

JVCKENWOOD



December 22, 2016

Company	JVCKENWOOD Corporation
Representative	Takao Tsuji, President & CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
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Notice Regarding Absorption-Type Merger of JVCKENWOOD Kenex Corporation

JVCKENWOOD Corporation (JVCKENWOOD), at its Board of Directors meeting held today, resolved that it would absorb its consolidated subsidiary JVCKENWOOD Kenex Corporation (JKNX) through a merger (the Merger), with the effective date of April 1, 2017 (scheduled), as described below.

Since the Merger will take the form of a short-form merger with a wholly-owned subsidiary, we have omitted the presentation of some of description items and information.

1. Purpose of the Merger

JKNX currently is carrying out marketing activities for car navigation and car audio systems mainly in the consumer business of the Automotive Sector. JVCKENWOOD decided to conduct the Merger in order to ensure that JKNX will work as one team with our domestic sales side on marketing activities in close collaboration with it.

2. Summary of the Merger

(1) Schedule of the Merger

Date of Meeting of the Board of Directors (JVCKENWOOD and JKNX)	December 22, 2016
Date of conclusion of the Merger agreement	December 22, 2016
Effective date of the Merger	April 1, 2017 (scheduled)

Note: Because the Merger is a short-form merger, as specified in Article 796, Paragraph 2 of the Companies Act, for JVCKENWOOD, and in Article 784, Paragraph 1 of the Companies Act, for JKNX, it will be implemented without obtaining the approval of a general meeting of shareholders of each company.

(2) Method of the Merger

The Merger is a short-form merger whereby JVCKENWOOD will be the surviving company and JKNX will be dissolved.

(3) Details of allocation relating to the Merger

JVCKENWOOD owns all of the shares of JKNX. Accordingly, the 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 company dissolved by the Merger

JKNX does not issue stock acquisition rights or bonds with stock acquisition rights.

3. Outlines of the Parties Concerned in the Merger (as of September 30, 2016)

	Company surviving the Merger			Company dissolved in the Merger		
(1) Corporate Name	JVCKENWOOD Corporation			JVCKENWOOD Kenex Corporation		
(2) Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa			2967-3, Ishikawacho, Hachioji-shi, Tokyo		
(3) Name and Title of Representative	Takao Tsuji, President and CEO			Shingo Matsukubo, President		
(4) Principal Business	Operating business in the Automotive Sector, Public Service Sector and Media Service Sector, and managing the business activities of the companies which run businesses equivalent to those businesses by owning shares or interest in relevant companies.			Sales and other operations relating to audio and communications equipment, etc,		
(5) Capital	10,000 million yen			10 million yen		
(6) Date of Incorporation	October 1, 2008			November 9, 1983		
(7) Total Number of Shares Issued	139,000,201			2,000		
(8) Fiscal Year End	March 31			March 31		
(9) Number of Employees	18,476 (consolidated base)			41		
(10) Major Shareholders and Percentage of Shareholding	Denso Corporation	3.00%		JVC KENWOOD Corporation	100.00%	
	Japan Trustee Services Bank, Ltd. (trust account)	2.87%				
	CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	1.94%				
	NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS SEC LENDING	1.66%				
	The Master Trust Bank of Japan, Ltd. (trust account)	1.57%				
(11) Relationship between the Parties Concerned						
	Capital Relationship	JVCKENWOOD owns 100.00% of the outstanding shares of JKNX.				
	Personnel Relationship	The president of JKNX is served concurrently by employees of JVCKENWOOD.				
	Business Relationship	There are product trading and business outsourcing dealings between JVCKENWOOD and JKNX.				
	Applicability to Related Parties	JKNX is a consolidated subsidiary of JVCKENWOOD and is thus applicable to related parties of the Company.				
(12) Operating Results and Financial Position for Past Three Years						
Fiscal year	JVCKENWOOD Corporation			JVCKENWOOD Kenex Corporation		
	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016
Net assets	59,824	79,221	56,818	70	55	98
Total assets	267,152	278,669	255,859	604	734	1,098

Net sales	316,343	285,010	292,195	2,070	2,102	3,061
Operating income	4,421	6,570	4,221	53	33	90
Ordinary income	(70)	3,176	1,018	59	36	96
Net incomes attributable to owners of the parent	(6,571)	4,654	3,194	32	14	55
Net assets per share (yen)	373.01	517.67	371.19	35,072	27,988	49,087
Net income per share (yen)	(47.39)	33.56	23.02	16,123	7,416	27,548

Notes: 1. Figures are in millions of yen unless otherwise indicated.

2. Figures in brackets represent loss.

3. All figures for the Company in “Operating Results and Financial Position for Past Three Years” are taken from the consolidated financial statements for the relevant fiscal years.

4. Net incomes for the fiscal years ended March 31, 2014 and March 31, 2015 were deemed to be net incomes attributable to owners of the parent.

4. Status after the Merger

	Company surviving the Merger
(1) Corporate Name	JVCKENWOOD Corporation
(2) Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa
(3) Name and Title of Representative	Takao Tsuji, President and CEO
(4) Principal Business	Operating business in the Automotive Sector, Public Service Sector and Media Service Sector, and managing the business activities of the companies which run businesses equivalent to those businesses by owning shares or interest in relevant companies.
(5) Capital	10,000 million yen
(6) Fiscal Year End	March 31

5. Prospects

We expect that the impact of the Merger on JVCKENWOOD’s consolidated operating results for the fiscal year ending March 2017 will be insignificant. The Company will promptly announce matters requiring disclosure if they arise as a result of change in the impact of the Merger on the consolidated operating results.

(Reference) JVCKENWOOD’s Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2016 (announced on October 30, 2015) and the Consolidated Results for the Previous Period

(Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent
Earnings Forecast for the Fiscal Year Ending March 31, 2017	295,000	4,800	3,300	300
Results for the Fiscal Year Ended March 31, 2016	292,195	4,221	1,018	3,194