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Notice on the reorganization of the production system at JVC Thai Plant

JVC KENWOOD Holdings Inc. (JVC Kenwood) announced today that it decided to convert the Thai plant of Victor Company of Japan Limited (JVC), which currently produces consumer displays such as LCD televisions and professional systems such as security cameras and professional displays as an overseas production subsidiary of JVC, into one for the Professional Systems and Car Electronics businesses.

1. Reasons for reorganization of production system

Through structural reforms of the consumer display business in the Home & Mobile Electronics business segment, the JVC Kenwood Group has worked to shift to an asset-light business model by employing outsourcing production to third parties. In the current fiscal year, the structural reform of consumer display business in Western Europe and North America has been completed and Asia/Pacific/Middle East regions are now engaging in the last portion of reforms.

Based on the Mid-term Business Plan and Growth Strategy that was announced on May and October 2010, the JVC Kenwood Group is shifting its resources toward Car Electronics Business as well as Professional System Business while conventional Audio/Video business changes its business models and structures.

Accordingly, the JVC Thai Plant will become the main plant overseas for the Professional Systems business, which is the business to focus on. In addition, the JVC Kenwood Group will also focus on the Car Electronics business and so the JVC Thai Plant is also positioned as a production base for car audios targeting Thailand and the other markets. We will also pursue synergy effects through coordination with the JVC optical pick-ups factory, located nearby and also in Thailand.

2. Future prospects

The effect of the reorganization on the earnings of JVC Kenwood is insignificant. The JVC Kenwood Group will accelerate reform in the consumer display business by reorganizing the production system in this way and promote the growth strategy of the Professional Systems and the Car Electronics businesses.