

# JVC KENWOOD



December 9, 2011

Company	JVC KENWOOD Corporation
Representative	Hisayoshi Fuwa, President & CEO (Code: 6632, First Section of the Tokyo Stock Exchange)
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## Notice on Merger of JVC Kenwood and its Two 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 two subsidiaries, Victor Finance Co., Ltd. (Victor Finance) and Kenwood Systems Corporation (Kenwood Systems).

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

### 1. Purposes of the merger

Victor Finance was established as a functional subsidiary for the purpose of providing business support to the JVC KENWOOD Group's accounting operations, and Kenwood Systems as a functional subsidiary for the purpose of providing business support to the Group's information system operations. JVC KENWOOD has decided to implement an absorption-type merger of Victor Finance and Kenwood Systems from the viewpoint of increasing operational efficiency within the Group, and will hereafter conduct the operations of the two companies through the universal succession of their businesses and functions.

### 2. Summary of the merger

#### (1) Schedule of the merger

Meeting of the Board of Directors to resolve the merger (by the company):	December 9, 2011
Meeting of the Board of Directors to resolve the merger (Victor Finance and Kenwood Systems):	December 9, 2011
Conclusion of merger agreement:	December 9, 2011
Date of merger:	February 1, 2012 (plan)

Note: Because this merger is a short-form merger, as specified in Article 796, Paragraph 3 of the Companies Act, for JVC KENWOOD, and in Article 784, Paragraph 1 of the Companies Act, for Victor Finance and Kenwood Systems, it will be implemented without obtaining the approval of a general meeting of shareholders of each company.

#### (2) Merger method

JVC KENWOOD will be the surviving company, and Victor Finance and Kenwood Systems will be the absorbed companies.

#### (3) Details of allocation related to the merger

JVC KENWOOD owns all of the shares of Victor Finance and Kenwood Systems. Accordingly, this merger will not be accompanied by an allocation of shares or other monetary benefits.

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

Neither Victor Finance nor Kenwood Systems issues 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 September 30, 2011)	Panasonic Corporation	19.17%
	GOLDMAN, SACHS INTERNATIONAL	5.68%
	Japan Trustee Services Bank, Ltd. (Trust Account)	4.69%
	DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	4.47%
	Deutsche Securities Inc.	3.16%
	CREDIT SUISSE SECURITIES (EUROPE) LIMITED PB SEC INT NON-TR CLIENT	2.94%
	NOMURA ASSET MANAGEMENT U.K. LIMITED SUB A/C EVERGREEN NOMINIES LTD	1.79%
	The Master Trust Bank of Japan ,Ltd. (Trust Account)	1.73%
	GOLDMAN SACHS & CO. REG	1.36%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.35%	
(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 Finance Co., Ltd.	
(2) Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi	
(3) Name and Title of Representative	Takashi Shimoda, President and CEO	
(4) Capital	¥30 million	
(5) Date of Incorporation	June 1, 1987	
(6) Total Number of Shares Issued	600	
(7) Fiscal Year End	March 31	
(8) Major Shareholders and Percentage of Shareholding	JVC KENWOOD Corporation	100.00%

TRANSLATION – FOR REFERENCE ONLY –

(9) Financial Position and Operating Results in the Fiscal Year Immediately before the Merger	Net assets	¥820 million
	Total assets	¥8,702 million
	Net assets per share	¥1,367,955
	Net sales	¥112 million
	Operating profit	¥46 million
	Ordinary income	¥46 million
	Net income	¥31 million
	Net income per share	¥51,806

**Company absorbed in merger**

(1) Corporate Name	Kenwood Systems Corporation	
(2) Location of Head Office	2967-3, Ishikawa-machi, Hachioji-shi, Tokyo	
(3) Name and Title of Representative	Kazuhiro Mizutani, President and CEO	
(4) Capital	¥10 million	
(5) Date of Incorporation	October, 2, 2000	
(6) Total Number of Shares Issued	1,800	
(7) Fiscal Year End	March 31	
(8) Major Shareholders and Percentage of Shareholding	JVC KENWOOD Corporation	100.00%
(9) Financial Position and Operating Results in the Fiscal Year Immediately before the Merger	Net assets	¥21 million
	Total assets	¥21 million
	Net assets per share	¥11,799
	Net sales	¥0 million
	Operating profit	-¥0 million
	Ordinary income	-¥0 million
	Net income	-¥0 million
	Net income per share	-¥129

**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.