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## **Notice on Change of Name of the Operating Company and Organizational Reform**

JVC KENWOOD Holdings, Inc. (JVC Kenwood) hereby announces that effective today, J&K Technologies Corp. (J&K Technologies), its subsidiary, is renamed as J&K Car Electronics Corporation (J&K Car Electronics) to serve as a virtually independent operating company of the car electronics business. In addition, please be informed that organizational reforms have been made respectively to each of the operating companies: Victor Company of Japan, Limited (JVC) and Kenwood Corporation (Kenwood).

### **1. Overview of Organizational Reform**

Since the management integration of October 1, 2008, the JVC Kenwood Group pursued a profit structural reform and took additional measures to cope with the deterioration of the economic environment while exerting efforts to promptly realize the effects of integration, and completed implementing key measures by the close of the fiscal year ended March 31, 2009. In addition, the Group began rolling out measures for future growth by reallocating the management resources created as a result of these efforts.

As indicated in the Accounting Report for the Fiscal Year Ended March 2009, the Group's basic policy for fiscal year ending March 2010 is to ensure full enforcement of the various structural reforms launched and embed the effects of that reform, as well as to promote the growth strategy by expanding profitable sales.

In order to pursue business operation based on this basic policy, major organizational reforms were conducted and have become effective as of today in the Group's operating companies: J&K Car Electronics, JVC and Kenwood.

### **2. Major Organizational Changes**

#### **(1) J&K Car Electronics Corporation**

Simultaneous with the management integration of October 1, 2008, the development and production functions related to the Car Electronics business of JVC and Kenwood were integrated into J&K Technologies established on October 1, 2007 as the joint venture development company of the said two companies, and endeavored to push forward steps aimed at prompt realization of the effects of integration.

Considering that the Car Electronics business, the largest business common to both companies, has become a major issue since the fall of last year due to the effects of the economic crisis, J&K Technologies is renamed as J&K Car Electronics effective today, and the product planning and marketing functions will be integrated, as the development and production functions have, to make the company a virtually independent operating company.

Furthermore, a major organizational reform will be conducted together with the reinforcement of the operating structure through ensuring personnel exchanges between the two companies in assigning the heads of overseas development and manufacturing subsidiaries.

As a result of these efforts, the collaborative business will undergo a complete business integration. By unifying development, production, product planning and marketing functions including the integration of platforms for car audio and navigation systems, JVC Kenwood will promote swift realization of the advantages of the integration to the highest degree and heighten the cost synergy effect as well as push expansion of product line-up primarily for car navigation systems.

Kenwood and JVC will remain as separate brands as they have been, and the products will be sold through Kenwood, JVC and the sales companies.

- New establishments of Consumer Division, OEM Division
- New establishment of Technology Development Division

## **(2) Victor Company of Japan, Limited**

To respond to the rapid changes in the market environment and to accelerate the process of placing high added value on the business portfolio, the organizational structure was reviewed corporate-wide to make the current eight business segments into five. In addition, corporate centers were refined to form a more streamlined and efficient structure.

Each of the functions of the Car Electronics business that had been undertaken by the Car Electronics Business Division was integrated into J&K Car Electronics.

Furthermore, apart from Japanese sales and overseas sales, the functions of the Home Audio business of JVC and Kenwood, which include planning, technology, marketing, quality assurance and production, will be integrated into JVC effective July 1. (For details, please refer to the "Notice on Integration of Home Audio Businesses Other than Sales Functions of Victor Company of Japan, Limited and Kenwood Corporation" announced on June 11, 2009.)

- New establishment of Home Entertainment Business Division
- New establishment of Digital Imaging Products Business Division
- New establishment of Business Solution Division
- New establishment of Entertainment Software Division
- New establishment of Business Incubation Division

## **(3) Kenwood Corporation**

To promote group-wide business operations as the operating company of the JVC Kenwood Group, Kenwood integrated the functions of the car electronics business into J&K Car Electronics and pursued an organizational reform to promote further expansion of the Communications Equipment business, which is the pillar of profit.

- Reorganization of Business Division
- Reorganization of Corporate Division