TRANSLATION - FOR REFERENCE ONLY -

JVCKENWOOD

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Company	JVC KENWOOD Corporation
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Notice on Reduction of Foreign Exchange Revaluation Losses (Gains) as a result of Eliminating Inter-company Loans between the Parent Company and its Subsidiary

JVC KENWOOD Corporation (JVCKENWOOD) has eliminated part of the foreign-currency-denominated loan claims that its US subsidiary had against it by having the subsidiary make a distribution to the Company as shareholder effective March 8, 2013. The aim of this was to achieve a balance between foreign-currency-denominated loans payable and loans receivable between the Company and the Group subsidiaries and reduce the risk of foreign exchange revaluation losses (gains) associated with its foreign-currency-denominated loan transactions.

1. Reduction of the risk of foreign exchange revaluation losses (gains)

JVCKENWOOD posts the two main valuation differences arising from exchange fluctuations - valuation difference resulting from conversion of foreign-currency-denominated loans receivable and loans payable into yen and valuation difference resulting from settling foreign-currency-denominated claims and obligations excluding foreign-currency-denominated loans receivable and loans payable - as foreign exchange losses (gains) under non-operating income and expense. In the third quarter of the fiscal year ending March 2013 (from October 1, 2012 to December 31, 2012), the Company sustained a foreign exchange loss of about 1.7 billion yen as the total of these two valuation differences because the dollar-yen exchange rate as of the end of the third quarter was weaker than that as of the end of the second quarter.

JVCKENWOOD was initially deliberating about implementing measures to respond to the risk of foreign exchange revaluation losses (gains) associated with foreign-currency-denominated transactions. It has decided to reduce the yen equivalent of foreign-currency-denominated loans payable and loans receivable significantly, which has a larger impact on its earnings than the other valuation differences, through distributing claims from the US subsidiary to the Company to achieve a balance between foreign-currency-denominated loans payable and loans receivable between the Company and its Group subsidiaries.

Meanwhile, the Company reduces the risk of foreign exchange revaluation losses (gains) in the valuation difference in the settlement of foreign-currency-denominated claims and obligations, the other valuation difference, by entering into exchange contracts.

In the foreign-currency-denominated loan transactions between the Company and its overseas subsidiaries, it has a loan overbalance of about USD100 million mainly in US dollar-denominated transactions. In a yen-weakening phase, the yen equivalent of the loan overbalance increases, and the Company has posted it as foreign exchange losses (gains).

The yen is continuing to decline in the fourth quarter over the dollar-yen exchange rate as of the end of the third quarter, which leads to the risk that the Company will sustain foreign exchange losses. Therefore, JVCKENWOOD has eliminated USD99 million out of the US dollar-denominated loan overbalance between the Company and its Group subsidiaries through distribution of the same amount from the subsidiary to the Company as shareholder effective March 8, 2013. The aim was to achieve a balance between foreign-currency-denominated loans payable and loans receivable between the Company and its Group subsidiaries. The transaction has reduced the risk of foreign exchange revaluation losses (gains) associated with foreign-currency-denominated loan transactions between the Company and its Group subsidiaries and thus dealt with the biggest factor that brings about foreign exchange losses in the yen-weakening phase.

As a result of receiving a distribution of USD99 million of the US dollar-denominated loans from the US subsidiary, there is a decrease in stocks of affiliates and subsidiaries due to a fall in the number of stocks of the US subsidiary in the Company's non-consolidated balance sheet. Meanwhile, this transaction has no impact on the Company's consolidated balance sheet.

2. Impact of the transaction on the earnings

The impact of this transaction on the JVCKENWOOD Group's consolidated earnings for the current period has already been incorporated into "Notice on Revision of Earnings Forecast for the Fiscal Year Ending March 2013 and Revision of Dividend Forecast," which was released on February 1, 2013. Meanwhile, the Company has successfully reduced the risk of exchange revaluation losses (gains) for the Group's foreign-currency-denominated loan transactions which is expected to occur in the next fiscal year and thereafter.