



February 10, 2011

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

Notice of Basic Agreement on Transfer of Subsidiary Shares

JVC KENWOOD Holdings, Inc. (JVC Kenwood) decided in its meeting of the board of directors held on this date to conclude a basic agreement as of this date between JVC and TL LOGICOM and start discussions for the signing of a formal contract for a share transfer. This agreement relates to the transfer of the all shares of Nippon Record Center Co., Ltd. (Nippon Record Center) held by Victor Company of Japan, Limited (JVC), which is a subsidiary of JVC Kenwood and the operating company of the JVC Kenwood Group, and JVC's subsidiaries to TL LOGICOM Co., Ltd. (TL LOGICOM), which is a subsidiary of SBS Holdings, Inc. (SBS Holdings).

1. Reasons for the Transfer of Shares

Nippon Record Center is a subsidiary of the JVC Kenwood Group, specialized in logistics services of music and video software for the JVC Kenwood Group and others. Considering that the logistics volume of music and video software is gradually decreasing, the JVC Kenwood Group has facilitated third-party logistics (3PL)* in logistics operations and examined the potential for development by utilizing the ability to deliver a wide variety of goods in small lots, which is the strength of Nippon Record Center.

Consequently, Nippon Record Center, the JVC Kenwood Group and SBS Holdings reached a basic agreement with respect to the transfer of all the shares (98.54% of all outstanding shares) of Nippon Record Center held by JVC and its subsidiaries including Victor Entertainment, Inc. (Victor Entertainment) and Teichiku Entertainment, Inc. (Teichiku Entertainment) to TL LOGICOM and has an omni-directional function in logistics. Thus, the Basic Agreement was concluded as of this date between JVC and TL LOGICOM.

JVC Kenwood transferred shares of Victor Logistics, Inc., (presently, VL Loginet, Inc.), which was a logistics subsidiary of the JVC Kenwood Group, to TL LOGICOM last April. The successful transfer of shares will help to enhance the corporate value of the three parties. This is because the JVC Kenwood Group will be able to stabilize its revenue base by promoting 3PL* in logistics operations, while Nippon Record Center will be able to expand its business and reinforce its competitiveness due to the synergy effect with the SBS Group by expanding new businesses within TL LOGICOM Group, which is a comprehensive logistics company.

* 3PL: Outsourcing third-party logistics services

2. Overview of the subsidiary whose shares will be transferred (as of December 31, 2010)

(1) Company name	Nippon Record Center Co., Ltd.	
(2) Location	276-11, Kami-Ochiai Atsugi City, Kanagawa Prefecture	
(3) Representative's name and title	Koichi Katano, President & CEO	
(4) Business	Logistics services of packaged software such as CDs and DVDs	
(5) Capital	450 million yen	
(6) Established	March 15, 1978	
(7) Major shareholders and holding ratio	Shareholders	
		Holding ratio
	Victor Company of Japan, Limited	55.98%
	Victor Entertainment, Inc.	30.37%
	Teichiku Entertainment, Inc.	12.19%
	Others	1.46%
(8) Relation with JVC Kenwood	Capital relationship	JVC Kenwood indirectly owns 98.54% of the voting rights through its subsidiary including JVC, Victor Entertainment and Teichiku Entertainment.
	Personnel relationship	JVC Kenwood dispatches one director and one auditor through its subsidiary, JVC.
	Transaction relationship	Nippon Record Center accepts logistical orders for music and video software from Victor Entertainment and Teichiku Entertainment, which are subsidiaries of JVC Kenwood.
	Relationships with related parties They are consolidated subsidiaries of JVC Kenwood.	
(9) Operating results and financial conditions for recent business years (non-consolidated)		
	Fiscal Year ended Mar. 2009	Fiscal Year ended Mar. 2010
Shareholders' equity (million yen)	8,802	8,424
Net assets (million yen)	9,508	8,858
Net sales (million yen)	5,078	3,877

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

(1) Company name	TL LOGICOM Co., Ltd.	
(2) Location	4-1-3, Taihei Sumida-ku, Tokyo	
(3) Representative's name and title	Masahiko Kamata, President & CEO	
(4) Business	Transportation, warehouse and real estate leasing and management	
(5) Capital	2,846 million yen	
(6) Established	January 26, 1940	
(7) Major shareholders and holding ratio	SBS Holdings, Inc.: 100%	
(8) Relation with JVC Kenwood	Capital relationship	There is no significant capital relationship between JVC Kenwood and this company. In addition, there is no special capital relationship between interested parties and affiliated 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 special personnel relationship between interested parties and affiliated companies of JVC Kenwood and those of this company.

	Transaction relationship	Though there is transaction relationship between JVC and TL LOGICOM, there is no special transaction relationship between JVC Kenwood and this company. In addition, there is no special transaction relationship between interested parties and affiliated 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 affiliated companies of this company do not correspond to related parties of JVC Kenwood.	
(9) Operating results and financial conditions for recent business years (non-consolidated)			(Reference) SBS Holdings
	Fiscal Year ended Dec. 2008	Fiscal Year ended Dec. 2009	Fiscal Year ended Dec. 2009
Shareholders' equity (million yen)	21,339	21,213	20,707 (consolidated)
Net assets (million yen)	43,739	45,807	107,201 (consolidated)
Net sales (million yen)	39,741	35,845	115,710 (consolidated)

4. Number of Shares for Transfer, Transfer Price and Status of Shareholding Before and After Transfer

JVC Kenwood will have discussions with TL LOGICOM about the transfer of all the shares (98.54% of all outstanding shares) of Nippon Record Center held by JVC, Victor Entertainment and Teichiku Entertainment. The number of shares to be transferred and the amounts of shares held before and after transfer will be announced immediately when determined.

The transfer price will not be disclosed in accordance with the secrecy obligation with TL LOGICOM.

5. Schedule

February 10, 2011	Conclusion of Basic Agreement
March, 2011	Conclusion of Contract for Share Transfer (scheduled)
April, 2011	Execution of share transfer (scheduled)

6. Future prospects

As specified in 5. above, JVC Kenwood will begin discussions with TL LOGICOM about an agreement on the final conditions so that the two parties can sign a share transfer contract in March 2011. The effect on JVC Kenwood's earnings will be announced when confirmed.