

January 5, 2011

Company: JVC KENWOOD Holdings, Inc.  
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## **Notice on Issuance of New Shares and Disposition of Treasury Shares through International Offering**

JVC KENWOOD Holdings, Inc. (“JVC Kenwood”) hereby announces that its board of directors resolved today to issue new shares of its common stock and dispose of its treasury shares through an international offering (the “International Offering”) for the purposes of financing, and the strengthening of the financial position and capital structure of JVC Kenwood, aimed at realizing profitable growth.

### **1. Purpose of the International Offering**

Through the International Offering, JVC Kenwood plans to issue a maximum of 30,000,000 new shares and to dispose 12,000,000 treasury shares.

The JVC Kenwood Group believes that, through the International Offering, it will be able to make strategic investment for realizing new growth by pursuing a growth strategy in the Car Electronics Business and the Professional Systems Business segments, which it considers as areas for enhancing, and by expanding its new business domains and forming strategic business alliances, and will be able to strengthen its financial base and capital structure.

### **2. Issuance of New Shares through the International Offering**

- (1) Type and number of shares to be offered      30,000,000 shares of common stock of JVC Kenwood which is the total of (i) and (ii) below:
- (i) 28,000,000 shares of common stock of JVC Kenwood as shares to be purchased and

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- underwritten by the underwriter; and
- (ii) Up to 2,000,000 shares of common stock of JVC Kenwood to be issued pursuant to an option granted to the underwriter.
- (2) Method to determine the amount of payment      The amount of payment will be determined on any day (the "Pricing Date") during the period from Tuesday, January 18, 2011 to Thursday, January 20, 2011 by the book-building method that is comparable to the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association.
- (3) Amount by which stated capital and capital reserve are to be increased      The amount by which stated capital is to be increased will be equal to one-half of the maximum amount by which stated capital, etc. is to be increased that is calculated in accordance with Article 14, Paragraph 1 of the Rules of Account Settlement of Companies, and any fractions less than one yen arising as a result of such calculation being rounded up to the nearest whole yen. The amount by which capital reserve is to be increased will be equal to the maximum amount by which stated capital, etc. is to be increased less the amount by which stated capital is to be increased.
- (4) Method of offering      The shares will be offered in international markets (excluding the United States and Canada), mainly in Europe, and the underwriter will purchase and underwrite all of the shares described in (1)(i) above. JVC Kenwood shall grant the underwriter an option to purchase the shares of common stock of JVC Kenwood to be additionally issued as described in (1)(ii) above.
- The issue price (offer price) of the international offering will be determined on the Pricing Date based on the provisional range calculated by multiplying the closing price of regular transactions of shares of common stock of JVC Kenwood at Tokyo Stock Exchange, Inc. as of the Pricing Date (or, if no closing price is quoted, the closing price as of the immediately prior date) by an amount between 0.90 and 1.00 (any fractions less than one yen will be truncated), and then taking market demand and other factors in account, by the book-building method that is comparable to the method

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- stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association.
- (5) Compensation for the Underwriter The underwriter will not receive an underwriting fee, but instead, will receive the aggregate of the difference between the issue price (offer price) of the international offering and the amount to be paid by the underwriter to JVC Kenwood.
- (6) Payment date A day during the period between Tuesday, January 25, 2011 to Thursday, January 27, 2011; provided, however, that such day shall be the 5th business day immediately following the Pricing Date.
- (7) Unit of shares to be offered 100 shares
- (8) Chairman, President and CEO of JVC Kenwood has a discretion to determine the amount of payment, the amount of stated capital and capital reserve are to be increased, the issue price (offer price), the Payment Date and any other matters necessary for the issuance of new shares through international offering.

### 3. Disposition of Treasury Shares through the International Offering

- (1) Type and number of shares to be offered 12,000,000 shares of common stock of JVC Kenwood to be offered
- (2) Method to determine the amount of payment The amount of payment will be determined on the Pricing Date by the book building method that is the same method as stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association. The amount of payment will be the same as the amount of payment for the issuance of new shares through the international offering.
- (3) Method of offering The shares will be offered through the international offering, and the underwriter will purchase and underwrite all of the shares.
- The disposition price (offer price) of the international offering will be determined on the Pricing Date based on the provisional range calculated by multiplying the closing price of regular transactions of shares of common stock of JVC Kenwood at Tokyo Stock Exchange, Inc. as of the Pricing Date (or, if no closing price is quoted, the closing price as of the immediately

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- prior date) by an amount between 0.90 and 1.00 (any fractions less than one yen will be truncated), and then taking market demand and other factors in account. The disposition price (offer price) of the international offering will be the same as the issue price (offer price) of the international offering.
- (4) Compensation for the Underwriter The underwriter will not receive an underwriting fee, but instead, will receive the aggregate of the difference between the disposition price (offer price) of the international offering and the amount to be paid by the underwriter to JVC Kenwood.
- (5) Payment date A day during the period between Tuesday, January 25, 2011 to Thursday, January 27, 2011; provided, however, that such day shall be the 5th business day immediately following the Pricing Date. The payment date will be the same as the payment date for the issuance of new shares through the international offering.
- (6) Unit of shares to be offered 100 shares. The unit of shares to be offered will be the same as the unit of shares to be offered for the issuance of new shares through the international offering
- (7) Chairman, President and CEO of JVC Kenwood has a discretion to determine the amount of payment, the disposition price (offer price), the Payment Date and other matters necessary for the disposition of treasury shares through the international offering.

**4. Changes in Total Number of Issued Shares as a Result of the Capital Increase by the Offering of New Shares**

|   |                           |
|---|---------------------------|
| Current total number of issued shares                               | 109,000,201 shares        |
| Number of shares to be increased through the International Offering | 30,000,000 shares (note)  |
| Total number of issued shares after the International Offering      | 139,000,201 shares (note) |

Note: These figures assume the full exercise by the underwriter of the option described in (1)(ii) of “2. Issuance of New Shares through the International Offering”.

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## 5. Changes in Number of Treasury Shares Upon this Disposition of Treasury Shares

|   |                          |
|---|--------------------------|
| Current number of treasury shares                 | 12,320,676 shares (note) |
| Number of treasury shares to be disposed          | 12,000,000 shares        |
| Total number of treasury shares after disposition | 320,676 shares           |

Note: This figure is as of November 30, 2010.

## 6. Others

### (1) Lock-up

JVC Kenwood has agreed with the underwriter that during a period commencing on the Pricing Date and ending on the date 90 days from and including the delivery date of the International Offering, JVC Kenwood will not, without the prior written consent of the underwriter, issue (i) any shares of common stock of JVC Kenwood, (ii) any securities convertible into or exchangeable for shares of common stock of JVC Kenwood or (iii) any securities that represent the right to receive shares of common stock of JVC Kenwood, or otherwise conduct similar acts (excluding acts such as issue or sale of shares of common stock of JVC Kenwood (a) for the International Offering, (b) upon the exercise of any outstanding stock options, (c) upon the conversion of any convertible securities outstanding on the date of execution of the international purchase agreement or (d) pursuant to a request of a holder of shares constituting less than a full unit. Panasonic Corporation ("Panasonic") has agreed with the underwriter that during a period commencing on the Pricing Date and ending on the date 90 days from and including the delivery date of the International Offering, Panasonic will not, without the prior written consent of the underwriter, sell (i) any shares of common stock of JVC Kenwood, (ii) any securities convertible into or exchangeable for shares of common stock of JVC Kenwood or (iii) any securities that represent the right to receive shares of common stock of JVC Kenwood, or otherwise conduct similar acts (excluding acts such as sale or transfer of shares of common stock to JVC Kenwood in any share buy-back by JVC Kenwood pursuant to Articles 156, 160 or 165 of the Companies Act of Japan).

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