>Investments and other assets</b>	<b>110,963</b>	<b>Paid-in capital</b>	<b>10,000</b>
Investment securities	3,452	<b>Capital surplus</b>	<b>56,598</b>
Investments in affiliated companies	96,378	Capital reserve	10,000
Investments in capital	1	Other capital surplus	46,598
Investments in capital of subsidiaries and affiliates	4,804	<b>Retained earnings</b>	<b>4,298</b>
Long-term loans receivable	197	Other retained earnings	4,298
Claims provable in bankruptcy, claims provable in rehabilitation and other	171	Cumulative retained earnings	4,298
Long-term prepaid expenses	830	<b>Treasury stock</b>	<b>(538)</b>
Prepaid pension cost	6,470	<b>Valuation and translation adjustments</b>	<b>3,796</b>
Other	459	Unrealized gain and loss on available-for-sale securities	420
Allowance for loss on investment in subsidiaries and affiliates	(1,426)	Land revaluation surplus	3,375
Allowance for doubtful receivables	(376)	<b>Total Net Assets</b>	<b>74,154</b>
<b>Total Assets</b>	<b>220,023</b>	<b>Total Liabilities and Net Assets</b>	<b>220,023</b>

(Translation)

**Non-consolidated Statement of Income**  
(From April 1, 2014 to March 31, 2015)

(Millions of yen)

Accounting Items	Amount	
<b>Net sales</b>		<b>175,667</b>
<b>Cost of sales</b>		<b>148,091</b>
<b>Gross profit</b>		<b>27,575</b>
<b>Selling, general and administrative expenses</b>		<b>27,287</b>
<b>Operating profit</b>		<b>287</b>
<b>Non-operating profit</b>		
Interest income	137	
Dividends income	9,887	
Reversal of allowance for doubtful accounts	458	
Reversal of allowance for loss on investment in subsidiaries and affiliates	470	
Other	1,096	12,050
<b>Non-operating expense</b>		
Interest expense	1,871	
Interest on bonds	294	
Loan commission	402	
Foreign exchange losses	1,628	
Provision of allowance for doubtful accounts	1,599	
Provision of allowance for loss on investment in subsidiaries and affiliates	1,127	
Other	772	7,695
<b>Ordinary profit</b>		<b>4,642</b>
<b>Extraordinary profit</b>		
Gain on sales of fixed assets	7	
Gain on sales of investment securities	168	
Gain on liquidation of subsidiaries and affiliates	1,418	
Gain on reversal of stock acquisition rights	806	2,401
<b>Extraordinary loss</b>		
Loss on sales of fixed assets	8	
Loss on disposal of fixed assets	150	
Loss on valuation of stocks of subsidiaries and affiliates	1,072	
Loss on exchange from dividend in kind	67	
Other	220	1,518
<b>Income before income taxes</b>		<b>5,525</b>
Corporate tax, corporate inhabitant tax and corporate enterprise tax	(671)	
Corporate tax and other adjustment	1,617	945
<b>Net income</b>		<b>4,579</b>



(Translation)

**Non-consolidated Statement of Changes in Shareholders' Equity**  
(From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity						
	Paid-in capital	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Cumulative retained earnings		
<b>Balance as of April 1, 2014</b>	<b>10,000</b>	<b>10,000</b>	<b>46,899</b>	<b>56,899</b>	<b>(301)</b>	<b>(537)</b>	<b>66,060</b>
Cumulative effects of changes in accounting policies					(281)		(281)
<b>Shareholders' equity as restated</b>	<b>10,000</b>	<b>10,000</b>	<b>46,899</b>	<b>56,899</b>	<b>(582)</b>	<b>(537)</b>	<b>65,779</b>
<b>Changes during the consolidated fiscal year</b>							
Transfer to retained earnings from capital surplus			(301)	(301)	301		—
Net income					4,579		4,579
Acquisition of treasury stocks						(1)	(1)
Disposal of treasury stocks						0	0
Changes of items other than shareholders' equity							
<b>Total changes during the fiscal year</b>	<b>—</b>	<b>—</b>	<b>(301)</b>	<b>(301)</b>	<b>4,880</b>	<b>(1)</b>	<b>4,578</b>
<b>Balance as of March 31, 2015</b>	<b>10,000</b>	<b>10,000</b>	<b>46,598</b>	<b>56,598</b>	<b>4,298</b>	<b>(538)</b>	<b>70,357</b>

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Unrealized gain and loss on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments		
<b>Balance as of April 1, 2014</b>	<b>135</b>	<b>3,209</b>	<b>3,344</b>	<b>806</b>	<b>70,212</b>
Cumulative effects of changes in accounting policies					(281)
<b>Shareholders' equity as restated</b>	<b>135</b>	<b>3,209</b>	<b>3,344</b>	<b>806</b>	<b>69,930</b>
<b>Changes during the consolidated fiscal year</b>					
Transfer to retained earnings from capital surplus					—
Net income					4,579
Acquisition of treasury stocks					(1)
Disposal of treasury stocks					0
Changes of items other than shareholders' equity	285	166	451	(806)	(355)
<b>Total changes during the fiscal year</b>	<b>285</b>	<b>166</b>	<b>451</b>	<b>(806)</b>	<b>4,223</b>
<b>Balance as of March 31, 2015</b>	<b>420</b>	<b>3,375</b>	<b>3,796</b>	<b>—</b>	<b>74,154</b>

(Translation)

Accounting Audit Report regarding Consolidated Financial Statements

**Independent Auditor's Report**

May 12, 2015

JVC KENWOOD Corporation  
The Board of Directors

**Deloitte Touche Tohmatsu LLC**

Designated and Certified Public Accountant  
Engagement Partner Taisei Kunii (Seal)

Designated and Certified Public Accountant  
Engagement Partner Yasuhiko Haga (Seal)

Designated and Certified Public Accountant  
Engagement Partner Nobuo Son (Seal)

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of JVC KENWOOD Corporation (the "Company") applicable to the fiscal year from April 1, 2014 through March 31, 2015.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

**Conflicts of Interest**

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

## Accounting Audit Report

### Independent Auditor's Report

May 12, 2015

JVC KENWOOD Corporation  
The Board of Directors

#### Deloitte Touche Tohmatsu LLC

Designated and Engagement Partner	Certified Public Accountant Taisei Kunii (Seal)
Designated and Engagement Partner	Certified Public Accountant Yasuhiko Haga (Seal)
Designated and Engagement Partner	Certified Public Accountant Nobuo Son (Seal)

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the notes to the financial statements and the related supplementary schedules of JVC KENWOOD Corporation (the "Company") applicable to the 7th fiscal year from April 1, 2014 through March 31, 2015.

#### Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2015 in conformity with accounting principles generally accepted in Japan.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## Statutory Auditors' Report

### Audit Report

The Board of Statutory Auditors audited the Directors' performance of duties for the 7th business period from April 1, 2014 to March 31, 2015. The Board of Statutory Auditors reports the method and the results as follows:

#### 1. Audit Method and Details

The Board of Statutory Auditors established the auditing policies, audit plan, audit implementation standards, and received reports from each Statutory Auditor on the status of implementation of audits and results thereof. In addition, it received reports from Directors, Executive Officers, and the accounting auditor on the status of execution of their duties and asked them for explanations as necessary.

In accordance with the auditing policies and auditing standards for Statutory Auditors, which were established by the Board of Statutory Auditors, each Statutory Auditor maintained good communication with Directors, Executive Officers, the Management Audit Office (the internal audit division) and employees, strived to collect information and improve the auditing environment, and implemented audits as follows:

- (1) We attended meetings of the Board of Directors and other meetings as deemed important, received reports from Directors, Executive Officers, the Management Audit Office (the internal audit division) and employees on the status of execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made and other important documents, and examined business and financial conditions at the head office and principal offices.
- (2) Also, with regard to the details of the resolution made by the Board of Directors concerning the establishment of the systems stipulated in Article 100, Paragraphs 1 and 3 of the Regulations for the Enforcement of the Companies Act as what is necessary for ensuring the appropriateness of operations of stock companies, including the framework to ensure the conformity of the Directors' exercise of function with the Laws and Regulations and the Articles of Incorporation, which is described in the Business Report, as well as systems established based on the relevant resolution (internal control systems), we periodically received reports from Directors, the Management Audit Office (the internal audit division), the internal control division and employees on the status of establishment and operation of such systems, asked for explanations as necessary and expressed our opinions.
- (3) With regard to subsidiaries, we implemented audit activities in cooperation with statutory auditors of the subsidiaries of the Company from the standpoint of consolidated audit of the Company's statutory group, received reports from statutory auditors of the subsidiaries, maintained good communications and exchanged information with directors and others of the subsidiaries, visited the head offices, principal offices and principal divisions of the subsidiaries, received reports on business and asked for explanations as necessary.
- (4) In addition, we monitored and verified whether the accounting auditor maintains independency and properly implements audit, received from the accounting auditor reports on the execution of duties and asked for explanations as necessary. We also received a report from the accounting auditor stating that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Company Accounting Regulations) have been established in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and asked the accounting auditor for explanations as necessary.

Based on the above method, the Board of Statutory Auditors examined the non-consolidated financial statements (balance sheet, statements of income, statement of changes in net assets, and notes to financial statements), the supporting schedules, and the consolidated financial statements (balance sheet, statements of income, statement of net assets, and notes to financial statements) for the current fiscal year.

#### 2. Audit Results

- (1) Audit Results of Business Report and Others
  - (i) The Board of Statutory Auditors acknowledges that the business report and the supporting schedules fairly present the Company's conditions in accordance with laws, regulations and the Articles of Incorporation.
  - (ii) With regard to the performance of duties by Directors, the Board of Statutory Auditors finds no significant evidence of wrongful acts, nor violations of laws, regulations, or the Articles of Incorporation.
  - (iii) The Board of Statutory Auditors acknowledges that the content of the resolution by the Board of Directors concerning the internal control system is appropriate. Also, statements in the Business Report and execution of duties by Directors regarding the relevant internal control systems have nothing to be pointed out.
- (2) Audit Results on the Non-consolidated Financial Statements and the Supporting Schedules

The Board of Statutory Auditors acknowledges that the audit method of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, and the results thereof are appropriate.
- (3) Audit Results of Consolidated Financial Statements

The Board of Statutory Auditors acknowledges that the audit method of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, and the results thereof are appropriate.

May 12, 2015

The Board of Statutory Auditors, JVC KENWOOD Corporation  
Statutory Auditor (full time) Takayoshi Sakamoto (seal)  
Statutory Auditor (external) Akihiko Washida (seal)  
Statutory Auditor (external) Shojiro Asai (seal)

(Translation)

## SHAREHOLDERS' MEMO

- Fiscal year	From April 1 to March 31 of each year
- Ordinary general meeting of shareholders	June of each year
- Record date with respect to voting rights to be exercised at the ordinary general meeting of shareholders	March 31 of each year
- Base dates for dividends from surplus	March 31 of each year September 30 of each year Dividends from surplus may be paid on base dates other than the above base dates.
- Method of public notice	Public notices will be made electronically. Electronic public notices will be posted on our website: ( <a href="http://www.jvckenwood.com">http://www.jvckenwood.com</a> )  However, in the event that electronic public notices are not available for reasons such as accidents or other contingencies, the public notice will be posted in the <i>Nikkei</i> (the <i>Nihon Keizai Shimbun</i> )
- Stock listing market	1st Section of Tokyo Stock Exchange
- Code	6632
- Number of shares constituting one trading unit	100
- Administrator of shareholder registry	4-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Service location	4-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Contact (Inquires/Sending address)	8-4, 2-chome, Izumi, Suginami-ku, Tokyo, 168-0063 Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited Telephone inquiries: 0120-782-031 <a href="http://www.smtb.jp/personal/agency/index.html">http://www.smtb.jp/personal/agency/index.html</a>

### Contact

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URL: <http://www.jvckenwood.com>

### Forward-looking Statements

When included in this convocation notice, the words "will," "should," "expects," "intends," "anticipates," "estimates," and similar expressions, among others, identify forward-looking statements. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in this document. These forward-looking statements are made only as of the date of this document. JVC KENWOOD Corporation expressly disclaims any obligations or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. Actual results may vary widely from forecasts due to the following factors: 1) drastic changes in economic conditions and product supply and demand in major markets (Japan, Europe, the Americas, Asia etc.), 2) changes in trade regulations and other regulatory changes in major domestic and international markets, 3) drastic changes in foreign exchange rates (yen-dollar, yen-euro etc.), 4) sharp moves in the capital markets, and 5) changes in social infrastructure caused by drastic changes in technology etc. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.