



JVC KENWOOD

February 1, 2012

Company	JVC KENWOOD Corporation
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Notice on Occurrence of Extraordinary Loss (Loss on Extinguishment of Tie-in Shares) Attendant upon Absorption-type Merger of Subsidiaries

As announced in the “Notice on Merger of JVC KENWOOD and its Three Subsidiaries” as of October 3, 2011, JVC KENWOOD Corporation (JVC KENWOOD) implemented an absorption-type merger (hereinafter the “merger”) of its subsidiaries: Victor Company of Japan, Limited; Kenwood Corporation; and J&K Car Electronics Corporation. These were operating companies of the JVC KENWOOD Group.

JVC KENWOOD applies the Accounting Standard for Business Combinations to this merger and therefore will post an extraordinary loss in its financial statements on a nonconsolidated basis, as follows.

This extraordinary loss will not affect the consolidated financial statements.

1. Description

A disparity has arisen between the net assets received from the absorbed companies (three companies mentioned above) and the book value of the shares of the said three subsidiaries held by JVC KENWOOD (tie-in shares) as of the merger effective date (October 1, 2011). JVC KENWOOD recognizes this disparity as an extraordinary loss in its nonconsolidated financial statements, regarding it as a “loss on extinguishment of tie-in shares.”

- (1) Amount of extraordinary loss: Approximately 2.8 billion yen
- (2) Date of occurrence: October 1, 2011

2. Impact on financial results

- (1) Consolidated financial results: The absorbed companies (three companies mentioned above) were wholly owned subsidiaries of JVC KENWOOD, and therefore the loss will not have any impact on the consolidated financial statements.
- (2) Nonconsolidated financial results: Approximately 2.8 billion yen of extraordinary loss (loss on extinguishment of tie-in shares) is posted for the third quarter of the fiscal year ending March 2012.

(Information)

For details of the earnings forecast for the fiscal year ending March 2012 on consolidated and nonconsolidated bases, please refer to “1. (3) Qualitative Information Concerning the Consolidated Earnings Forecast” of the “Accounting Report for the Third Quarter of Fiscal Year Ending March 2012.”