TRANSLATION – FOR REFERENCE ONLY –

August 1, 2011

Company	JVC KENWOOD Corporation
Representative	Hisayoshi Fuwa, President and CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
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Notice on Merger of JVC KENWOOD and Its Three Subsidiaries

At its Board of Directors meeting held today, JVC KENWOOD Corporation (JVC KENWOOD) resolved to approve an absorption-type merger (hereinafter the “merger”) of its three subsidiaries, Victor Company of Japan, Limited (JVC), Kenwood Corporation (Kenwood), and J&K Car Electronics Corporation (J&K Car Electronics), which are operating companies of the JVC Kenwood Group.

Since this merger is a short-form merger targeting wholly-owned subsidiaries, some matters and details are omitted from the disclosure below.

1. Reasons for and Purposes of the Merger

(1) Reasons for the merger

Since the management integration of JVC and Kenwood on October 1, 2008, the JVC Kenwood Group has focused on structural reforms, and has concentrated on businesses in which the strengths of the Group would fully be exerted. Also, the Group has been engaged in maximizing the effect of integration by synchronizing both companies’ functions of technological development, production and procurement, product planning and marketing. In the fiscal year ended March 2011, the Group achieved a rapid recovery of earnings by completing the planned structural reforms and improving the effect of integration. At the same time, the Group could procure funds to strongly proceed with new growth strategy. These results are due entirely to your support. We at the Group offer our heartfelt thanks to you.

After the merger, the JVC Kenwood Group will further develop the four business domains of Car Electronics, Professional Systems, Home & Mobile Electronics and Entertainment, with the Group’s strength of video and sound technologies and music and image software at its core, based on a corporate foundation reorganized through the management integration, as well as the new corporate vision, the management policies and the course of action described below.

The Group will further concentrate management resources on the Car Electronics and the Professional Systems businesses, among others, where the Group’s strengths can be most leveraged. At the same time, the Group will be engaged in pharmaceutical, educational and ecological products, as well as products for the aging society, safety and security, as part of foray into new business domains. With respect to the Home & Mobile Electronics business where competition is fierce, the Group concentrates on sectors where image and sound technologies can be shared with the Professional Systems business, and where its strengths as a specialty manufacturer can be most leveraged. Concurrently, the Group will shift its focus from mass markets to niche and professional markets. With regard to the Entertainment business, the Group is going to expand its business sphere from just music and video packages to comprehensive entertainment, including music and periphery businesses.

By so doing, the Group will evolve the initial integration vision put up at the time of management integration “Realize the Unconventional” to the new corporate vision as an integral company after the merger: “Creating excitement and peace of mind for the people of the world.” Also, the Group is working on the mid-term management plan with its final year to be the fiscal year ending March 2013 in order to realize profitable growth and early dividend payments.

All rights and obligations that JVC, Kenwood and J&K Car Electronics have will be transferred to the new JVC Kenwood Corporation. The new company will succeed and develop each brand, and be responsible for product development, manufacturing, marketing and after-services. Following the merger, the subsidiaries of JVC, Kenwood and J&K Car Electronics will become subsidiaries of JVC Kenwood Corporation as the parent company. Since the corporate names, rights and obligations of these subsidiaries are unchanged, there will be no change in the relationship of each subsidiary with the parties concerned.

***Corporate vision**
Creating excitement and peace of mind for the people of the world.

***Management policy**
1) Create excitement and peace of mind as a global manufacturer specializing in electronic and entertainment products.
2) Realize profitable growth by concentrating on strong business.
3) Being a company widely trusted by society.

***Conduct guide**
Every individual to take charge and strive for never ending reform.

(2) Purposes and concrete effects of the merger

The Group has been engaged in management by a holding-company system, with three companies as its main business entities. Following the management integration after the merger, the Group will increase the trust placed in it and the effect of integration, and more quickly achieve profitable growth.

1. Consolidation of corporate management
The Group will enhance transparency and reliability by canceling classes to govern and integrating and speeding up decision-making. It will do this by consolidating governance and internal control. It will also gather speed by driving ahead with business reform through consolidating organizational management.

2. Consolidation of fund operation
The Group will significantly raise the degree of freedom and efficiency of fund management and cash flows.

3. Consolidation of internal systems
The Group will boost the vigor of the organization and employees by exchanging and utilizing human resources and unifying awareness.

2. Summary of the Merger

(1) Schedule of the merger

Meeting of the Board of Directors to resolve the merger (by the company): August 1, 2011
Conclusion of merger agreement: August 1, 2011
General meeting of shareholders to approve the merger (resolution by documents)
(JVC, Kenwood and J&K Car Electronics)

August 1, 2011

Date of merger: October 1, 2011 (plan)

Note: Since this merger is a short-form merger, specified in Article 796, Paragraph 3 of the Companies Act, for JVC Kenwood, it will be implemented without obtaining approval of a general meeting of shareholders.

(2) Merger method

JVC KENWOOD will be the surviving company, and JVC, Kenwood and J&K Car Electronics will be the absorbed companies.

(3) Details of allocation related to the merger

JVC KENWOOD owns all the shares of JVC and Kenwood, while both JVC and Kenwood own all the shares of J&K Car Electronics. Accordingly, this merger will not accompany an allocation of shares or other monetary benefits.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights of the companies absorbed in merger

None of JVC, Kenwood or J&K Car Electronics issue stock acquisition rights or bonds with stock acquisition rights.

3. Outline of the Parties Concerned in the Merger

Company surviving merger

(1)	Corporate Name	JVC KENWOOD Corporation	
(2)	Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi	
(3)	Name and Title of Representative	Haruo Kawahara, Chairman, Representative Director of the Board Hisayoshi Fuwa, President and CEO	
(4)	Principal Business	Operating the Car Electronics business, Home & Mobile Electronics business, Professional Systems business, Entertainment business, etc., and managing the business activities of the companies which run businesses equivalent to those businesses by owning shares or interest in the relevant companies	
(5)	Capital	¥10,000 million	
(6)	Date of Incorporation	October 1, 2008	
(7)	Total Number of Shares Issued	139,000,201	
(8)	Fiscal Year End	March 31	
(9)	Major Shareholders and Percentage of Shareholding (As of March 31, 2011)	Panasonic Corporation	19.17%
		GOLDMAN, SACHS & CO. REG	4.27%
		DEUTSCHE BANK AG LONDON 610	2.95%
		DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	2.86%
		BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2.72%
		CSSEL CLIENT ACCOUNT	2.69%
		Japan Trustee Services Bank, Ltd. (Trust Account)	2.69%
		NOMURA ASSET MANAGEMENT U.K. LIMITED SUB A/C EVERGREEN NOMINIES LTD	2.22%
		STATE STREET BANK AND TRUST COMPANY 505103	1.55%
		MORGAN STANLEY & CO. INTERNATIONAL PLC	1.40%
(10)	Financial Position and Operating Results in the Fiscal Year Immediately before the Merger	Net assets	¥66,364 million
		Total assets	¥96,098 million
		Net assets per share	¥478.57
		Net sales	¥14,559 million

	Operating profit	¥749 million
	Ordinary income	¥257 million
	Net income	-¥748 million
	Net income per share	- ¥7.18

Company absorbed in merger

(1) Corporate Name	Victor Company of Japan, Limited	
(2) Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi	
(3) Name and Title of Representative	Hisayoshi Fuwa, President and CEO	
(4) Principal Business	Research and development, manufacturing and sale of consumer and professional equipment related to audio and visual systems and computers as well as magnetic tapes and discs	
(5) Capital	¥51,615,588,466	
(6) Date of Incorporation	September 13, 1927	
(7) Total Number of Shares Issued	361,598,443	
(8) Fiscal Year End	March 31	
(9) Major Shareholder and Percentage of Shareholding	JVC KENWOOD Corporation	100.00%
(10) Financial Position and Operating Results in the Fiscal Year Immediately before the Merger	Net assets	¥28,353 million
	Total assets	¥152,447 million
	Net assets per share	¥78.41
	Net sales	¥138,580 million
	Operating profit	-¥2,879 million
	Ordinary income	¥919 million
	Net income	-¥2,487 million
	Net income per share	- ¥6.88

Company absorbed in merger

(1) Corporate Name	Kenwood Corporation	
(2) Location of Head Office	2967-3, Ishikawa-machi, Hachioji-shi, Tokyo	
(3) Name and Title of Representative	Hisayoshi Fuwa, President and CEO	
(4) Principal Business	Research and development, manufacturing and sale of consumer and professional equipment in the Car Electronics business, Communications business and Home Electronics business	
(5) Capital	¥22,059,190,771	
(6) Date of Incorporation	December 21, 1946	
(7) Total Number of Shares Issued	366,805,140	
(8) Fiscal Year End	March 31	
(9) Major Shareholder and Percentage of Shareholding	JVC KENWOOD Corporation	100.00%
(10) Financial Position and Operating Results in the Fiscal Year Immediately before the Merger	Net assets	¥38,573 million
	Total assets	¥109,710 million
	Net assets per share	¥105.16
	Net sales	¥92,435 million
	Operating profit	¥2,961 million
	Ordinary income	¥3,575 million
	Net income	¥3,333 million
	Net income per share	¥9.09

Company absorbed in merger

(1) Corporate Name	J&K Car Electronics Corporation
(2) Location of Head Office	2967-3, Ishikawa-machi, Hachioji-shi, Tokyo

(3)	Name and Title of Representative	Hisayoshi Fuwa, President and CEO
(4)	Principal Business	Research and development, manufacturing and sale of consumer and professional equipment in the Car Electronics business
(5)	Capital	¥445,000,000
(6)	Date of Incorporation	October 1, 2007
(7)	Total Number of Shares Issued	834,078
(8)	Fiscal Year End	March 31
(9)	Major Shareholders and Percentage of Shareholding	Victor Company of Japan, Limited 56.27%
		Kenwood Corporation 43.73%
(10)	Financial Position and Operating Results in the Fiscal Year Immediately before the Merger	Net assets ¥10,966 million Total assets ¥25,610 million Net income ¥170 million

4. Status after the Merger

(1)	Corporate Name	JVC KENWOOD Corporation
(2)	Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi
(3)	Name and Title of Representative	Haruo Kawahara, Chairman, Representative Director of the Board Hisayoshi Fuwa, President and CEO
(4)	Principal Business	Operating the Car Electronics business, Professional Systems business, Home & Mobile Electronics business, Entertainment business, etc., and managing the business activities of the companies which run businesses equivalent to those businesses by owning shares or interest in the relevant companies
(5)	Capital	¥10,000 million
(6)	Fiscal Year End	March 31

5. Prospects

As this merger is for JVC KENWOOD and its wholly-owned subsidiaries, its impact on the consolidated operating results of JVC KENWOOD is insignificant. The JVC Kenwood Group will do its utmost, with all its members working as one, to realize profitable growth and dividend payments at an early stage through this merger, as indicated in item 1.