

# 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 Home Electronics Corporation

JVCKENWOOD Corporation (JVCKENWOOD), at its Board of Directors meeting held today, resolved that it would absorb its consolidated subsidiary JVCKENWOOD Home Electronics Corporation (JKHE) 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

JKHE was established in December 2008 as Kenwood Home Electronics Corporation with the objective of boosting the efficiency and competitiveness of the KENWOOD brand home audio business, and currently is developing the home audio business including the one under the JVC brand. JVCKENWOOD decided to conduct the Merger with the aim of improving the operational efficiency within the Group.

### 2. Summary of the Merger

#### (1) Schedule of the Merger

Date of Meeting of the Board of Directors (JVCKENWOOD and JKHE)	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 JKHE, 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 JKHE will be dissolved.

#### (3) Details of allocation relating to the Merger

JVCKENWOOD owns all of the shares of JKHE. 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**

JKHE 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 Home Electronics 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			Hatsuhiko Iwasaki, 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 manufacture of audio and imaging equipment, communications, etc,		
(5) Capital	10,000 million yen			19 million yen		
(6) Date of Incorporation	October 1, 2008			December 1, 2008		
(7) Total Number of Shares Issued	139,000,201			380		
(8) Fiscal Year End	March 31			March 31		
(9) Number of Employees	18,476 (consolidated base)			12		
(10) Major Shareholders and Percentage of Shareholding	Denso Corporation	3.00%		JVCKENWOOD 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 JKHE.					
Personnel Relationship	The president of JKHE is served concurrently by employees of JVCKENWOOD.					
Business Relationship	There are product trading and business outsourcing dealings between JVCKENWOOD and JKHE.					
Applicability to Related Parties	JKHE 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 Home Electronics 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	Δ365	Δ520	Δ590
Total assets	267,152	278,669	255,859	767	598	521

Net sales	316,343	285,010	292,195	1,882	1,161	1,006
Operating income	4,421	6,570	4,221	78	△140	△87
Ordinary income	(70)	3,176	1,018	68	△161	△92
Net incomes attributable to owners of the parent	(6,571)	4,654	3,194	59	△155	△69
Net assets per share (yen)	373.01	517.67	371.19	△960,725	△1,370,045	△1,552,902
Net income per share (yen)	(47.39)	33.56	23.02	157,103	△409,319	△182,856

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	JVC KENWOOD 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