



January 5, 2012

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## Notice on Secondary Offering of Shares and Change of Top Shareholder

JVC KENWOOD Corporation (“JVC KENWOOD”), upon the passing of a resolution at a meeting of its Board of Directors held on January 5, 2012, announces the secondary offering of shares of common stock of the company described below. It is expected that in conjunction with the secondary offering, the top shareholder among JVC KENWOOD’s major shareholders will change.

Panasonic Corporation (“Panasonic”), the seller of shares, had approved management integration between Victor Company of Japan, Limited (“JVC”) and Kenwood Corporation (“Kenwood”), and remained the top shareholder of JVC KENWOOD Holdings, Inc. (the current JVC KENWOOD Corporation) established as the holding company of JVC and Kenwood effective from management integration on October 1, 2008.

Since the above management integration, JVC KENWOOD pursued structural reforms, while concentrating on businesses in which the strengths of the JVC KENWOOD Group would fully be exercised, maximizing the effects of integration, and reinforcing its financial position and capital structure. As a result, the Group achieved a rapid recovery of earnings and financial position in the fiscal year ended March 31, 2011. Subsequently, in October 2011, JVC KENWOOD acquired, through absorption, the three operating companies and achieved consolidation of corporate management and fund operations, and began operating as the newly born JVC KENWOOD.

As a result of this secondary offering, Panasonic will no longer be a major shareholder of JVC KENWOOD, and it is expected that the agreement concerning business alliance and collaboration (Note) made with Panasonic in connection with the capital and business alliance between JVC and Kenwood (signed in July 2007) will be dissolved. This, however, will not impact the management, business, and financial conditions of JVC KENWOOD given that the business alliance and collaboration have substantially been completed. JVC KENWOOD will continue to operate on the corporate structure rebuilt by the efforts made to date by leveraging its core strengths in video and audio technologies, radio technologies, and music and video software, and enhance its four key business segments – Car Electronics, Professional Systems, Home & Mobile Electronics, and Entertainment – with the aim of achieving “profitable growth” based on its new Mid-term Business Plan announced on September 16, 2011.

(Note) As described in “Notice on Capital and Business Alliance and Management Integration for Further Study Between JVC and Kenwood as well as Third Party Allotment of New Shares of JVC” dated July 24, 2007 and announced by JVC, Kenwood

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and Panasonic (then Matsushita Electric Industrial Co., Ltd.), Panasonic approved the capital and business alliance among JVC, Kenwood, and other, and agreed to oversee, as the top shareholder, the recovery of JVC's management and business operations and provide the necessary assistance.

## I. Secondary Offering of Shares of JVC KENWOOD

### 1. Secondary Offering of Shares (offering by underwriting by underwriters)

- (1) Class and Number of Shares to be Sold 24,225,400 shares of common stock of JVC KENWOOD
- (2) Seller Panasonic Corporation
- (3) Selling Price To be determined (The selling price is based on the provisional range calculated by taking, on any day between Tuesday, January 17, 2012 and Thursday, January 19, 2012 ("the pricing date"), the closing price for ordinary trading of the common stock of JVC KENWOOD at the Tokyo Stock Exchange (if no closing price is quoted on a specific date, the closing price of the day immediately preceding) and multiplying it by 0.90 - 1.00 (omit amounts below one yen) in accordance with the method provided in Article 25 of Regulations Concerning Underwriting, etc. of Securities stipulated by Japan Securities Dealers Association, and taking into account market demand.)
- (4) Method of Secondary Offering All shares will be purchased for sale by the underwriting group with Nomura Securities Co., Ltd. as the managing underwriter (the group as "the Underwriters"). The amount received by the Underwriter of the secondary offering shall be the aggregate amount of the difference between the selling price and the amount to be paid to the seller by the Underwriters.
- (5) Subscription Period The business day following the pricing date until the second business day following the pricing date.
- (6) Delivery Date The sixth business day following the pricing date.
- (7) Subscription Unit 100 shares
- (8) The President and CEO is entrusted to make decisions regarding all matters necessary for procedures concerning the secondary offering to be executed by JVC KENWOOD.

### 2. Secondary Offering of Shares by Over-Allotment \*Please refer to <Reference> 2. below.

- (1) Class and Number of Shares to be Sold 2,420,000 shares of common stock of JVC KENWOOD  
The number of shares indicated is the maximum number. Depending on market demand, the number of shares may be less or the offering by over-allotment may be cancelled. The number of shares to be sold is determined on the pricing date in consideration of market demand.
- (2) Seller Nomura Securities Co., Ltd.
- (3) Selling Price To be determined (The price is determined on the pricing date. The selling price shall be the same as that of the secondary offering with underwriting by the Underwriters.)
- (4) Method of Secondary Offering Taking into account market demand for the secondary offering with underwriting by the Underwriters, Nomura Securities Co., Ltd. sells shares of common stock of JVC KENWOOD of no more than 2,420,000 shares it has borrowed from shareholders of JVC KENWOOD.

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- (5) Subscription Period The subscription period shall be the same as that of the secondary offering with underwriting by the Underwriters.
- (6) Delivery Date The delivery date shall be the same as that of the secondary offering with underwriting by the Underwriters.
- (7) Subscription Unit 100 shares
- (8) The President and CEO is entrusted to make decisions regarding all matters necessary for procedures concerning the secondary offering to be executed by JVC KENWOOD.

<Reference>

1. Background and Purpose of Secondary Offering of Shares

Given the decision made by the seller to sell shares of JVC KENWOOD as described, JVC KENWOOD has determined to execute the secondary offering above. JVC KENWOOD believes that the secondary offering will increase investment opportunities and expand its shareholder population.

2. Secondary Offering of Shares by Over-Allotment

The secondary offering of shares by over-allotment is an offering of shares of common stock of JVC KENWOOD conducted, taking into account market demand, in connection with the secondary offering with underwriting by the Underwriters led by Nomura Securities Co., Ltd. as the managing underwriter, of a number of such shares not exceeding 2,420,000 shares borrowed from shareholders of JVC KENWOOD. The number of shares to be offered in the secondary offering by over-allotment is scheduled to be 2,420,000 shares; however, this is the maximum number of shares to be sold, and such number may decrease, or the secondary offering by over-allotment may not be made at all, depending on market demand.

When the secondary offering by over-allotment is made, Nomura Securities Co., Ltd. will, apart from shares to be underwritten for the secondary offering with underwriting by the Underwriters, be granted by the above-mentioned shareholders the right (the “Greenshoe Option”) exercisable during the period from the above-mentioned delivery date to Wednesday, February 1, 2012, to acquire additional shares of common stock of JVC KENWOOD up to the number of shares to be offered in the secondary offering by over-allotment.

Nomura Securities Co., Ltd. may also purchase shares of common stock of JVC KENWOOD on the Tokyo Stock Exchange, Inc. (the “Syndicate Cover Transactions”) during the period from the day following the final day of the above-mentioned subscription period to Friday, January 27, 2012 (the “Syndicate Cover Transaction Period”), up to the number of shares to be offered in the secondary offering by over-allotment, for the purpose of returning the shares it has borrowed from the above shareholders of JVC KENWOOD (the “Borrowed Shares”). All of the shares of common stock of JVC KENWOOD purchased by Nomura Securities Co., Ltd. through the Syndicate Cover Transactions will be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, Nomura Securities Co., Ltd. may decide not to conduct any Syndicate Cover Transaction or may decide to terminate the Syndicate Cover Transactions before the number of shares purchase reaches the number of shares offered in the secondary offering by over-allotment.

Furthermore, Nomura Securities Co., Ltd. may conduct stabilizing transactions along with the secondary offering by way of underwriting by the Underwriters and the secondary offering by over-allotment, and the shares of

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common stock of JVC KENWOOD purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

Any Borrowed Shares that remain unreturned following all returns of Borrowed Shares effected through the Syndicate Cover Transactions and the stabilizing transactions described above may be returned through the exercise of the Greenshoe Option by Nomura Securities Co., Ltd.

### 3. Lock-Up

In connection with the secondary offering by underwriting by the Underwriters, JVC KENWOOD has agreed with Nomura Securities Co., Ltd. not to issue shares of JVC KENWOOD, issue securities that are convertible to or exchangeable with shares of JVC KENWOOD, nor issue securities with the right to acquire or receive shares of JVC KENWOOD (excluding the case of issuing new shares through a share split or other means) during the period from the pricing date to the 90<sup>th</sup> day after the delivery date (“Lock-Up Period”) without the prior written consent of Nomura Securities Co., Ltd.

Nomura Securities Co., Ltd. is entitled to grant exemption from any of the above agreements, in part or in whole, at its sole discretion, even during the Lock-Up Period.

## II. Change of Major shareholder

### 1. Background of the change

A change in the top shareholder among JVC KENWOOD’s major shareholders is set to occur as a result of the offering of common shares, which is described in the above “I. Secondary Offering of Shares of JVC KENWOOD 1. Secondary Offering of Shares (offering by underwriting by underwriters).”

### 2. Outline of the company that will be no longer the major shareholder

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|--------------------------------------|--|
| (1) Name                             | Panasonic Corporation  |
| (2) Head office                      | 1006, Oaza Kadoma, Kadoma, Osaka Prefecture  |
| (3) Name and title of representative | Fumio Otsubo, President  |
| (4) Principal business               | Manufacture and sale of components, home electronics, electrical equipment, FA devices, information and telecommunications equipment, housing-related equipment, etc., and relevant services |
| (5) Capital                          | 258,740 million yen  |

### 3. Number of shares (number of voting rights) held by the relevant shareholder and ratio against the number of voting rights of all shareholders

	Number of voting rights (Number of shares held)	Ratio against the number of voting rights of all shareholders*	Rank among major shareholders*
Before the change (as of September 30, 2011)	266,454 votes (26,645,466 shares)	19.28%	1st

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After the change	24,200 votes (2,420,066 shares)	1.75%	7th
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\*The above ratio against the number of voting rights of all shareholders and ranking among major shareholders are based on the number of voting rights of all shareholders and shareholder ranking recorded in the register of shareholders as of September 30, 2011.

Number of shares without voting rights that is subtracted from the total number of issued shares: 762,301 shares  
Total number of issued shares as of September 30, 2011: 139,000,201 shares

The number of shares held by the relevant shareholder may further decrease by a maximum of 2,420,000 shares due to the execution of the Greenshoe Option, which is described in the above Reference 2.

#### 4. Scheduled date of change

The delivery date (sixth business days after determination of offering price) in the offering described in the above "I. Secondary Offering of Shares of JVC KENWOOD 1. Secondary Offering of Shares (offering by underwriting by underwriters)."

### III. Future outlook

This offering has little effect on the Company's management, business, financial conditions, and consolidated earnings for the current fiscal year.

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