TRANSLATION – FOR REFERENCE ONLY -

October 1, 2008

Company:	JVC KENWOOD Holdings, Inc.
Representative:	Haruo Kawahara, Chairman and CEO (Code: 6632; 1st Section of Tokyo Stock Exchange)
Contact:	Hiroshi Odaka, Deputy President and CFO (Tel: +81-45-444-5232) (E-mail: prir@jk-holdings.com)

Notice of the Establishment of JVC KENWOOD Holdings, Inc.

On October 1, 2008 Victor Company of Japan, Limited (JVC) and Kenwood Corporation (Kenwood) announced that they integrated management by establishing JVC KENWOOD Holdings, Inc. (JVC Kenwood) as of the same day through a share transfer.

1. Outline of the JVC Kenwood Group

As a result of integrating management of JVC and Kenwood (collectively, "both companies"), JVC Kenwood was established as the joint holding company and listed as of October 1, 2008 on the First Section of the Tokyo Stock Exchange. JVC Kenwood became the wholly owning parent that holds 100% of JVC and Kenwood shares, both of which have become unlisted operating companies.

As of October 1, 2008, both companies implemented a company split (simplified absorption-type split or *kan'i-kyushu-bunkatsu*). The purpose is to pass on part of the rights and obligations of their Car Electronics business and of their equities administration business for several subsidiaries to J&K Technologies Corp. (J&K Technologies), a joint venture of both companies.

The goal is to quickly maximize synergies in the Car Electronics business, from which JVC Kenwood expects the greatest synergies in this management integration. As a result, J&K Technologies expanded operations to full-fledged development, design, procurement and production without limitation to joint technological development. The six Car Electronics related development and production subsidiaries of both companies became subsidiaries of J&K Technologies.

JVC Kenwood Group now consists, therefore, of JVC Kenwood as the joint holding company with JVC, Kenwood and J&K Technologies as operating companies. It intends this group structure to reinforce its competitive edge and earnings creating capability by developing both companies' established corporate foundations into a new, sustainable business infrastructure to succeed in the digital era down the road. The Group will also use synergies from management integration to create and increase its corporate value to establish a solid position as a world-leading, dedicated manufacturer-based group.

2. Management Policies

(1) Corporate Vision and Course of Action

Corporate Vision: "Realize the unconventional (*Katayaburi wo katachi ni*)"
Course of Action: "Perpetual reform centered on each and every individual"

JVC Kenwood Group newly formulated its Corporate Vision as a concept common to JVC's brand statement "The Perfect Experience" and Kenwood's corporate vision "Reaching out to discover, inspire and enhance the enjoyment of life." In addition, the Group established its Course of Action as the group-wide standard for all employees of the Group companies to share in order to realize the Corporate Vision.

Always considering the Corporate Vision and the Course of Action, JVC Kenwood Group will develop into a corporate group that creates new and unconventional added values to give customers an experience like never before.

(2) Corporate Logo

JVC Kenwood Group created a new corporate logo and started using this on October 1 in various printed materials and on the newly established Web site.

JVC and Kenwood will use their logos for both companies' products as in the past. Therefore, the new corporate logo should develop in friendly competition with both companies' existing brands for mutual reinforcement.

The two ascending arc lines of the logo symbolize growth potential and expandability infinitely toward the future. They also express JVC Kenwood's resolve to lead the world with power to realize unconventional ideas and ability to get things done.

JVC Kenwood Group's keen desire to achieve quality-first corporate activities, provide products and services, and receive quality-focused trust with our customers is represented by the stability and sophistication of the logo.

The new brand colors are "Intelligent Blue" to express intelligence and dignity and "Techno Gray" to express the ever-evolving technological force.

(3) Purpose of Management Integration and Management Policies

***Purpose of Management Integration**

In the JVC Kenwood Group, both companies will continue to complete their respective structural reforms. With the management integration as the starting point of a new growth strategy, the Group will develop into a unique, specialized world-leading manufacturer group, striving to expand and create added value by the effects of integration.

***Management Policies**

1) Realize effects of integration—Develop a new sustainable business infrastructure and synergies

With the new framework of consolidated management controlled by the JVC Kenwood the joint holding company, JVC Kenwood Group intends to develop the legacy corporate foundations established by both companies into a new sustainable business infrastructure to succeed in the digital era and maximize synergies in common businesses at the earliest possible time.

2) Accelerate corporate growth with the "Niche-top strategy"

JVC Kenwood Group intends to strengthen the competitiveness of its core business segments through benefits of integration and accelerate its business growth rate by drawing on the niche-top strategy so as to lead the industry globally in priority segments.

3) Create new and unconventional added value

As a consolidated entity, JVC Kenwood Group will offer new products and services and create new and unconventional added value to give customers an experience like never before, by blending the technologies and resources of both companies.

3. Business Strategies and Performance Targets

(1) Business Strategies

JVC Kenwood Group promotes the "niche-top strategy" by reorganizing the core businesses of both companies into four business segments to pursue the top global position in the respective segments—
1) Car Electronics Business;
2) Home & Mobile Electronics Business, which consists mainly of camcorders, displays and home and portable audio; 3) Professional Systems Business, which consists mainly of wireless transceivers and systems and professional video and audio systems; and
4) Entertainment Business—in the pursuit of the top global positions in the respective business segments.

JVC Kenwood Group positions Car Electronics, Home and Mobile Electronics (camcorders), Professional Systems and Entertainment business segments as new profit centers—accounting for approximately 70% of sales in the plan for the fiscal year ending March 2011 - toward establishing of a well-balanced, solid earnings foundation.

Furthermore, the Group will target new growth by focusing on developing a new business in line with the Corporate Vision to be established as a fifth segment at the earliest possible time.

(2) Priority Measures by Business Segment

1) Car Electronics Business

By utilizing management resources and increasing economies of scale, the car electronics business will execute the growth strategy through maximizing sales and profit synergies via reinforcing marketing and sales around the nucleus of J&K Technologies. It will use both companies' branding strategies to develop this business as the largest segment in total sales.

Particularly, in the consumer car audio business, market shares increased in principal U.S., Europe and Japan markets from initiatives to promote both companies' strengths through collaboration. JVC Kenwood Group aims to enhance its cost competitiveness through joint development and joint procurement of parts procurement, which will now become full-fledged, to reinforce its business competitiveness further as a global leader by strengthening collaborative businesses in promising emerging markets.

Meanwhile, in consumer car multimedia business, sales of AV-integrated car navigation systems expanded largely in overseas markets through collaboration with Garmin Ltd., a market leader of PNDs*. Taking advantage of J&K Technologies' navigation engine co-development and other projects, the Group will expand its presence in the global markets by increasing the car navigation system product lineup.

**PNDs: Portable/Personal Navigation Devices*

2) Home & Mobile Electronics Business

In the home & mobile electronics business, JVC Kenwood Group will restructure its earnings structure by leveraging the highly profitable camcorder business through radical improvement of the P&L of unprofitable display and home audio businesses.

Especially in the display business, radical structural reforms conducted in the last year, including considerable business curtailment in the unprofitable Japanese market, transfer of domestic production in the United Kingdom to outsourced production in Eastern Europe for the European market, and improved added production value through a business tie-up with FUNAI ELECTRIC CO., LTD., in the U.S. market. The Group intends to finalize these reforms further to create earnings at an early stage by launching unique, high-premium products that optimize proprietary technologies.

Reforms progressed in the home audio business, such as curtailing unprofitable models, improving cost competitiveness via both companies' collaborative efforts, improving lineup via joint development and reinforcing their profitable AV accessories business further. These efforts will be accelerated to quickly develop the home & mobile business segment as an earnings-creating segment.

3) Professional Systems Business

In the professional systems business, orders increased in U.S., European and Chinese markets. JVC Kenwood Group intends to develop this business segment as the largest revenue segment with enhanced earnings capability by reinforcing promising digital, professional wireless equipment and professional wireless systems; obtaining new customers via the sales channels of both professional systems and professional wireless equipment; and sharing technologies and services.

4) Entertainment Business

In the entertainment business, a fulfillment framework from content development to distribution was established by transferring the recording media business. The JVC Kenwood Group will grow profitability further by discovering new talent and expanding the licensing business in the content business.

(3) Performance Targets

Performance targets of JVC Kenwood for fiscal year ending March 2011 are as follows:

- Net Sales: ¥750 billion
- Operating income: ¥39 billion
- Operating Profit Ratio: 5.2 %

1) Decline in Sales and Improvement in Profit Margin due to Change in Accounting Policy

Until the second quarter of the fiscal year ending March 2009, JVC calculated its net sales based on gross sales to its business partners, in which customer discounts are treated as selling expenses. After the Share Transfer, JVC will adopt the same method as Kenwood for calculating net sales by deducting customer discounts from gross sales (or netting customer discounts with gross sales), starting with the third quarter of the fiscal year ending March 2009.

As a result of this change in accounting policy, the sales projection of JVC for the fiscal year ending March 2011 will decrease by about ¥70 billion compared with the previous method. In addition, profit margins, including the operating profit ratio, will improve because this change does not affect operating income figures.

2) Increase in Net Sales due to “Negative Goodwill” and Application of the Consolidated Taxation System

Management integration is expected to result in approximately ¥10 billion of “negative goodwill” on the consolidated balance sheet of JVC Kenwood. Consequently, on the assumption that it will be amortized over five years, amortization of negative goodwill of approximately ¥2 billion per year is expected to be recorded as non-operating income.

In addition, because JVC Kenwood intends to implement and apply the consolidated taxation system in association with management integration, anticipated tax payment by JVC Kenwood for the fiscal year ending March 2011 is expected to decrease by about ¥2.5 billion compared with the case if both companies did not integrate management.

As a result, non-consolidated net income of JVC Kenwood for the fiscal year ending March 2011 would increase by about ¥4.5 billion compared with the case if Both Companies did not integrate management.

The amounts of estimated negative goodwill and the anticipated tax payment are based on tentative estimates at this time and could be subject to change.

*As for performance projections for the fiscal year ending March 2009, refer to the “Notice Regarding the Performance Forecast for the Fiscal Year Ending March 2009” released today.

(4) Basic Policy Regarding Dividends

The JVC Kenwood Group considers stable distribution of profits one of its major managerial issues. It will comply with the basic policy of determining dividends from surplus and other dispositions from the overall perspective of its profitability and financial condition.

* As for dividends for the fiscal year ending March 2009, refer to the "Notice Regarding Performance and Dividend Forecast for the Fiscal Year Ending March 2009" separately released today.

4. Outline of JVC Kenwood

The outline of JVC Kenwood is as follows:

The executive officer system and the organization of JVC Kenwood and the respective management systems of JVC, Kenwood and J&K Technologies were determined as stated in the "Notice Concerning Change of Representative Directors and Officers" released on September 12, 2008.

The trading unit of JVC Kenwood's stock is 100 shares in accordance with the Action Plan toward the Unification of the Trading Unit of the Company Stock issued by national stock exchanges in order to enhance convenience of investors and liquidity of shares in the market.

(1) Trade Name	JVC KENWOOD Holdings, Inc.	
(2) Principal Business	Controlling and managing business activities by owning shares and interest in the companies that run the car electronics business, home & mobile electronics business, operational system business and entertainment business	
(3) Date of Incorporation	October 1, 2008	
(4) Location of Head Office	12, Moriya-cho 3-chome, Kanagawa-ku, Yokohama-shi, Kanagawa	
(5) Representatives and Officers	Chairman (Representative Director of the Board), Executive Officer and CEO	Haruo Kawahara
	President (Representative Director of the Board), Operating Officer and Executive Officer	Kunihiko Sato
	Executive Vice President, Executive Officer, CFO and General Manager, Strategic Corporate Planning Division	Hiroshi Odaka
	Director, Executive Officer, Business Development & Strategy Division and General Manager, Business Development & Strategy Division	Motoyoshi Adachi
	Director (External Director)	Koji Kashiwaya
	Director (External Director)	Makoto Matsuo
	Director (External Director)	Jiro Iwasaki
	Statutory Auditor	Shigeharu Tsuchitani
	Statutory Auditor	Hideaki Kato
	Statutory Auditor (External Auditor)	Noriyuki Shouyama*
	Statutory Auditor (External Auditor)	Akihiko Washida*
	Statutory Auditor (External Auditor)	Norimichi Saito*
	*"External Auditor," as stipulated in Article 2, Item 16, of the Corporations Law.	
(6) Number of Employees	721 persons	
(7) Capital	¥10 billion	
(8) Net Assets	To be determined	
(9) Total Assets	To be determined	
(10) Total Number of Shares Issued	1,090,002 thousand shares (As of October 1, 2008, there were no shares of treasury stock.)	
(11) Trading Unit of Its Stock	100 shares	
(12) Fiscal Year	End of March	
(13) Web Site	http://www.jk-holdings.com/	
(14) Major Shareholders and Shareholding Ratio	Matsushita Electric Industrial Co., Ltd.: 24.41% Kenwood Corporation: 11.28% HSBC Fund Services SPARX Asset Management Corporation: 7.86% HSBC Fund Services SPARX Asset Management Limited U.S. Client: 6.68%	

Note: Ratio of major shareholders and shares held is reflected as of March 31, 2008, and as a result does not

include change of the large shareholding report to be submitted thereafter.
Effective October 1, 2008, Matsushita Electric Industrial Co., Ltd. changed its name to Panasonic Corporation.