



May 13, 2011

Company: JVC KENWOOD Holdings, Inc.
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 Exchange)
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Notice on Elimination of Loss cumulated by Transfer of Other Capital Surplus to Retained Earnings

JVC KENWOOD Holdings, Inc. (JVC KENWOOD) announces that at a meeting of its Board of Directors held today it has decided on the unconsolidated appropriation of JVC Kenwood's surplus, transferring other capital surplus to retained earnings, in order to eliminate the cumulated loss.

The details are as follows.

1. Purpose of Appropriation of Surplus

JVC KENWOOD was established on October 1, 2008, with Kenwood Corporation (Kenwood) as the acquiring enterprise for accounting purposes. Having since experienced a transition of business performance, as of March 2011, its capital surplus was 116.36 billion yen, while retained earnings were negative at 59.46 billion yen (loss carried forward).

JVC KENWOOD has decided to appropriate its capital surplus, transferring other capital surplus to retained earnings to be carried forward included in retained earnings in order to eliminate the cumulated loss. This aims to rebalance JVC Kenwood's capital structure and improve its financial soundness, as well as prepare the company for an early distribution of dividends.

2. Summary of Appropriation of Surplus

JVC KENWOOD decreases other capital surplus included in its capital surplus amounting to 116,360,102,454 yen on an unconsolidated basis as of March 31, 2011 by 59,460,998,169 yen, and transfers the decrease in other capital surplus to retained earnings.

(Unconsolidated Net Assets)			(JPY)	
		As of March 31, 2011		After appropriation on May 13, 2011
Total capital		10,000,000,000		10,000,000,000
Total capital surplus		116,360,102,454		56,899,104,285
Total retained earnings		(59,460,998,169)		0
Equity		534,706,880		534,706,880
Total net assets		66,364,397,405		66,364,397,405

Note: Increases and decrease in equity after April 1, 2011 are not included in the above.

3. Future Outlook

This elimination of the loss carried forward by transferring other capital surplus to retained earnings is a change between items of account under "Net Assets;" it is not a change in total equity, net assets, or total assets of JVC Kenwood. Thus, this will not affect JVC Kenwood's business performance.