



April 14, 2009

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 on Revision of Earnings Forecast for Fiscal Year Ended March 2009

JVC KENWOOD Holdings, Inc. (JVC Kenwood) has revised its earnings forecast for the fiscal year ended March 2009 (from April 1, 2008 to March 31, 2009) as follows because it anticipates that consolidated operating profit will fall short of the forecasted figures (announced on January 30, 2009).

### 1. Revision of Earnings Forecast

#### (1) Revision of Consolidated Earnings Forecast for Fiscal Year Ended March 2009 (from April 1, 2008 to March 31, 2009)

For the fiscal year ended March 2009, consolidated net sales are expected to be 310.0 billion yen, 3.1% lower than the previous forecast, and operating profits are expected to fall to the break even point, 3.0 billion yen lower than the previous forecast. Non-operating expenses and extraordinary losses are projected to be almost within the forecasted range. Hence, ordinary income and net income are likely to be only about 2.5 to 3.0 billion yen less than the previous forecast, affected only by variance in operating profits.

When combining the earnings results of Victor Company of Japan, Limited (JVC) for the first half of the fiscal year ended March 2009, net sales for the full fiscal year are expected to be about 549.8 billion yen, and operating profit will be about 1.3 billion yen.

This earnings forecast is based on preliminary figures for internal control, and actual results may differ from the above projections.

(Unit: Million yen)

	Net Sales	Operating Profit	Ordinary Income	Net Income	Net Income per Share (yen)
Previous forecast (A) (Announced on January 30, 2009)	320,000	3,000	-3,000	-15,000	-15.51
Revised forecast (B)	310,000	0	-5,500	-18,000	-18.61
Amount of change (B - A)	-10,000	-3,000	-2,500	-3,000	-3.10
Rate of change (%)	-3.1%	—	—	—	—
(Reference) (B) + results of JVC for 1st half	549,800	1,309	-8,191	-26,095	

- Earnings forecasts for the fiscal year ended March 2009 (A and B) are the sum of the earnings forecast of Kenwood Corporation (Kenwood), the acquiring company, for the fiscal year ended March 2009 (from April 1, 2008 to March 31, 2009) and the earnings forecast of JVC for the second half of the fiscal year ended March 2009 (from October 1, 2008 to March 31, 2009).

- (B) + results of JVC for the first half (reference) are the sum of the revised forecast (B) and the earnings results of JVC for the first half of the fiscal year ended March 2009. Net sales in JVC's earnings results for the first half of the year ended March 2009 are calculated using the net method (in which a portion of customer discounts is deducted from gross sales) as in the second half, and the resultant amount below 100 million yen is rounded off.

## **(2) Reasons for Revision**

Since its October 1, 2008 management integration, JVC Kenwood had pushed forward with profitability structure reforms to cope with the deteriorated business environment, while making efforts toward for early realization of synergistic effects. However, as the business environment became even worse with the deterioration of the real economy and the yen's further appreciation, JVC Kenwood implemented various measures in the fourth quarter in addition to emergency precautions of partial waiving of compensations, focusing on business structural reforms of Display, Car Electronics OEM; and Home Audio where profitability remain an issue; as well as cost structural reforms in IT and common sectors and affiliated companies.

This produced cost reductions of above 10 billion yen at the stage of calculating operating profit in the second half, exceeding the original plan thanks to effects of the profitability structural reforms, effects of certain additional measures, and cost synergy effects. Hence, we were able to promote a company-wide reduction in fixed costs and improvement in profits and losses of the above-mentioned businesses.

However, prices of old models sharply declined in the overall consumer electronics market in the fourth quarter due to excess inventory, and car electronics for aftermarket and camcorder markets also experienced similar trends. Hence, JVC Kenwood focused on making efforts to sustain appropriate inventory levels through production adjustments and promotion of old models. As a result, we faced difficulties in pushing forward new products in the car electronics for aftermarket and camcorder segments in addition to worsening profits. As such, JVC Kenwood was not able to attain the level of effectiveness expected from the release of new products and was unable to turn around profits until February.

On the other hand, in March, the local currency denominated monthly sales in the US from the Land Mobile Radio business marked a record high, sales of car electronics for aftermarket also registered the highest level after business integration, which contributed to much operational profits of entire JVC Kenwood. However, these strong sales failed to offset a fall in profits until February, and net sales and operating profit for the fourth quarter are expected to fall short of the previous forecasts.

## **2. Outlook for fiscal year ending March 2010**

JVC Kenwood predicts that the business environment for the fiscal year ending March 2010 will remain unchanged from the fourth quarter of the fiscal year ended March 2009, and aims to reduce costs totaling 20 billion yen or more for the fiscal year ending March 2010 by taking full advantage of additional measures in addition to cost reduction effects resulting from the profitability structural reforms, as well as cost synergy effects which, as described above, were generated in the fiscal year ended March 2009.

Furthermore, as mentioned above, improvements in profit have been achieved in the Display business, which had profitability issues in the fourth quarter, when compared to the same period of the previous year, and sales of the Land Mobile Radio business and car electronics for aftermarket have been turning for the better since March. Taking these situations into consideration, significant improvement in profit and loss is expected for the fiscal year ending March 2010, and JVC Kenwood has already launched efforts to attain that goal.

A concrete earnings forecast for the fiscal year ending March 2010 will be unveiled at the statement of accounts for the fiscal year ended March 2009 are announced.

### **Notes on Earnings Forecast**

The earnings forecast described above are estimates of the future state of affairs reflecting the judgments that the Group has made based on currently available information. Please note that actual results may vary materially from the results projected and presented in this forecast for a variety of reasons. Accordingly, the Group recommends that you refrain from making your investment decisions solely on the strength of this forecast.