



August 18, 2010

Company	JVC KENWOOD Holdings, Inc.
Representative	Haruo Kawahara, Chairman, President and CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
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Notice on Strategic Alliance between Victor Arcs Co., Ltd. a subsidiary of JVC KENWOOD, and Hibino Corporation

JVC KENWOOD Holdings, Inc. (JVC Kenwood) signed a letter of intent today to transfer 35% of the outstanding shares of Victor Arcs Co., Ltd. (Victor Arcs) to Hibino Corporation (Hibino) (the Share Transfer) with J&K Business Solutions Corporation (J&K Business Solution), Hibino, and Victor Company of Japan, Limited (JVC), a subsidiary of JVC Kenwood, to establish a strategic alliance (the Strategic Alliance) between the JVC Kenwood Group and Hibino. Victor Arcs is a subsidiary of J&K Business Solution, which is a subsidiary of JVC Kenwood that engages in sales and construction of audio and visual equipment for professionals. JVC Kenwood will initiate discussions to conclude a formal contract for the transfer of shares.

1. Reasons for the Strategic Alliance

In the mid-term business plan with Fiscal Year ending March 2013 as the final year, the JVC Kenwood Group intends to achieve profitable growth and establish a new position as a Japanese manufacturer specialized in AV by concentrating Car Electronics and Professional Systems businesses, where the Group can make a strong showing.

In the Professional Systems business, the JVC Kenwood Group will expand and reinforce operations through the integrated management of the Land Mobile Radio Equipment segment of Kenwood Corporation, a subsidiary of JVC Kenwood, and the Business Solutions segment of JVC. In the Business Solutions segment, the Group has adopted a strategy to improve its businesses through cooperation and alliances with other companies, and shift away from the individual hardware business to the solutions business, which integrates products, content, and services.

The Strategic Alliance is part of this growth strategy of the JVC Kenwood Group, and is intended to develop the Professional Systems business and improve corporate value with equity participation from Hibino—a new business partner.

Following the Strategic Alliance, the Hibino Group, a total solutions company of sound and images, and the JVC Kenwood Group, a manufacturer specializing in sound and images, will seek a comprehensive and strategic alliance capitalizing on related technologies and products of both Groups mainly in the audio and visual systems segments (digital signage, LED display systems, 3D related products, and 4K projectors), and pursue synergies between the Groups.

This will allow the JVC Kenwood Group to promote business improvement and expansion in the Business Solutions segment, as well as facilitate a shift toward the solutions business, which is expected to lead to higher earnings of the Professional Systems business with subsequent profitable growth and improvement of corporate value of the entire Group.

Consequently, the JVC Kenwood Group has decided to sign a letter of intent to transfer 35% (24,500 shares) of Victor Arcs' outstanding shares (70,000 shares) owned by J&K Business Solution to Hibino. The transfer price of the Share Transfer will not be revealed due to confidentiality.

By accelerating the growth strategy on a consolidated basis after the Strategic Alliance, the JVC Kenwood Group will strive to increase domestic net sales mainly of audio and visual systems in the Business Solutions segment from around 23.0 billion yen (actual results for Fiscal Year ended March 2010) to around 30.0 billion yen (an increase of 30%) for Fiscal Year ending March 2013 and pursue profitable growth.

*** Tangible effects**

As a business solutions subsidiary of the JVC Kenwood Group, Victor Arcs has been engaged in system design and construction of professional-use audio and visual equipment for many years as a special construction licensee, and has abundant records of delivery to theaters, halls, museums, and multiuse facilities across Japan.

As a total solutions company of professional-use AV & IT based on sound and pictures, Hibino covers a number of the best audio equipment for professionals in the world with extensive delivery records to broadcasting stations, studios, halls, performing theaters, movie theaters, live houses, and sound reinforcement (SR).

Through the Strategic Alliance, Hibino, which has experience importing and selling high-end professional-use audio equipment, and Victor Arcs, whose core business comprises solutions and construction of audio systems using high-end professional-use audio equipment, will align with each other to generate synergies through an improvement and expansion of audio systems operations. Victor Arcs will receive a stable and timely supply of audio systems to meet the needs of customers from Hibino, and establish and enhance an integrated system to provide solutions from materials to system design, construction, and maintenance.

In the visual system segment including digital signage used outdoors and in public halls, LED displays, 3D related products, and 4K projectors, JVC Kenwood will promote the tie-up using both Groups' experiences of supplying solutions, know-how, and related technologies and products, and pursue synergies.

2. Outline of the Relevant Subsidiary (Victor Arcs) (as of March 31, 2010)

(1) Company name	Victor Arcs Co., Ltd.	
(2) Location	12 fl. LOOP-X Bldg., 3-9-15 Kaigan, Minato-ku, Tokyo	
(3) Representative's name and title	Hiroshi Samejima, President and Representative Director	
(4) Business	Sales and construction of audio-visual equipment for professionals	
(5) Capital	¥35 million	
(6) Established	March 19, 1960	
(7) Major shareholders and holding ratio	Shareholders' name	
		Holding ratio
	J&K Business Solutions Corporation	94.26%
	Sansha Electric Manufacturing Co., Ltd.	5.71%
	Individuals	0.03%
(8) Relationships with JVC Kenwood	Capital relationship	JVC Kenwood indirectly owns 94.26% of voting rights through its subsidiary, J&K Business Solution.
	Personnel relationship	JVC Kenwood dispatches one director and one auditor through its subsidiary, JVC.
	Transactional relationship	JVC Kenwood purchases audio and visual equipment for professionals through its subsidiary, JVC.
	Relationships with related parties	They are consolidated subsidiaries of JVC Kenwood.
(9) Operating results and financial conditions for recent business years		
	Fiscal Year ended March 2009	Fiscal Year ended March 2010

TRANSLATION - FOR REFERENCE ONLY -

Net assets	¥460 million	¥602 million
Total assets	¥1,420 million	¥1,594 million
Net assets per share	¥6,578.07	¥8,593.07
Net sales	¥2,639 million	¥2,579 million
Operating profit	¥170 million	¥229 million
Ordinary income	¥171 million	¥232 million
Net income	¥173 million	¥147 million
Net income per share	¥2,477.57	¥2,104.62
Dividend per share	¥100	¥1,575

3. Outline of Buyer of Share Transfer (as of March 31, 2010)

(1) Company name	Hibino Corporation	
(2) Location	3-5-14 Konan, Minato-ku, Tokyo	
(3) Representative's name and title	Teruhisa Hibino, President & CEO	
(4) Business	<ul style="list-style-type: none"> • Sales of audio and visual equipments for professionals, and design, construction, and maintenance of systems • Development, manufacturing, and sales of visual displays and peripheral equipment • Planning of audio and visual systems for concerts and events, rental of equipment, and operation of systems • Recording, broadcasting, track-down and authoring of live concerts and events 	
(5) Capital	¥1,721,480 thousand	
(6) Established	November 13, 1964	
(7) Major shareholders and holding ratio	Shareholders' name	Holding ratio
	Teruhisa Hibino	18.70%
	Hiroaki Hibino	9.96%
	HI_BINO Ltd.	8.98%
	Hibino Corporation	6.08%
	Hibino Employees Shareholders' Association	5.10%
	HSBC Fund Services Sparks Asset Management Corporated	2.54%
	Nippon Life Insurance Company	1.87%
	Junko Hibino	1.80%
	Mizuho Bank, Ltd.	1.80%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.80%
	Nomura Holdings, Inc.	1.80%
(8) Relationships with JVC Kenwood	Capital relationship	There is no significant capital relationship between JVC Kenwood and this company. In addition, there is no noteworthy capital relationship between interested parties and associated companies of JVC Kenwood and those of this company.
	Personnel relationship	There is no significant personnel relationship between JVC Kenwood and this company. In addition, there is no noteworthy personnel relationship between the interested parties and associated companies of JVC Kenwood and those of this company.

	Transactional relationship	There is transactional relationship between Victor Arcs and this company, but there is no significant transactional relationship between JVC Kenwood and this company. In addition, there is no noteworthy transactional relationship between interested parties and associated companies of JVC Kenwood and those of this company.
	Relationships with related parties	This company does not correspond to a related party of JVC Kenwood. In addition, interested parties and associated companies of this company do not correspond to related parties of JVC Kenwood.

(9) Consolidated operating results and financial conditions for recent business years

	Fiscal Year ended March 2009	Fiscal Year ended March 2010
Net assets	¥5,654 million	¥5,010 million
Total assets	¥15,467 million	¥14,792 million
Net assets per share	¥1,037.98	¥951.50
Net sales	¥17,727 million	¥14,207 million
Operating profit	¥530 million	(¥543 million)
Ordinary income	¥631 million	(¥636 million)
Net income	¥220 million	(¥375 million)
Net income per share	¥40.58	(¥70.70)
Dividend per share	¥30.00	¥20.00

4. Schedule

(1) Signing letter of intent	August 18, 2010
(2) Concluding formal contract on Share Transfer	September 24, 2010 (planned)
(3) Executing Share Transfer	October 1, 2010 (planned)

5. Future prospects

In case the Share Transfer is executed, Victor Arcs will become an equity method-based affiliate company of Hibino, although there will be no change in its position as a consolidated subsidiary of the JVC Kenwood Group.

In case the Strategic Alliance is implemented, the development of Victor Arcs is expected to contribute to increased earnings of the Professional Systems business of the JVC Kenwood Group, and to the profitable growth of the Group. The effects of the Strategic Alliance on the consolidated earnings of the JVC Kenwood Group cannot be determined precisely at present, and will be announced later as appropriate.