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Company JVC KENWOOD Corporation
 Representative Hisayoshi Fuwa, President and CEO
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Notice of Issue of Stock Acquisition Rights in Relation to Term Modification (Extension of Maturity Date , etc.) of Subsidiary's No. 7 Unsecured Bond

At its Board of Directors meeting held today, JVC KENWOOD Corporation (“JVC KENWOOD”) resolved to issue stock acquisition rights (the “Stock Acquisition Rights”), on the condition that modification of the terms of the No. 7 Unsecured Bond (the “Bond”) issued by the subsidiary, Victor Company of Japan, Limited (“JVC”), in August 2007, including the extension of the maturity date, (the “Term Modification”), is approved at the bondholders meeting (the “Bondholders Meeting”).

With respect to the detail of the Term Modification, please refer to the “Notice of Bondholders Meeting on Term Modification (Extension of Due Date, etc.) of Subsidiary's No. 7 Unsecured Bond, and Shelf Registration for Issue of Stock Acquisition Rights In Relation to Term Modification” dated July 15, 2011 (the “Release dated July 15”)

Description

1. Outline of Offering

(1) Allotment date	August 25, 2011
(2) Total number of Stock Acquisition Rights	1,200
(3) Issue price	¥0 (Without consideration)
(4) Number of shares to be delivered upon exercise of Stock Acquisition Rights	Undetermined (Note)
(5) Amount of funds to be raised	¥12,000,000,000 (Estimated net proceeds ¥11,935,200,000) (Breakdown) Issue of Stock Acquisition Rights: ¥0 Exercise of Stock Acquisition Rights: ¥12,000,000,000
(6) Exercise Price	The amount obtained by multiplying the average of the volume weighted average prices of common stock of JVC KENWOOD reported by the Tokyo

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	<p>Stock Exchange during the period from August 3, 2011 to August 8, 2011 (excluding the day when no volume weighted average price is calculated) by 120% (any fractional amounts of less than one yen shall be rounded up to the nearest yen). The exercise price is subject to adjustment as provided for in the terms of the Stock Acquisition Rights.</p>
(7) Offering and allotment method	<p>Offering to the holders of the Bond (public offering). Specifically, the Stock Acquisition Rights will be allotted to the holders of the Bond as of August 22, 2011, only if the application for subscription is completed no later than August 24, 2011, the application deadline, in the proportion of 10 Stock Acquisition Rights per ¥100,000,000 of the Bond held by each holder.</p>
(8) Others	<p>The Acquisition Clauses including the following clauses are provided for in the terms of the Stock Acquisition Rights: (1) At any time on or after August 25, 2014, by giving prior notice or public notice, JVC KENWOOD may acquire without consideration all of the Stock Acquisition Rights that remain outstanding and (2) by giving prior notice or public notice at any time on or after August 25, 2014, JVC KENWOOD may acquire all of the Stock Acquisition Rights that remain outstanding in exchange of the number of JVC KENWOOD's common stock the value of which is equivalent to the difference between the stock price of JVC KENWOOD's common stock and the exercise price of the Stock Acquisition Rights (Net Share Settlement Clause). By these Acquisition Clauses, at any time on or after 3 years of issuance, JVC KENWOOD secures option to strengthen its capital depending on its needs, by encouraging the holders to exercise their Stock Acquisition Rights with the clause which allows JVC KENWOOD to acquire the Stock Acquisition Rights without any consideration at any time by giving prior notice or public notice. At the same time, at any time on or after 3 years of issuance, JVC KENWOOD has an option to give notice thereby substantially reduce dilution of the value of its stock by considerably decreasing the number of shares to be delivered, without delivering shares equivalent to the amount to be paid upon the exercise of Stock Acquisition Rights (¥12 billion at the maximum) when the stock price exceeds the exercise price. JVC KENWOOD intends to retain flexibility of its financial strategy through the above options. Furthermore, the issuance of the Stock Acquisition Rights is subject to resolution by the bondholders of the proposal for the Term Modification as proposed and the court's approval for the resolution.</p>

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(Note) The number of shares to be delivered upon the exercise of each Stock Acquisition Rights shall be calculated by dividing 10,000,000 by the Exercise Price, disregarding any fractional amount of less than one share.

Assuming the Exercise Price is ¥525, obtained by multiplying the regular session closing price (¥437) of JVC KENWOOD's common stock on the Tokyo Stock Exchange, Inc. on July 29, 2011 by 120%, the number of aggregate latent shares of the Stock Acquisition Rights is 22,856,400 shares. We will notify you of the actual number of latent shares when the Exercise Price is determined.

For details on the contents and the offering of the Stock Acquisition Rights, please refer to the Terms and Conditions attached hereto as the Exhibit hereto.

2. Purpose and Reasons for Issuance of Stock Acquisition Rights

(1) Background of Term Modification

As described in the Release dated July 15, JVC KENWOOD excluded the notes on financial statements regarding going concerns upon closing its books for the fiscal year ending March 31, 2011, and as the remaining financial issue, JVC KENWOOD has been working on determining the redemption method and timing to most effectively redeem ¥20 billion unsecured bonds (the remaining balance of the Bond: ¥12.0 billion; the remaining balance of No. 8 Unsecured Bond: ¥8.0 billion), issued by JVC in August 2007 and will mature in August 2012.

As a result of such consideration, since options for the redemption method could be narrowed down at a time when less than one year is left until the ¥20 billion unsecured bonds mature, we have decided to set a course to redeem the unsecured bonds at this time when one year is left until they mature. Pursuant to the resolutions of JVC KENWOOD's Board of Directors meeting and JVC's shareholders meeting held on July 15, 2011, we have decided to redeem the No. 8 Unsecured Bond (the remaining balance: ¥8.0 billion) in August 2012 as scheduled, and hold the Bondholders Meeting to approve the Bond's Term Modification, including extending its maturity date by one year for 50% (totaling ¥6.0 billion) of the principal and by three years for the remaining 50% (totaling ¥6.0 billion).

(2) Reason for the Decision to Issue Stock Acquisition Rights

After considering methods for redeeming the ¥20 billion JVC bonds, JVC KENWOOD concluded that, for the following reasons, the best redemption method is to spread out the maturity of the Bond over a four-year period and to redeem the Bond with operating cash flows to be accumulated during the period and amounts to be paid for the exercise of the Stock Acquisition Rights, which is described later, as the funds for redemption. The reasons are: (1) JVC KENWOOD and its subsidiary KENWOOD Corporation have not acquired any rating, while rating on JVC has decreased compared with the time JVC issued the unsecured bonds in August 2007, and hence, it is currently difficult to issue new bonds; (2) to increase financial soundness and stability,

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we plan to maintain or extend the maturities of interest-bearing debts to long term while avoiding concentrating on borrowings; and (3) to maintain profitable growth over the medium to long term, it is desirable to extend the maturity date of the Bond in advance so that we can flexibly use future cash flows. Therefore, as stated above, we decided to convene the Bondholders Meeting for the purpose to approve the Term Modification.

Furthermore, when proposing the above Term Modification, JVC KENWOOD decided to maintain the interest rate of the Bond at the current 2.66%, and allocate the Stock Acquisition Rights without consideration, which have option value corresponding to the economic value obtained by JVC KENWOOD due to the Term Modification (the economic value for the bondholders is equivalent to the present discount value of cash flows of the principal and interest that decreases following the postponement of the Bond's maturity date). Through allocation of the Stock Acquisition Rights as above, JVC KENWOOD believes that the holders of the Bond would accept the Term Modification.

(3) Effects of Term Modification and Issuance of Stock Acquisition Rights

As mentioned above, the JVC KENWOOD Group will establish a scheme to spread out the maturity of the Bond over the four-year period without increasing the Bond's interest rate, at this time when one year is left until the original maturity dates come, setting a course to redeem the ¥20 billion unsecured bonds.

While increasing its financial soundness and stability under the scheme, the Group will steadily implement strategic investments for new growth as stated in the "Notice on Revision of Mid-term Business Plan and Implementation of Strategic Investments" released on April 27, 2011. It will further accelerate the growth strategy to achieve the mid-term targets, including the booking of a net income for the fiscal year ending March 2012, and pursue continued growth after the Mid-term Business Plan.

The Stock Acquisition Rights will be initially allotted to the holders of the Bond, but unlike the convertible bonds, the Stock Acquisition Rights are separated from the Bond and transferrable separately. In addition, the Bond will not be contributed upon exercise of the Stock Acquisition Rights, and we receive payment in cash when the Stock Acquisition Rights are exercised. However, if the Stock Acquisition Rights are exercised, we will be able to secure funds for repaying the bonds outstanding by receiving payment of the exercise price, and further strengthen the financial base through a capital increase. On the other hand, we devised a scheme in which a considerable increase in stock price is required in order that stock acquisition rights are exercised, with the exercise price of stock acquisition rights set at 120% of the market value. In addition, we include a net share settlement clause (see Note), under which, even if the stock price exceeds the exercise price, the dilution of the value of JVC KENWOOD's stock can be reduced substantially by considerably decreasing the number of shares to be delivered upon acquisition, without delivering shares equivalent to the amount to be paid upon the exercise of stock acquisition rights (¥12.0 billion at the maximum).

Note: The net share settlement clause enables the Stock Acquisition Rights to be acquired in exchange of

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JVC KENWOOD's shares equivalent to the amount obtained by subtracting the value of assets to be contributed upon the exercise from the total number of shares to be delivered upon exercise of each Stock Acquisition Rights multiplied by the market value of JVC KENWOOD's common stock (portion of in the money).

3. Schedule for Term Modification and issuance of Stock Acquisition Rights

Schedule	Offering of the Stock Acquisition Rights	Term Modification of the Bond
August 1 (Monday)	Resolution for the issuance of the Stock Acquisition Rights	
August 8 (Monday)	Determination of the exercise price, etc. of the Stock Acquisition Rights	The Bondholders Meeting
August 8 (Monday) to August 24 (Wednesday)		Court approval on the resolution of the Bondholders Meeting (scheduled)
August 22 (Monday)	Record date of the holders of the Bond who are allottees of the Stock Acquisition Rights	
August 24 (Wednesday)	Application date of subscription for the Stock Acquisition Rights	
August 25 (Thursday)	Allotment date of the Stock Acquisition Rights	Effective date of the Term Modification of the Bond

4. Amount of Funds to be Raised and Use of Proceeds

(1) Amount of Funds to be Raised (Estimated Net Proceeds)

Aggregate amount of subscription price and exercise price	¥12,000,000,000
Breakdowns	
(Amount to be raised resulting from the issuance of the stock acquisition rights)	¥0
(Amount to be raised resulting from the exercise of the stock acquisition rights)	¥12,000,000,000
Estimated amount of issue costs	¥64,800,000
(Costs relating to the stock exchange, tax and dues, and other various expenses)	
Estimated net proceeds	¥11,935,200,000

(Note) Aggregate amount of subscription price and exercise price is the aggregate amount on the assumption that all the Stock Acquisition Rights issued are exercised.

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(2) Use of Proceeds

This offering of the Stock Acquisition Rights is to be made for the purpose of providing the Stock Acquisition Rights as consideration for the Term Modification. Consequently, the offering of the Stock Acquisition Rights is not mainly intended to raise funds.

In addition, with respect to the amount to be paid upon the exercise of the Stock Acquisition Rights, it is difficult to include the amount and the period in the fund planning at this point since the exercise of the Stock Acquisition Rights will be decided by holders of the Stock Acquisition Rights. Therefore, although we plan to use the proceeds as funds for redemption money of the remaining bonds and other corporate purposes, the details will be decided depending on the situations when the payment resulting from the exercise of the Stock Acquisition Right is made.

(3) View on Reasonableness of Use of Proceeds

This offering of the Stock Acquisition Rights is to be made for the purpose of providing the Stock Acquisition Rights as consideration for the Term Modification. Consequently, the offering of the Stock Acquisition Rights is not mainly intended to raise funds. However, as described in “2. (3) Effects of the Term Modification and the issuance of the Stock Acquisition Rights” above, If the Stock Acquisition Rights are exercised, we will be able to secure funds for repaying the bonds outstanding by receiving payment of the exercise price, and further strengthen the financial base through a capital increase.

5. Reasonableness of Issue Terms, etc.

(1) Calculation basis for issue price and exercise price

JVC KENWOOD has obtained valuation reports from Akasaka International Accounting Co., Ltd., an independent valuation organization, with respect to both the economic value to be obtained by JVC KENWOOD as a result of the Term Modification, which is, for the bondholders, equivalent to the present discount value of cash flows of the principal and interest that decreases following the postponement of the Bond’s maturity date, and the fair option value of the Stock Acquisition Rights, which is the value obtained through one of the generally accepted share option valuation models, specifically, the binomial model.

Furthermore, JVC KENWOOD has obtained an opinion (the “Opinion”) from a separate third party, Houlihan Lokey KK, with respect to the fairness to JVC KENWOOD, as of August 1, 2011, of the issuance of the Stock Acquisition Rights by JVC KENWOOD to the holders of the Bond in connection with the Term Modification from a financial point of view.

For purposes of its analyses and the Opinion, Houlihan Lokey KK evaluated the fairness to JVC KENWOOD of the issuance of the Stock Acquisition Rights by JVC KENWOOD to the holders of the Bond in connection with the Term Modification, from a financial point of view, based on a comparison of the estimated implied aggregate value reference ranges for the Stock Acquisition Rights at their time of issuance with the

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estimated implied aggregate value reference ranges for the Bond (with and without giving effect to the Transaction), in each case as Houlihan Lokey KK believed were indicated by its financial analyses.

The Opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Houlihan Lokey KK as of, the date of the Opinion.

The Opinion (a) was provided solely for the use of Board of Directors of JVC KENWOOD in connection with its evaluation of the proposed Term Modification and issuance of Stock Acquisition Rights and may not be relied upon or used by any other person or entity or for any other purpose, (b) does not constitute encouragement, advice, or a recommendation or solicitation to any person or entity with respect to the Term Modification, the issuance of Stock Acquisition Rights or any other possible investment decision in the securities of JVC KENWOOD, JVC or otherwise, (c) does not address the underlying business decision of JVC KENWOOD or JVC to enter into the Term Modification or issue the Stock Acquisition Rights, or the relative merits of the Term Modification and issuance of Stock Acquisition Rights as compared to any alternative transactions or business strategies that might be available to JVC KENWOOD and/or JVC, and (d) does not address the fairness of the Term Modification and/or issuance of Stock Acquisition Rights to any security holders, including common stockholders, of JVC KENWOOD, or the creditors of JVC KENWOOD or JVC, or any related parties, nor does it address the dilutive or other effects of such issuance on the existing security holders of JVC KENWOOD.

JVC KENWOOD qualitatively and quantitatively analyzed various factors that may affect the value of the Stock Acquisition Rights, taking into consideration the valuation results given by each of the independent valuation organizations mentioned above, and consequently judged that (a) the economic value to be obtained by JVC KENWOOD as a result of the Term Modification is substantially on parity with (b) the fair option value of the Stock Acquisition Rights, and, in addition to the various terms and conditions adopted on this offering, issuing the Stock Acquisition Rights without any consideration is reasonable and thus not specially favorable to the allottees of the Stock Acquisition Rights.

(2) Information, etc. with respect to Dilution due to Latent Shares

As of August 1, 2011, the total number of issued shares of JVC KENWOOD is 139,000,201 shares, 326,600 shares of which consist of treasury stock held by JVC KENWOOD, and assuming that all of the Stock Acquisition Rights are exercised with an exercise price of 120% of the closing price of the common stock of JVC KENWOOD as of July 29, 2011 (¥525), the number of shares of common stock of JVC KENWOOD to be issued will be 22,856,400 shares. Therefore, the latent shares of the Stock Acquisition Rights are expected to constitute around 16.4% of the total number of issued shares, although it depends on the stock price trend toward the pricing date.

Additionally, JVC KENWOOD devised a scheme in which a considerable increase in stock price is required in order that stock acquisition rights are exercised, with the exercise price of stock acquisition rights set at 120% of the market value of its shares of common stock. In addition, JVC KENWOOD has included a net

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share settlement clause to the Stock Acquisition Rights. Under this clause, even if the stock price exceeds the exercise price, the dilution of JVC KENWOOD's stock can be reduced substantially by considerably decreasing the number of shares to be delivered as the consideration of acquisition, without delivering shares equivalent to the amount to be paid upon the exercise of stock acquisition rights (¥12.0 billion at the maximum). By such clause, JVC KENWOOD made consideration so that the dilution can be reduced to a certain degree.

As stated in 1. above, JVC KENWOOD considers that the issuance of the Stock Acquisition Rights will contribute to the improvement of the value of the stock of the JVC KENWOOD Group, and as also stated above, consideration was taken in order to prevent the existing shareholders from suffering an economic disadvantage. Therefore, JVC KENWOOD judged that the number of stock acquisition rights and shares to be issued upon exercise and the extent of the dilution is limited to a reasonable degree.

6. Future prospects

This case will not affect the earnings estimate for the current fiscal year.

7. Basic policy for Distribution of Profits

JVC KENWOOD considers that the stable return of profits is one of the most important management issues, and has implemented a policy to determine, while comprehensively considering its profitability and financial condition, the distribution or other disposal, etc. of the surplus.

8. Business Results and Condition of Equity Finance for Last Three Fiscal Years

(1) Business Results for Last Three Fiscal Years (consolidated)

	Fiscal Year ended March 2009	Fiscal Year ended March 2010	Fiscal Year ended March 2011
Consolidated Sales	¥311,299 million	¥398,663 million	¥352,672 million
Consolidated Operating Profits	¥△1,537 million	¥△6,453 million	¥12,956 million
Consolidated Ordinary Profits	¥△9,760 million	¥△14,752 million	¥7,579 million
Consolidated Net Profits	¥△30,734 million	¥△27,795 million	¥△4,025 million
Consolidated Net Profits per Share	¥△461.40	¥△287.50	¥△38.60
Dividends per Share	¥ -	¥ -	¥ -
Consolidated Net Assets per Share	¥750.80	¥474.50	¥375.19

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(2) Total Number of Issued Shares and Number of Latent shares at Present

(As of August 1, 2011)

	Number of Shares	Percent of Total Number of Issued Shares
Total Number of Issued Shares	139,000,201 shares	100 %
Number of Latent Shares at Present Conversion Price (Exercise Price)	- shares	- %
Number of Latent Shares at Lowest Conversion Price (Exercise Price)	- shares	- %
Number of Latent Shares at Highest Conversion Price (Exercise Price)	- shares	- %

(3) Latest Stock Prices

(i) For Last Three Fiscal Years

	Fiscal Year ended March 2009	Fiscal Year ended March 2010	Fiscal Year ended March 2011
Opening Price	¥78	¥36	¥41
Highest Price	¥79	¥83	¥64 [¥545]
Lowest Price	¥30	¥31	¥30 [¥201]
Closing Price	¥35	¥39	- [¥404]

Note: JVC KENWOOD conducted a 10-for-1 stock consolidation effective August 1, 2010, therefore, the share prices for the fiscal year ended March 2011 represent the shares prices shown on the pre-stock consolidation basis and the number with [] represents share prices after taking account the stock consolidation.

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(ii) For Last Six Months

	February	March	April	May	June	July
Opening Price	¥364	¥453	¥405	¥425	¥397	¥406
Highest Price	¥458	¥500	¥454	¥429	¥401	¥459
Lowest Price	¥356	¥324	¥381	¥365	¥361	¥393
Closing Price	¥446	¥404	¥417	¥396	¥399	¥437

(iii) Stock Price as of Business Day Preceding Date of Resolution of Issuance

	July 29, 2011
Opening Price	¥437
Highest Price	¥439
Lowest Price	¥427
Closing Price	¥437

(4) Equity Finance Conditions for the Previous Three Fiscal Years

(i) Issuance of Stock Acquisition Rights No.1 through No. 8 through Third Party Allotment

Issue Date	July 28, 2009
Amount of Funds to Be Raised	¥9,283,884,000
Amount to Be Paid	¥20,884,000 (¥65,262.5 per one (1) stock Acquisition right)
Number of Stock Acquisition Rights	320 (40 per each series of stock acquisition right)
Exercise Price	Initial price: ¥116
Exercise Period	July 29, 2009 to July 27, 2011
Number of Issued Shares at the Time of Offering	1,090,002,015 shares
Number of Latent Shares through the Issuance of Stock Acquisition Rights	160,000,000 shares (The total number of shares for stock acquisition rights No.1 through No. 8. The number of shares issued upon exercise of one (1) stock acquisition right is 500,000 shares.)
Allottee	Nomura Securities Co., Ltd.
Use of Proceeds at the Time of Issuance	Application of ¥4.0 billion to funds for capital expenditures in the car electronics business, ¥4.0 billion to funds for research and development in the same business and the remaining amount to

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	repayment of interest-bearing liabilities is planned.
Number of Exercised Stock Acquisition Rights	0

Note: (Current Status of Appropriation) JVC KENWOOD issued Stock Acquisition Rights No.1 through No.8 (hereinafter referred to as the “No.1 through No.8 Stock Acquisition Right(s)”) on July 28, 2009 as stated above. However, as an acquisition event prescribed in the Terms and Conditions of each No.1 through No.8 Stock Acquisition Right occurred, in accordance with the acquisition clause of the No.1 through No.8 Stock Acquisition Rights (amended along with the stock consolidation effective on August 1, 2010), we acquired all of the No.1 through No.8 Stock Acquisition Rights on August 30, 2010. In addition, JVC KENWOOD cancelled all of the No.1 through No.8 Stock Acquisition Rights (320 Stock Acquisition Rights) pursuant to the acquisition clause in the Terms and Conditions of each No.1 through No.8 Stock Acquisition Right and Article 276 of the Companies Act.

(ii) Issuance of New Shares through International Offering and Disposal of Treasury Stock

Issue Date	January 25, 2011
Amount of Funds to Be Raised	¥13,813,610,000 (Issue price:¥331.54) (Estimated net proceeds)
Number of Issued Shares at the Time of Offering	109,000,201 shares
Number of Shares to be Issued through the Offering	(i) Issuance of new shares: 30,000,000 shares (ii) Disposal of treasury stock: 12,000,000 shares
Number of Issued Shares after the Offering	139,000,201 shares
Use of Proceeds at the Time of Issuance	By the fiscal year ending March 2012, ¥4.0 billion will be used as funds for new product development, research and development and capital investment in the Car Electronics business; ¥3.0 billion will be used as funds for research and development and capital investment in the Professional Systems business; ¥3.0 billion will be used as funds for research and development to enter new business areas such as medical and health care, education and aging; and the remaining amount will be used as funds for strategic business alliances in the focused business area and working capital, etc.

9. Lock-up

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JVC KENWOOD will not (i) issue any of JVC KENWOOD's shares, (ii) issue any securities that are convertible into or are exchangeable for JVC KENWOOD's shares or (iii) issue any securities that constitute the right to acquire or receive JVC KENWOOD's shares, until 90 days after the allotment date of the Stock Acquisition Rights; provided, however, that issuance, etc. relating to this offering, stock split and stock options will be excluded.

[End of the Document]

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Terms and Conditions of Issuance of Stock Acquisition Rights

1. Name of stock acquisition rights

JVC KENWOOD Corporation Stock Acquisition Rights (1st series) (the “Stock Acquisition Rights”)

2. Application period

August 24, 2011

3. Allotment date

August 25, 2011

4. Offering method

Offering to the holders of No. 7 Unsecured Bond issued by Victor Company of Japan, Limited in August 2007 (the “Bond”) (public offering)

Specifically, the Stock Acquisition Rights will be allotted to the holders of the Bond as of August 22, 2011, only if the application for subscription is completed no later than August 24, 2011, the application deadline, in the proportion of 10 Stock Acquisition Rights per 100,000,000 yen of the Bond held by each holder.

5. Aggregate number of Stock Acquisition Rights 1,200

The aggregate number as described above is the number of planned allotments. If the aggregate number of the Stock Acquisition Rights to be allotted is decreased due to no subscription for a part of the Stock Acquisition Rights or any other reason, the aggregate number of the Stock Acquisition Rights to be issued shall be equal to the aggregate number of the Stock Acquisition Rights allotted.

6. Class and number of shares to be issued upon exercise of Stock Acquisition Rights

Class of shares to be issued upon exercise of the Stock Acquisition Rights shall be common stock of JVC KENWOOD Corporation (the “Company”), and the number of shares to be issued upon exercise of each Stock Acquisition Right (the “Number of Shares Granted”) shall be an amount obtained by dividing 10,000,000 by the Exercise Price (as defined below), disregarding a fraction less than one share.

7. Value of assets to be contributed upon exercise of Stock Acquisition Rights

(1) The assets to be contributed upon exercise of the Stock Acquisition Rights shall be cash, the value

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of which shall be an amount obtained by multiplying the Exercise Price by the Number of Shares Granted (the “Total Exercise Price”).

- (2) The amount of cash per share to be contributed upon exercise of the Stock Acquisition Rights (the “Exercise Price”) shall be initially an amount obtained by multiplying the Base Price (as defined below) by 120% (rounded up to the nearest yen).

“Base Price” means the average of the volume weighted average prices of common stock of the Company reported by the Tokyo Stock Exchange during the period from August 3, 2011 to August 8, 2011 (excluding the day when no volume weighted average price is calculated).

8. Adjustment of Exercise Price

- (1) The Exercise Price shall be adjusted in accordance with the following formula (the “Exercise Price Adjustment Formula due to Issuance of New Shares”), if, after the issuance of the Stock Acquisition Rights, the number of shares of common stock of the Company is or is likely to be changed in any of the events listed in (2) below.

$$\begin{array}{r}
 \text{Exercise} \\
 \text{Price after} \\
 \text{adjustment} \\
 \text{t}
 \end{array}
 =
 \begin{array}{r}
 \text{Exercise} \\
 \text{Price} \\
 \text{before} \\
 \text{adjustment} \\
 \text{t}
 \end{array}
 \times
 \begin{array}{r}
 \text{Number of} \\
 \text{shares of} \\
 \text{common} \\
 \text{stock already} \\
 \text{issued} \\
 \text{Number of shares of common} \\
 \text{stock already issued}
 \end{array}
 +
 \frac{
 \begin{array}{r}
 \text{Number of shares of} \\
 \text{common stock newly} \\
 \text{issued or disposed of} \\
 \text{Market price} \\
 \text{Number of shares of} \\
 \text{common stock newly} \\
 \text{issued or disposed of}
 \end{array}
 \times
 \begin{array}{r}
 \text{Subscription} \\
 \text{price per} \\
 \text{share}
 \end{array}
 }{
 }$$

- (2) The events where the Exercise Price shall be adjusted by the Exercise Price Adjustment Formula due to Issuance of New Shares and the timing when the Exercise Price after adjustment shall be applied shall be as follows.

- (i) In case where the Company issues new shares of common stock of the Company, or disposes of the common stock of the Company held by the Company, at a subscription price less than the market price provided for in (5)(ii) below (other than the cases where (x) the common

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stock of the Company shall be delivered upon exercise of the Stock Acquisition Rights, acquisition of the shares with put option or shares subject to call, or exercise of any other right to demand for delivery of common stock of the Company, and (y) the common stock of the Company shall be delivered due to corporate split, share exchange or merger)

The Exercise Price after adjustment shall be applied on or after the following day of the payment date (or, if the payment period is set for the offering, the last day of such period; hereinafter the same shall apply) or on or after the following day of the record date for grant of a right to receive allotment to shareholders in connection with such issuance or disposal, if such record date is set.

- (ii) In the case of stock split or free allotment of common stock of the Company
The Exercise Price after adjustment shall be applied on or after the following day of the record date for stock split, in the case of stock split, or on or after the following day of the record date (if no such record date is set, the effective date of such free allotment) for grant of a right to receive allotment to shareholder, in the case of free allotment.
- (iii) In case where the Company issues or grants (x) shares with put option to demand for delivery of common stock of the Company, or (y) a stock acquisition right to demand for delivery of common stock of the Company, at an exercise price less than the market price as provided for in (5)(i) below (including such issuance or grant by way of free allotment, but excluding such issuance or grant for the purpose of stock option or any other incentive plan)

The Exercise Price after adjustment shall be calculated by the Exercise Price Adjustment Formula due to Issuance of New Shares *mutatis mutandis*, assuming that all of the put options attached to the shares with put option or all of the stock acquisition rights have been exercised on the initial conditions, and shall be applied on or after the following day of the closing date (or the allotment date, if the stock acquisition rights are issued without consideration) or the effective date (in the case of free allotment); provided, however, if the record date for grant of a right to receive allotment to shareholder is set, the Exercise Price after adjustment shall be applied on or after the following day of such record date.

Notwithstanding the foregoing, if the consideration of the common stock of the Company to be delivered upon demand or exercise is not fixed at the time of issuance or grant of the shares with put option or stock acquisition rights, the Exercise Price after adjustment shall be calculated by the Exercise Price Adjustment Formula due to Issuance of New Shares *mutatis mutandis*, assuming that all of the shares with put option or stock acquisition rights are issued

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at the time when the relevant consideration is fixed and have been exercised on the conditions at that time, and shall be applied on or after the date when the relevant consideration is fixed.

- (iv) In case where the Company delivers the common stock of the Company in exchange for acquisition of shares with call option or stock acquisition rights with call option issued by the Company, at a price less than the market price provided for in (5)(ii) below

The Exercise Price after adjustment shall be applied on or after the following day of the acquisition date.

Notwithstanding the foregoing, if the Exercise Price has been adjusted pursuant to (iii) above before the relevant adjustment is made due to the shares with call option or stock acquisition rights with call option mentioned above, (a) only if the number of shares of common stock after full dilution after the above-mentioned delivery is made exceeds the number of shares of common stock already issued immediately before such delivery, the Exercise Price shall be calculated by the Exercise Price Adjustment Formula due to Issuance of New Shares *mutatis mutandis*, assuming that such excess in the number of shares shall be deemed as the “number of shares of common stock newly issued or disposed of” in the Exercise Price Adjustment Formula due to Issuance of New Shares, and (b) if the number of shares of common stock after full dilution after the above-mentioned delivery is made does not exceed the number of shares of common stock already issued immediately before such delivery, the adjustment pursuant to this item (iv) shall not be made. “Number of shares of common stock after full dilution” means a number obtained by deducting (x) the number of shares of common stock of the Company held by the Company on the day one month prior to the date of application of the Exercise Price after adjustment from (y) the aggregate number of shares of common stock of the Company already issued on the same day plus (z)(a) the number of shares not yet delivered, out of the number of shares of common stock of the Company deemed as issued or disposed of pursuant to this Condition 8(2) before the relevant adjustment is made or (b) the number of shares of common stock of the Company to be delivered in exchange for acquisition of the relevant shares with call option or stock acquisition rights with call option.

- (v) In the case of (i) through (iii) above, if (a) the record date is set and (b) the effectiveness of the event is conditional upon an approval of the general meeting of shareholders, the Board of Directors or any other organization of the Company, then, notwithstanding (i) through (iii) above, the Exercise Price after adjustment shall be applied on or after the following day of

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the date of such approval. In this case, the Company shall deliver the common stock of the Company to the holders of the Stock Acquisition Rights who request for exercise of the Stock Acquisition Rights during a period from the following day of the relevant record date up to the date of such approval, in the number of shares calculated as follows.

$$\text{Number of shares} = \frac{\left(\begin{array}{l} \text{Exercise} \\ \text{Price} \\ \text{before} \\ \text{adjustment} \end{array} - \begin{array}{l} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} \right) \times \begin{array}{l} \text{Number of share delivered during} \\ \text{the relevant period, applying the} \\ \text{Exercise Price before adjustment} \end{array}}{\text{Exercise Price after adjustment}}$$

In this case, any fraction less than one share shall be disregarded, and no cash adjustment shall be made.

- (3) The Exercise Price shall be adjusted in accordance with the following formula (the “Exercise Price Adjustment Formula due to Dividends,” and together with the Exercise Price Adjustment Formula due to Issuance of New Shares, the “Exercise Price Adjustment Formula,” collectively), if, after the issuance of the Stock Acquisition Rights, the Company makes dividends as provided for in (i) below.

$$\begin{array}{l} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Exercise Price before adjustment} \\ - \text{Dividends per share} \end{array}$$

“Dividends per share” means an amount of dividends from surplus per share of common stock of the Company. The dividends per share shall be calculated to the second decimal point and then rounded to the nearest first decimal, 0.05 being rounded up.

- (i) “Dividends” means the dividends from surplus (including any cash to be paid pursuant to Article 455, Paragraph 2 and Article 456 of the Companies Act, only if the assets to be distributed are cash) of common stock of the Company relating to each record date occurring each business year .
- (ii) The adjustment of the Exercise Price due to dividends shall be applied on or after the tenth (10th) day of the month following the month in which a resolution for the dividends from

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surplus is adopted as provided for in Article 454 or Article 459 of the Companies Act.

- (iii) If the Exercise Price after adjustment calculated by the Exercise Price Adjustment Formula due to Dividends is zero or negative, the Exercise Price after adjustment shall be 1 yen.
- (4) No adjustment of the Exercise Price shall be made in case a difference between the Exercise Price after adjustment calculated by the Exercise Price Adjustment Formula and the Exercise Price before adjustment is less than one yen; provided, however, if any event which requires adjustment of the Exercise Price occurs thereafter and the Exercise Price Adjustment Formula shall be applied, an amount deducting such difference from the Exercise Price before adjustment shall be used in place of the Exercise Price before adjustment in the Exercise Price Adjustment Formula.
- (5)(i) The calculation by the Exercise Price Adjustment Formula shall be made to the second decimal point of one yen and then rounded to the nearest first decimal, 0.05 being rounded up.
- (ii) The market price to be used in the Exercise Price Adjustment Formula shall be an average price of the daily closing prices (including value of quotation) of the common stock of the Company through regular transactions on the Tokyo Stock Exchange for any 30 trading days (excluding a day when no closing price is reported) commencing on the 45th trading day prior to the date when the Exercise Price after adjustment shall be applied for the first time (or the relevant record date, in the case of (2)(v) above), in the case of the Exercise Price Adjustment Formula due to Issuance of New Shares. In this case, the average price shall be calculated to the second decimal point of yen and then rounded to the nearest first decimal, 0.05 being rounded up.
- (iii) The number of shares of common stock already issued to be used in the Exercise Price Adjustment Formula due to Issuance of New Shares shall be a number obtained by deducting (x) the number of shares of common stock of the Company held by the Company (a) on the record date for grant of a right to receive allotment to shareholders, if such record date is set, or (b) on the day one month prior to the date when the Exercise Price after adjustment shall be applied for the first time, if such record date is not set, from (y) the aggregate number of shares of common stock of the Company already issued on the same day plus (z) the number of shares not yet delivered, out of the number of shares of common stock of the Company deemed as issued or disposed of pursuant to (2) above before the relevant adjustment is made. In the case of (2)(ii) above, the number of shares of common stock newly issued or disposed of to be used in Exercise Price Adjustment Formula due to Issuance of New Shares shall not

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include the number of shares of common stock of the Company to be allotted to the common stock held by the Company as of the record date.

- (6) In addition to the cases which shall require the adjustment of the Exercise Price pursuant to (2) and (3) above, the Exercise Price shall be adjusted as necessary in any of the following cases.
- (i) If the adjustment of the Exercise Price is required due to reverse stock split, corporate split, share exchange or merger, or free allotment of any other class shares to the holders of common stock of the Company.
 - (ii) If the adjustment of the Exercise Price is required, due to an occurrence of any other event which shall or may result in a change in the number of shares of common stock of the Company.
 - (iii) If more than one event which requires the adjustment of the Exercise Price occurs almost simultaneously and the market price to be used for the calculation of the Exercise Price after adjustment due to either event is required to reflect an influence of the other events.

If the Exercise Price shall be adjusted pursuant to this Condition 8, the Company shall make notice or public notice of the fact that the Exercise Price shall be adjusted and the triggering event, the Exercise Prices before and after adjustment, the commencement date of application of the Exercise Price after adjustment, and other necessary matters, no later than the day immediately prior to such commencement date of application; provided, however, in the case provided for in (2)(v) above or if the Company is unable to make such notice or public notice no later than the day immediately prior to such commencement date of application, the Company shall make such notice or public notice promptly after the commencement date of application.

9. Exercise period of Stock Acquisition Rights

From August 25, 2011 to August 24, 2016; provided, however, that the exercise period shall end on (i) five (5) business days prior to each acquisition date, if the Company makes notice or public notice to the extent that the Company shall acquire all of the Stock Acquisition Rights pursuant to Condition 13(1), (3), (4) or (5) below, or (ii) earlier of either the date of notice or public notice, if the Company makes notice or public notice to the extent that the Company shall acquire all of the Stock Acquisition Rights pursuant to Condition 13(2) below.

Notwithstanding the foregoing, the Stock Acquisition Rights may not be exercised during the

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following periods.

- (1) The period of four (4) business days prior to and including the record date for shareholders relating to the common stock of the Company (excluding holidays of the book-entry transfer institution)
- (2) The day(s) which the book-entry transfer institution deems necessary
- (3) If the stock acquisition rights of a Successor Company (as defined in Condition 12 below) are delivered under an Organizational Reform (as defined in Condition 12 below) and thereby the suspension of request for exercise of the Stock Acquisition Rights is required, and when the Company makes notice or public notice specifying the period during which the Company shall suspend acceptance of request for exercise of the Stock Actuation Rights and other necessary matters no later than 30 days prior to the commencement of such period, such specified period (which shall not exceed one month).

10. Matters concerning increase in capital stock and capital reserve by issuance of shares upon exercise of Stock Acquisition Rights

- (1) Amount of increase in capital stock by the issuance of shares upon exercise of the Stock Acquisition Rights shall be a half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance for Corporate Accounting, any fraction less than one yen being rounded up to the nearest yen.
- (2) Amount of increase in capital reserve by the issuance of shares upon exercise of the Stock Acquisition Rights shall be the upper limit of capital increase as described in (1) above less the amount of increase in capital stock as provided for in (1) above.

11. Restriction on acquisition of Stock Acquisition Rights by transfer

- (1) Any acquisition of the Stock Acquisition Rights by transfer shall not require an approval by resolution of the Board of Directors.
- (2) Registration of transfer of the Stock Acquisition Rights shall be accepted only at the handling office of the transfer agent of the Company (at 3-1, Yaesu 2-chome, Chuo-ku, Tokyo, The Sumitomo Trust and Banking Co., Ltd., Stock Transfer Agency Department (or any department in charge of the relevant business from time to time)).

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12. Matters concerning the delivery of Stock Acquisition Rights following the Organizational Reform

- (1) If any Organizational Reform (as defined below) occurs, the Company shall make the best effort to cause the Successor Company (as defined below) succeed the status as an obligor of the Stock Acquisition Rights and to deliver new stock acquisition rights in place of the Stock Acquisition Rights; provided, however, that such succession and delivery shall subject to the conditions precedent that (i) such succession and delivery are lawfully practicable at the time, (ii) the scheme therefor has already been or may be constructed, and (iii) such succession and delivery are practicable by the Company or the Successor Company without such expenses (including taxes) as deemed unreasonable by the Company in view of the relevant Organizational Reform as a whole. In such case, the Company shall make the best effort to cause the common stock of the Successor Company to be listed on any Japanese financial instrument exchange on or immediately after the effective date of the relevant Organizational Reform.

“Successor Company” means the other party of the Organizational Reform who shall succeed the obligations of the Company relating to the Stock Acquisition Rights.

“Organizational Reform” means the fact that a resolution for approval is adopted at a general meeting of shareholders of the Company (or the Board of Directors, if a resolution by the general meeting of shareholders is not required) with respect to (i) a merger between the Company and any other company (including consolidation-type merger and absorption-type merger, but excluding the case where the Company is a surviving company; hereinafter the same shall apply), (ii) a corporate split (including incorporation-type corporate split and absorption-type corporate split under which the obligations of the Company under the Stock Acquisition Rights are transferred to the other company from the Company), (iii) a share exchange or share transfer (limited to the case where the Company becomes a wholly-owned company of any other company; hereinafter the same shall apply), or (iv) any other corporate reorganization procedures under the Japanese law, whereby the obligations of the Company under the Stock Acquisition Rights shall be succeeded by any other company.

- (2) The details of the stock acquisition rights of the Successor Company to be delivered in accordance with the provisions of (1) above shall be as follows.
- (i) Number of stock acquisition rights of the Successor Companies to be delivered
The stock acquisition rights of the Successor Company in the same number as the number of the outstanding Stock Acquisition Rights held by each holder thereof shall be delivered to each such holder.

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- (ii) Class of shares of the Successor Company to be delivered upon exercise of stock acquisition rights
Common stock of the Successor Company
- (iii) Number of shares of the Successor Company to be delivered upon exercise of stock acquisition rights
To be determined in accordance with Condition 6 above *mutatis mudandis*, taking into consideration the terms and conditions of the Organizational Reform.
- (iv) Value of assets to be contributed upon exercise of stock acquisition rights
The value of the assets to be contributed upon exercise of each stock acquisition right to be delivered shall be an amount obtained by multiplying the Exercise Price after Organizational Reform as defined below by the number of shares of the Successor Company to be issued upon exercise of the stock acquisition rights as determined in accordance with (iii) above. The Exercise Price after Organizational Reform shall be subject to an adjustment as provided for in Condition 8 above.
 - (a) In the case of a merger, share exchange or share transfer, the Exercise Price after Organizational Reform shall be determined so that, if the stock acquisition rights of the Successor Company are exercised immediately after the effective date of the relevant Organizational Reform, the holders of the common stock of the Company in the number of shares which shall have been obtained upon exercise of the Stock Acquisition Rights of the Company immediately before the effective date of the Organizational Reform shall receive the common stock of the Successor Company upon the relevant Organizational Reform. If any securities other than the common stock of the Successor Company or any other assets are to be delivered upon the relevant Organizational Reform, the Exercise Price after Organizational Reform shall be determined so that the common stock of the Successor Company in the number obtained by dividing the fair market value of such securities or assets (to be determined by the Company, upon consulting an independent financial advisor and fully taking into account an opinion from such advisor) by the market price of the common stock of the Successor Company are receivable additionally.
 - (b) In the case of any other Organizational Reform, the Exercise Price after Organizational Reform shall be determined so that if the stock acquisition rights of the Successor Company are exercised immediately after the effective date of the relevant Organizational Reform, the holders of the Stock Acquisition Rights shall receive the

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same economic benefits (to be determined by the Company, upon consulting an independent financial advisor and fully taking into account an opinion from such advisor) that such holders should have received if the Stock Acquisition Rights have been exercised immediately before the effective date of the relevant Organizational Reform.

(v) Exercise period of Stock Acquisition Rights

To be determined in accordance with Condition 9 above *mutatis mutandis*.

(vi) Matters concerning increase in capital stock and capital reserve to be increased by the issuance of shares upon exercise of Stock Acquisition Rights

To be determined in accordance with Condition 10 above *mutatis mutandis*.

(vii) Restriction on acquisition of Stock Acquisition Rights by transfer

Any acquisition of the Stock Acquisition Rights by transfer shall not require an approval by resolution of the Board of Directors of the Successor Company.

(viii) Acquisition Clause of Stock Acquisition Rights

To be determined in accordance with Condition 13 below *mutatis mutandis*.

13. Acquisition Clause of Stock Acquisition Rights

(1) Acquisition Clause of Stock Acquisition Rights on the Date of Acquisition of the Stock Acquisition Rights without Consideration

The Company may, at any time on or after August 25, 2014, by giving prior notice or public notice (irrevocable) to the holders of Stock Acquisition Rights on a day not less than forty-five (45) trading days and up to sixty (60) trading days prior to the acquisition date (the “Date of Acquisition of the Stock Acquisition Rights without Consideration”), acquire without consideration all (but not some) of the Stock Acquisition Rights that remain outstanding as of the Date of Acquisition of the Stock Acquisition Rights without Consideration.

(2) Acquisition Clause of Stock Acquisition Rights in Exchange for Common Stock

On the condition that common stock of the Company is listed on the Tokyo Stock Exchange, the Company may, at any time on or after August 25, 2014, give notice or public notice (irrevocable) (the “Notice of Acquisition of the Stock Acquisition Rights in Exchange for Delivery of Shares”) to the effect that the Company will acquire all (but not some) of the Stock Acquisition Rights that remain outstanding as of the Date of Acquisition of the Stock Acquisition Rights in Exchange for Delivery of Shares (as defined below). . When the Company makes such Notice of Acquisition of

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the Stock Acquisition Rights in Exchange for Delivery of Shares, the Company shall acquire all (but not some) of the Stock Acquisition Rights that remain outstanding as of the Date of Acquisition of the Stock Acquisition Rights in Exchange for Delivery of Shares in exchange for the Consideration Assets (as defined below).

“Date of Acquisition of the Stock Acquisition Rights in Exchange for Delivery of Shares” means a date of acquisition prescribed in the Notice of Acquisition of the Stock Acquisition Rights in Exchange for Delivery of Shares, and shall be a day not less than sixty (60) days up to seventy-five (75) days after the date on which the acquisition notice was given.

“Consideration Assets” means, with respect to each of the Stock Acquisition Right, the number of shares of common stock of the Company that will be obtained by dividing (i) the amount (limited to the case where such value is positive, and in case where such value is negative, such amount shall be zero) after deducting the Total Exercise Price of each Stock Acquisition Right from (ii) the Number of Shares Granted multiplied by the Average VWAP per Share (as defined below), by (iii) the Average VWAP per Share (as defined below). Any fractional amount of less than one share shall be disregarded and no adjustment in cash shall be made in respect thereof. Furthermore, any shares less than one unit (*tangen*) resulting from the above calculation shall be subject to a cash adjustment as if the holders of such shares had exercised their right to demand that the Company purchase such shares pursuant to the relevant provisions of the Companies Act.).

“Average VWAP per Share” means the average value of the volume weighted average price of common stock of the Company that is published by the Tokyo Stock Exchange as of each trading day that falls in a period of forty (40) consecutive trading days commencing on the day five (5) trading days after the day following the day on which the Company issues the Notice of Acquisition of the Stock Acquisition Rights without Consideration. In this Condition, trading days shall not include days on which the Tokyo Stock Exchange does not publish a volume weighted average price.

(3) Acquisition Clause of Stock Acquisition Rights Arising from Organizational Reform

- (i) Upon the occurrence of an Organizational Reform, and in the event that the procedures set forth in Condition 12 above are unable to be undertaken, the Company shall, by giving 30 days’ prior notice or public notice to the holders of the Stock Acquisition Rights, on the acquisition date designated in the said notice or public notice (such acquisition date shall be set on a day prior to the effective date of the Organizational Reform), acquire all the Stock Acquisition Rights (but not some) in exchange for cash in an amount prescribed in Condition

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TRANSLATION – FOR REFERENCE ONLY –

13(3)(ii) below (the “Organizational Reform Acquisition Price”) with respect to each Stock Acquisition Right.

- (ii) The Organizational Reform Acquisition Price shall be an amount obtained by multiplying (i) the Total Exercise Price of each Stock Acquisition Right, by (ii) a certain ratio (indicated as a percentage; the “Organizational Reform Acquisition Price Ratio”), in accordance with the Reference Parity (as defined in Condition 13(3)(iii) below), and depending on the acquisition date. The Organizational Reform Acquisition Price shall be determined in accordance with Condition 13(3)(iv) below, in addition to the list of values indicated in the following table.

Organizational Reform Acquisition Price Ratio (%)

Acquisition Date	Reference Parity										
	70	80	90	100	110	120	130	140	150	160	170
August 25, 2011	5.2	8.5	12.7	17.7	23.5	30.0	37.2	44.9	53.2	61.8	70.9
August 24, 2012	3.4	6.2	10.1	15.0	20.8	27.5	34.9	43.0	51.6	60.7	70.2
August 23, 2013	1.3	3.3	6.5	11.1	17.0	24.1	32.1	40.9	50.2	60.0	70.0
August 25, 2014	0.0	0.0	0.0	0.0	10.0	20.0	30.0	40.0	50.0	60.0	70.0
August 25, 2015	0.0	0.0	0.0	0.0	10.0	20.0	30.0	40.0	50.0	60.0	70.0
August 24, 2016	0.0	0.0	0.0	0.0	10.0	20.0	30.0	40.0	50.0	60.0	70.0

- (iii) “Reference Parity” means: (a) if the consideration payable to shareholders of common stock of the Company in connection with the relevant Organizational Reform consists of cash only, the amount of such cash payable per share of common stock divided by the Exercise Price in effect on the approval date of the Organizational Reform (indicated as a percentage) (with any fractional percentage of less than one-ten-thousandth being rounded to the nearest one-ten-thousandth with five one-hundred-thousandths or more to be considered a full one-ten-thousandth) and (b) in all the cases other than (a) above, the average price of the daily closing price (not including the value of quotation; the same shall apply hereinafter in Condition 13 of common stock of the Company through regular transactions on the Tokyo Stock Exchange for each of the five (5) consecutive trading days (excluding the days on

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which a closing price is not reported) commencing on the trading day immediately following the date on which the terms and conditions of the relevant Organizational Reform (including consideration payable or deliverable to the shareholders in connection therewith) are approved at a meeting of the board of directors of the Company, as required under the Companies Act (or if the terms and conditions of the relevant Organizational Reform are announced to the public later than such date of approval, the date of the public announcement), divided by the Exercise Price in effect as of the last day of such five (5) consecutive trading day period (excluding the days on which a closing price is not reported) (with any fractional percentage of less than one-ten-thousandth being rounded to the nearest one-ten-thousandth with five one-hundred-thousandths or more to be considered a full one-ten-thousandth and indicated as a percentage); provided, however, that if, during said five (5) consecutive trading day period (excluding the days on which a closing price is not reported), any event occurs giving rise to an adjustment to the Exercise Price as set forth in Condition 8 above, the average of the daily closing price in regular transactions of common stock of the Company during said five (5) consecutive trading day period (excluding the days on which a closing price is not reported) shall be reasonably adjusted.

- (iv) If the Reference Parity or the acquisition date is not stated in the table in Condition 13(3)(ii) above, the Organizational Reform Acquisition Price Ratio shall be calculated in the following method:
 - (A) If the Reference Parity falls between two numbers in the first row of the table in Condition 13(3)(ii) above or the acquisition date falls between two dates in the first line of the table in Condition 13(3)(ii) above, then the Organizational Reform Acquisition Price Ratio shall be calculated by referencing the values indicated in the table in Condition 13(3)(ii) above that correspond to such two numbers or two dates and applying straight-line interpolation between such two numbers or two dates (indicated as a percentage) with any fractional percentage of less than one-ten-thousandth being rounded to the nearest one-ten-thousandth with five one-hundred-thousandths or more to be considered a full one-ten-thousandth; provided, however, that such calculation shall be made on the basis of a 365-day year, as the case may be.
 - (B) If the Reference Parity is higher than the number in the far right column in the first row of the table in Condition 13(3)(ii) above, the Organizational Reform Acquisition Price Ratio shall be calculated by deducting 100% from the Reference Parity; and
 - (C) If the Reference Parity is lower than the number in the far left column in the first row of

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the table in Condition 13(3)(ii) above, the Reference Parity shall be deemed to be equal to that number.

(4) Acquisition Clause of Stock Acquisition Rights Arising from Delisting of Shares

- (i) If any tender offer in respect of the shares of common stock of the Company is made by parties (the “Offeror”) other than the Company in accordance with the Financial Instruments and Exchange Act, and (ii) the Offeror acquires the shares pursuant to the tender offer, to such extent that, to the Company’s knowledge, the shares of common stock of the Company will cease to be listed, (based on the assumption that there will be no change in the shareholders’ ownership in respect of the common stock of the Company from the settlement commencement date with respect to the tender offer up to the last day of the then current fiscal year), then the Company shall give notice or public notice to the holders of the Stock Acquisition Rights, as soon as practicable but within 14 days after the settlement commencement date with respect to the tender offer, and acquire all (but not some) of the Stock Acquisition Rights then outstanding in exchange for the money representing the acquisition price calculated by the method in accordance with the case of acquisition of the Stock Acquisition Rights stated in the Condition 13.(3) above, on the date specified for acquisition in such notice or public notice (which shall be a date falling not earlier than 14 business days, nor later than 30 business days, from the date of such notice or public notice).

Notwithstanding the above, if the Company or the Offeror announces in the relevant tender offer registration statement or other relevant documents, that it intends to effect a Organizational Reform after the date of acquisition of any common stock of the Company pursuant to the tender offer, then the Company’s obligation to acquire the Stock Acquisition Rights stated in this Condition 13.(4) shall not apply; provided, however, that if such Organizational Reform does not occur prior to the earlier of (i) 180 days after the settlement commencement date with respect to the tender offer and (ii) the determination date of delisting of shares, the Company shall give notice or public notice to the holders of the Stock Acquisition Rights, as soon as practicable but within 14 days after such earlier day, and acquire all (but not some) of the Stock Acquisition Rights then outstanding in exchange for the money representing the above acquisition price, on the date specified for acquisition in such notice or public notice (which shall be a date falling not earlier than 14 business days, nor later than 30 business days, from the date of such notice or public notice).

(5) Acquisition Clause of Stock Acquisition Rights Arising from Squeezeout

If a resolution of a general meeting of shareholders of the Company acquiring all of the

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common stock of the Company is passed after amending the Articles of Incorporation in respect of changing the common stock of the Company to class shares subject to call (or if a resolution of the Board of Directors is passed when a general meeting of shareholders is not required; hereinafter referred to as the “Squeezeout Event”), then the Company shall give notice or public notice to the holders of the Stock Acquisition Rights, as soon as practicable but within 14 days after the date on which the Squeezeout Event occurs, and acquire all (but not some) of the Stock Acquisition Rights then outstanding in exchange for the money representing the acquisition price calculated by the method in accordance with the case of acquisition of the Stock Acquisition Rights stated in the Condition 13. (3) above, on the date specified for acquisition in such notice or public notice (which shall be a date before the effective date of the acquisition of the common stock of the Company with respect to the Squeezeout Event and a date falling not earlier than 14 business days, nor later than 30 business days, from the date of such notice or public notice).

(6) If the Company acquires the Stock Acquisition Rights pursuant to the acquisition clauses in this Condition 13 (2), (3), (4) or (5), the Company shall deliver assets that shall be delivered to the holders of the Stock Acquisition Rights as soon as practicable after the acquisition date.

(7) If the Company acquires the Stock Acquisition Rights pursuant to the acquisition clauses in this Condition 13 (1) through (5), the Company shall immediately cancel all of the Stock Acquisition Rights which the Company has acquired.

14. Rules pertaining to fractions of less than one share arising from the exercise of stock acquisition rights

Fractions of less than one share in the number of shares to be granted to the holders of the Stock Acquisition Rights who exercised the Stock Acquisition Rights shall be rounded down.

15. Calculation method of amount to be paid for the stock acquisition rights

No money is required to be paid in exchange for the Stock Acquisition Rights.

16. Terms of exercise of the stock acquisition rights

No Stock Acquisition Right may be exercised partially.

17. Method of request for exercise of the stock acquisition rights and of payment

(1) In order to exercise the Stock Acquisition Rights, the holders of the Stock Acquisition Rights need to fill in the “request for exercise of the stock acquisition rights” in the form specified by the Company with his/her name and seal, and to submit it to the Section to receive requests for

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exercise of the stock acquisition rights set forth in Condition 18 below.

- (2) In addition to the submission of the request for exercise of the Stock Acquisition Rights in Condition 17 (1) above, the holders of the Stock Acquisition Rights need to transfer the full amount of cash, which is the value of assets to be contributed upon exercise of each Stock Acquisition Right multiplied by the number of the Stock Acquisition Rights to be exercised, to the account designated by the Company in the payment location upon exercise of the stock acquisition rights set forth in Condition 18 below by the date and time designated by the Company.

18. Section to receive requests for exercise of the stock acquisition rights

JVC KENWOOD Corporation Strategic Finance & Accounting Division (or such other section in charge of such business from time to time)

19. Payment location upon exercise of the stock acquisition rights

Sumitomo Mitsui Banking Corporation Tokyo Main Office (or such other section in charge of such business from time to time)

20. Effective date of exercise of the stock acquisition rights

- (1) Holders of the Stock Acquisition Rights who exercised the Stock Acquisition Rights become shareholders of common stock of the Company issued upon exercise of the Stock Acquisition Rights in accordance with the provisions of the applicable laws and regulations.
- (2) Immediately after the completion of the exercise of the Stock Acquisition Rights, the Company performs the necessary procedures to record the common stock acquired by the holders of the Stock Acquisition Rights upon exercise of the Stock Acquisition Rights in the account opened by the holders of the Stock Acquisition Rights at the securities company designated by the Company.

21. Treatment of changes of provisions in Terms and Conditions

In the case that the provisions in these Terms and Conditions need to be replaced or other measures need to be taken, the Company may change the provisions concerning such matters in the manner which the Company considers appropriate, in accordance with the provisions of the Companies Act of Japan and the purpose of the Stock Acquisition Rights. Such changes are inseparable from these Terms and Conditions.

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22. Perusal of the Terms and Conditions

The Company maintains the photocopy of these Terms and Conditions for the Issuance of Stock Acquisition Rights at its Main Office and makes it available to the holders of the Stock Acquisition Rights during its business hours.

23. Matters concerning certificates for the Stock Acquisition Rights

The Company shall not issue certificates for the Stock Acquisition Rights.

24. Others

- (1) The provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. (Act No. 75 of 2001) shall apply to the shares of common stock of the Company issued upon exercise of the Stock Acquisition Rights.
- (2) Each of the above Conditions shall be subject to the filing of a supplemental document for the shelf registration statement pursuant to the Financial Instruments and Exchange Act.
- (3) Issuance of the Stock Acquisition Rights shall be subject to the approval of the Agenda in its original proposal at the meeting of the Bondholders scheduled to be held on August 8, 2011 with respect to the Bond and the court's approval for the resolution.

End

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