

Translation - For Reference Only -

KENWOOD
Listen to the Future

Interim Earnings Briefing

For Fiscal Year Ending March 2007

Kenwood Corporation
President & CEO
Haruo Kawahara
November 10, 2006

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AGENDA

- 1. Highlights of Interim Operating Results for FYE'07/3**
- 2. Interim Operating Results for FYE'07/3**
- 3. Management Strategies for FYE'07/3**
- 4. Full Year Outlook for FYE'07/3**

Disclaimer

Forward-looking statements and charts contained in our documents are based on currently available information. Actual results may significantly differ from projected figures depending on various factors.

Abbreviation in this report

CE: Car Electronics COM: Communications HE: Home Electronics
FYE: Fiscal Year Ended/Ending

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1. Highlights of Interim Operating Results for FYE'07/3

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1. Highlights of Interim Operating Results for FYE'07/3

(1) Summary of Interim Period of FYE'07/3

Net Sales	Decreased 9.3% YoY
Operating Profit	Decreased 9.9% YoY due to a decline in net sales and investments in strategic development, but exceeded the initial forecast
Ordinary Income	Increased 22.7% YoY due to the effect of the reform of asset structure in the previous FY
Net Income	Decreased 56.7% YoY with the absence of the temporary extraordinary profit posted in the previous FY

(JPY in Billion)

	'05/9	Initial Forecast	Revised Forecast (as of Oct 13)	'06/9
Net Sales	90.1	85.0	82.0	81.7
Operating Profit	3.5	2.8	3.2	3.2
Ordinary Income	1.5	2.0	2.0	1.9
Net Income	2.9	1.5	1.6	1.3

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1. Highlights of Interim Operating Results for FYE'07/3

(2) Improving Competitiveness in Businesses Progressed as Planned

CE Business

Consumer (Audio) field

- * Full-scale distribution of 2006 models
- * Enhancement of product lineups of 2007 models

Consumer (Multimedia) field

- * Full-scale distribution of self-developed car navigation systems and new-concept car navigation systems for overseas markets
- * Commercialization of one segment broadcasting- (One-Seg) and 12 segment + one segment broadcasting-capable models

OEM field

- * Strengthening cost competitiveness through increased production and transfer of production at/to Shanghai Plant

COM Business

- * Expansion of commercial wireless radio equipment in the U.S., Europe and emerging markets

HE Business

- * Commercialization of high-quality sound models in portable audio and pure audio systems through strategic development

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2. Interim Operating Results for FYE'07/3

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2. Interim Operating Results for FYE'07/3 Consolidated Profit & Loss

Net Sales

Decreased JPY8.4 billion (9.3%) from the previous interim period

Operating Profit

Decreased JPY0.3 billion (9.9%) from the previous interim period, but increased JPY0.4 billion (13.8%) compared to the initial forecast

Ordinary Income

Increased JPY0.3 billion (22.7%) from the previous interim period

Net Income

Decreased JPY1.6 billion (56.7%) from the previous interim period and decreased JPY0.3 billion (21.7%) compared to the revised forecast

Consolidated PL

(JPY in Billion)

	05/9		Initial forecast		Revised forecast (as of Oct 13)		06/9	
		Ratio		Ratio		Ratio		Ratio
Net Sales	90.1		85.0		82.0		81.7	
Operating Profit	3.5	3.9%	2.8	3.3%	3.2	3.9%	3.2	3.9%
Ordinary Income	1.5	1.7%	2.0	2.4%	2.0	2.4%	1.9	2.3%
Net Income	2.9	3.2%	1.5	1.8%	1.6	2.0%	1.3	1.5%

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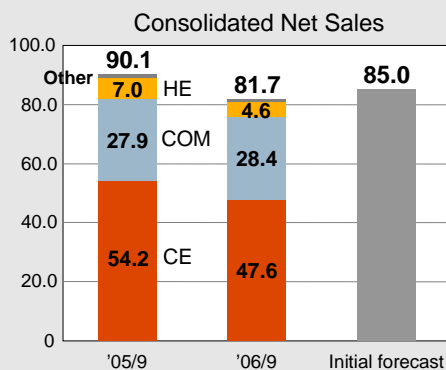
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2. Interim Operating Results for FYE'07/3 Consolidated Net Sales

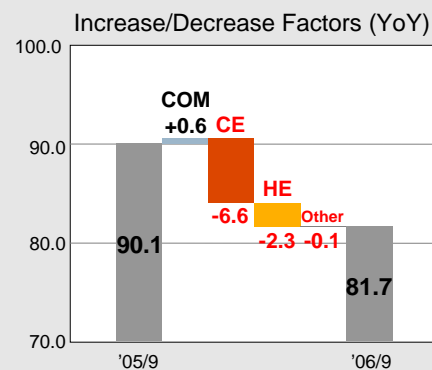
* Sales of COM increased, but sales of CE and HE decreased

>> Consolidated sales for the entire group decreased JPY8.4 billion (9.3%) from the previous interim period
Decrease of JPY3.3 billion (3.9%) compared to the initial forecast mainly due to the decline in sales of CE

JPY in Billion



JPY in Billion



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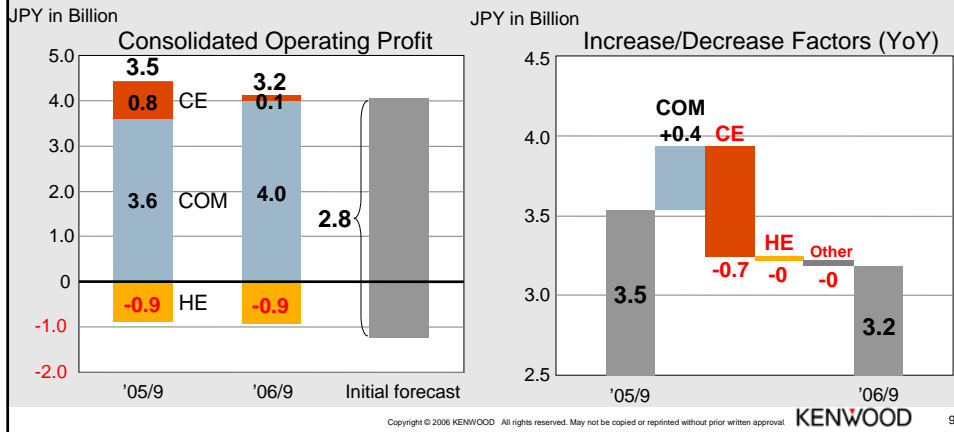
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2. Interim Operating Results for FYE'07/3

Consolidated Operating Profit

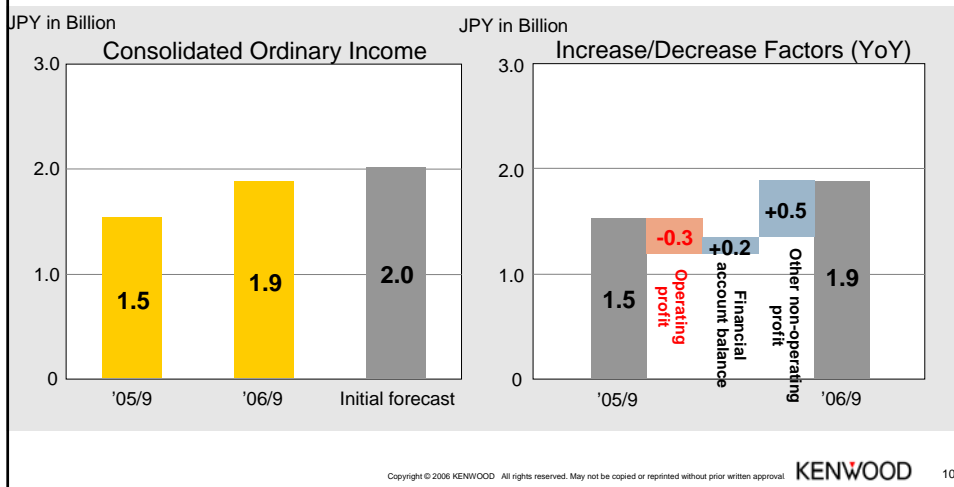
- * The decrease in profit of CE was compensated by the increased profit of COM.
- * HE profits held steady from the previous interim period due to the effect of a strategy change, despite lower sales.
- >> Consolidated operating profit for the entire group slipped JPY0.3 billion (9.9%) from the previous interim period.
Increase of JPY0.4 billion (13.8%) over the initial forecast mainly due to increased COM profits and the improved profitability of HE and CE OEM



2. Interim Operating Results for FYE'07/3

Consolidated Ordinary Income

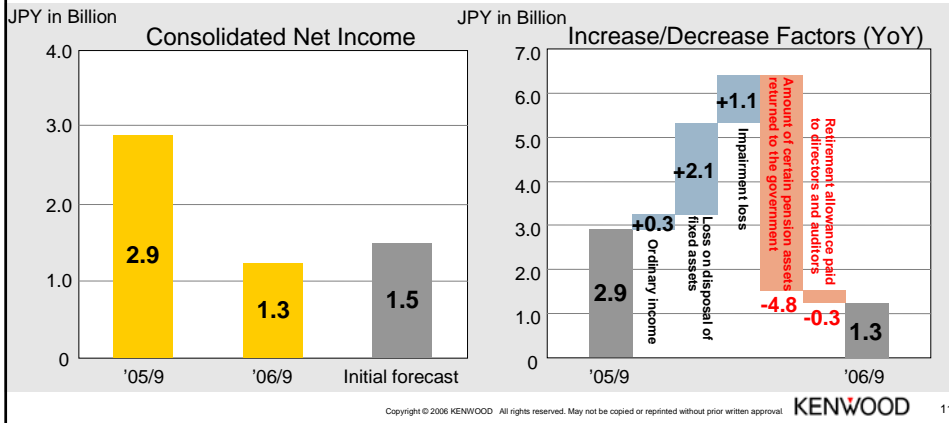
- * The decrease in operating profit was offset by significant improvements in non-operating profit due to the reform of the asset structure in the previous FY.
- >> Consolidated ordinary income for the entire group increased JPY0.3 billion (22.7%) from the previous interim period, almost in line with the initial forecast.



2. Interim Operating Results for FYE'07/3

Consolidated Net Income

- * Temporary extraordinary profit items (pension assets returned to the government of JPY4.8 billion) posted in the previous FY disappeared
 - * However, extraordinary profit improved significantly with the reform of asset structure in the previous FY
- >> The decline in consolidated net income was limited to JPY1.6 billion (56.7%) from the previous interim period.
 Net income was JPY0.2 billion short of the initial forecast (JPY0.3 billion short of the revised forecast), mainly because of the recording of the future portion of retirement allowance paid to a total of 11 directors and auditors in the current interim period, associated with the abolition of this retirement benefit system.



2. Interim Operating Results for FYE'07/3

Balance Sheet

The balance sheet further improved with a decrease in accounts receivable and an increase in retained earnings.

Interest-bearing debt and net debt further decreased due to repayment of borrowings.

(JPY in Billion)

	End of '05/9	End of '06/3	End of '06/9	Change from End of '06/3
Capital	11.1	11.1	11.1	0
Capital surplus	13.4	13.4	13.4	0
Retained earnings	15.1	18.3	18.8	+0.4
Total Net assets	32.4	37.5	38.2	+0.7
Total Assets	111.0	109.6	105.9	-3.6
Shareholders' equity ratio	29.2%	34.2%	36.0%	+1.8%
Interest-bearing debt	33.1	26.3	25.8	-0.5
Net debt	18.5	12.2	10.4	-1.8

Segment Information

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2. Interim Operating Results for FYE'07/3

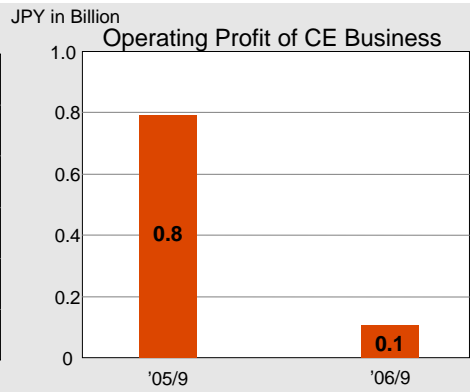
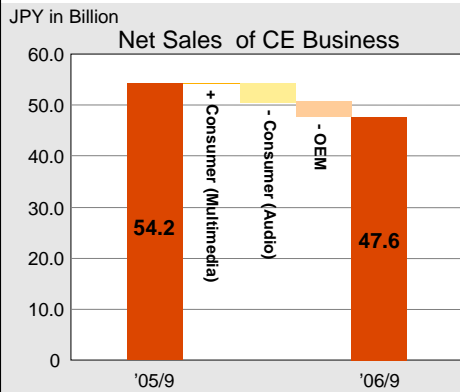
CE Business

Net Sales

- * Sales of Consumer (Multimedia) increased.
- * Sales of Consumer (Audio) decreased given a deterioration in market conditions and intensifying competition.
- * Sales of OEM decreased in light of automobile sales trends.

Operating Profit

- * OEM reduced its loss because of production expansion and the transfer of production at/to the Shanghai Plant, despite lower sales.
- * Consumer (Multimedia) expanded its loss due to investments in strategic development.
- * Consumer (Audio) posted reduced profits on lower sales.



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2. Interim Operating Results for FYE'07/3

COM Business

Net Sales

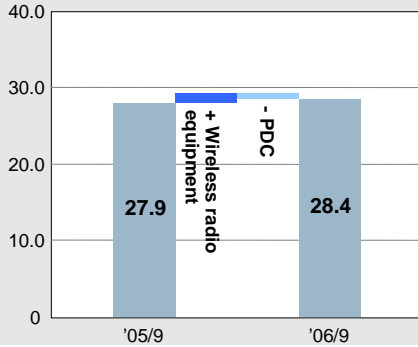
- * Sales increased, as the mainstay commercial wireless radio equipment performed well in the U.S. and sales in Europe and emerging markets expanded.
- * Sales of PDC (Personal Digital Cellular phone) decreased, reflecting the situation at mobile phone companies.

Operating Profit

- * Profits were higher on stronger sales.

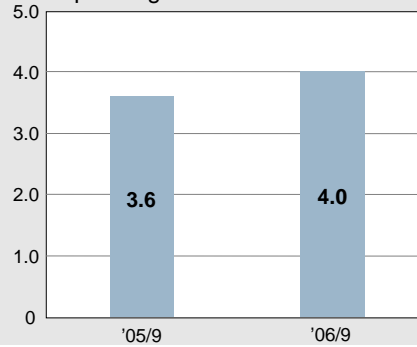
JPY in Billion

Net Sales of COM Business



JPY in Billion

Operating Profit of COM Business



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2. Interim Operating Results for FYE'07/3

HE Business

Net Sales

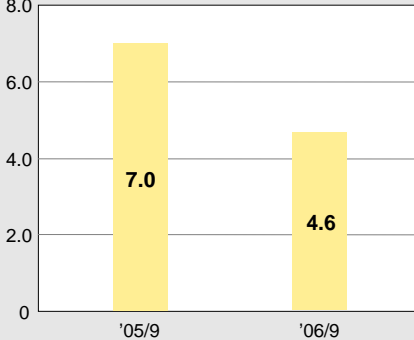
- * Sales decreased due to a reduction on home theater and in the number of conventional-type audio systems.

Operating Profit

- * Profit was in line with the level of previous interim period despite lower sales, given improved profitability thanks to a focus on high-quality sound pure audio and portable audio systems as well as a reduction in the number of conventional-type audio products.

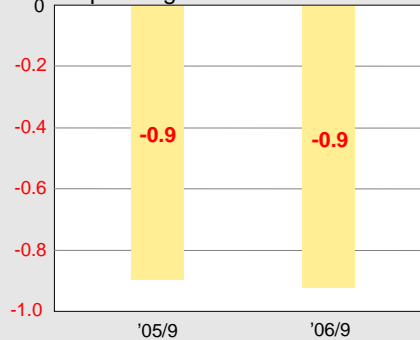
JPY in Billion

Net Sales of HE Business



JPY in Billion

Operating Profit of HE Business



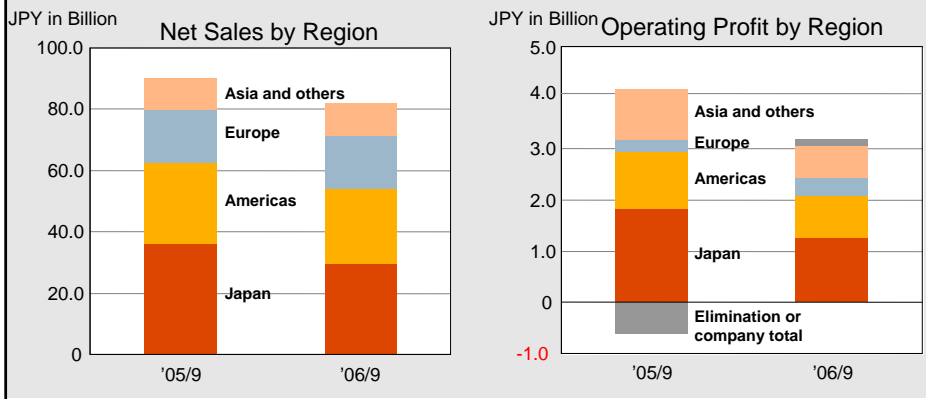
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2. Interim Operating Results for FYE'07/3 Profit and Loss by Region

- Americas:** The decline sales and profit of Consumer Business was compensated by the COM Business.
- Europe:** Both sales and profit improved, even as market conditions remain severe.
- Japan:** Lower sales of CE OEM and HE impacted profits.



3. Management Strategies for FYE'07/3

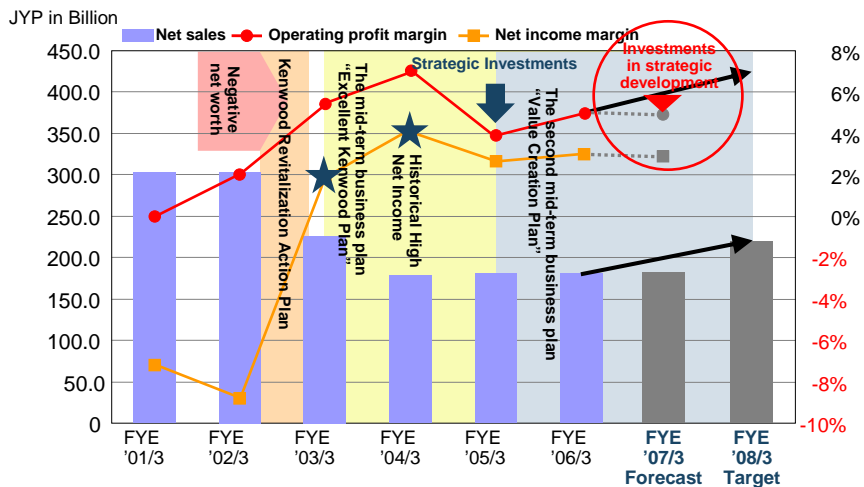
(1) Improving Competitiveness in Businesses through Investments in Strategic Development

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3. Management Strategies for FYE'07/3

(1) Improving Business Competitiveness through Investments in Strategic Development

We are stepping up our **investments in strategic development** in the current fiscal year, the mid-year of the "Value Creation Plan," to achieve the target for the next fiscal year



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3. Management Strategies for FYE'07/3

(1) Improving Business Competitiveness through Investments in Strategic Development

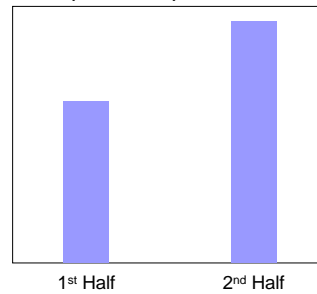
CE Business - Mobile terrestrial digital tuners and 2007 car navigation system

Consumer (Multimedia) field

- * One-segment broadcasting, mobile terrestrial digital (12-segment + one-segment broadcasting) TV tuners (to be launched in 3rd Quarter)
- * 2007 model of a car navigation system integrated with AV equipped with a terrestrial digital broadcasting tuner (to be launched in 4th Quarter)
- * Distribution of new-concept car navigation systems for overseas markets in Asia and other regions



Net Sales of CE Consumer (Multimedia) Business



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3. Management Strategies for FYE'07/3

(1) Improving Business Competitiveness through Investments in Strategic Development

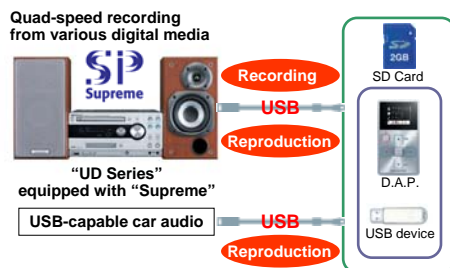
HE Business - "Seamless Entertainment World"

Portable digital audio player "Media Keg"

- * HDD 30GB model (launched in September)
- * Memory 1GB, 2GB models (to be launched in November)
- * HDD lower-capacity model (to be launched in 3rd Quarter)

Pure Audio Systems

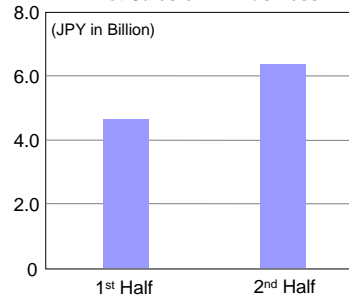
- * "UD Series" seamless pure audio system (launched in October)
- * TRIO prestige pure audio system and its commercial model (to be launched in 3rd Quarter)



Reproduction of compressed music in various digital media

*D.A.P.: Digital Audio Player

Net Sales of HE Business



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3. Management Strategies for FYE'07/3

(1) Improving Business Competitiveness through Investments in Strategic Development

COM Business - Digital wireless radio equipment

- * Sales expansion of digital commercial wireless radio equipment
- * Bolstering operations in the U.S. and expanding sales in Europe, Asia and emerging markets
- * Commencing production at the Shanghai Plant, following Yamagata and Singapore Plants

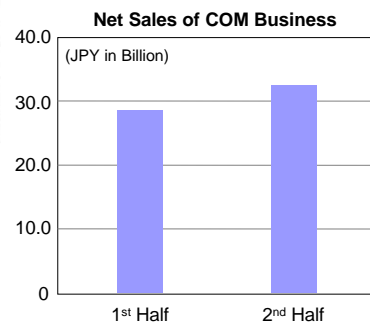


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New Strategic Alliance

ICOM

TRIDENT MICROSYSTEMS



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(2) Improving Competitiveness in Core Businesses

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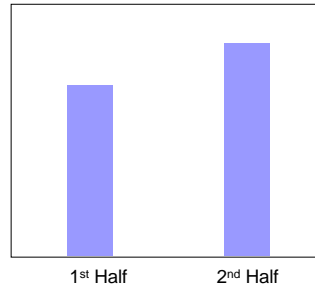
3. Management Strategies for FYE'07/3 (1) Improving Competitiveness in Core Businesses

CE Business - Consumer (Audio) Business

- * Improving competitiveness and expanding new product lineup in 2007
- * Exploring emerging markets, including BRICs, and bolstering sales in those markets



Net Sales of CE Consumer (Audio) Business



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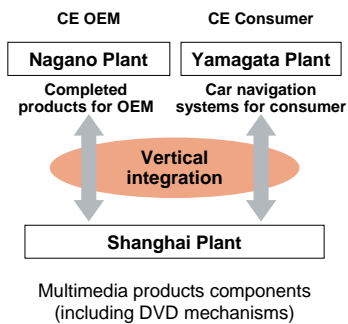
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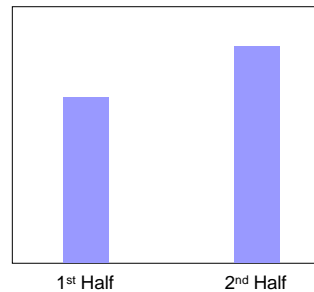
3. Management Strategies for FYE'07/3 (1) Improving Competitiveness in Core Businesses

CE Business - OEM Business

- * Full enhancement of production and transfer of production from domestic plants at/to the Shanghai Plant
- * Sales expansion of car navigation systems integrated with AV
- * Introduction of new navigation systems equipped with terrestrial digital broadcasting tuner as standard specification



Net Sales of CE OEM Business



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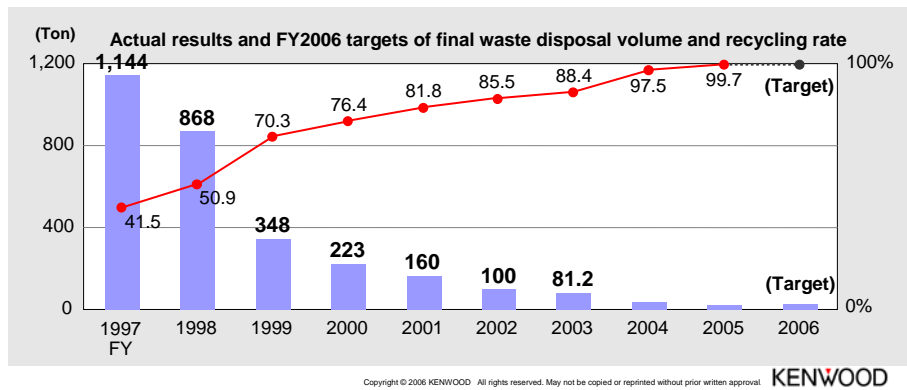
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3. Management Strategies for FYE'07/3 (3) Environmental Initiatives

We achieved **“Zero Waste Emissions”** in all major operating bases in Japan
(July - September 2006)

- * Achieved in all major operating bases in Japan including production bases as well as the head office and development and design centers
- * We aim to “reduce the final waste disposal volume by more than 99.8% from the FY1997 level volume by FY2010”



3. Management Strategies for FYE'07/3 (4) 60th Anniversary Campaign

Promoting our business and strengthening our brand presence through the campaign commemorating our 60th anniversary

Release of the **“TRIO Model,”** commemorating our 60th anniversary in both the **“sound”** and **“wireless radio”** areas

- * TRIO amateur radio equipment (sold out in July 2006)
- * TRIO prestige pure audio system (to be launched in December 2006)
- * TRIO car audio system



TRIO amateur radio model
for our 60th anniversary



TRIO prestige pure audio system
for our 60th anniversary (concept model)

4. Full Year Outlook for FYE'07/3

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4. Full Year Outlook for FYE'07/3

Consolidated Profit & Loss

Net Sales

As sales are expected to increase in each business, we forecast consolidated sales of JPY185 billion, in line with the initial forecast.

Operating Profit

Since revenue and profit should increase in each business, we forecast consolidated operating profit of JPY9.0 billion, in line with the initial forecast.

Ordinary Income and Net Income

With no temporary non-operating or extraordinary profit/loss expected, we forecast consolidated ordinary income and net income of JPY6.0 billion and JPY5.0 billion, in line with the initial forecast.

Consolidated Profit and Loss

(JPY in Billion)

	FYE'05/3		FYE'06/3		FYE'07/3 Initial Forecast		YoY	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Net Sales	181.1		183.6		185.0		1.4	100.8%
Operating Profit	7.1	3.9%	8.7	4.7%	9.0	4.9%	0.3	103.6%
Ordinary Income	4.7	2.6%	4.9	2.7%	6.0	3.2%	1.1	122.8%
Net Income	4.8	2.7%	6.1	3.3%	5.0	2.7%	-1.1	81.9%

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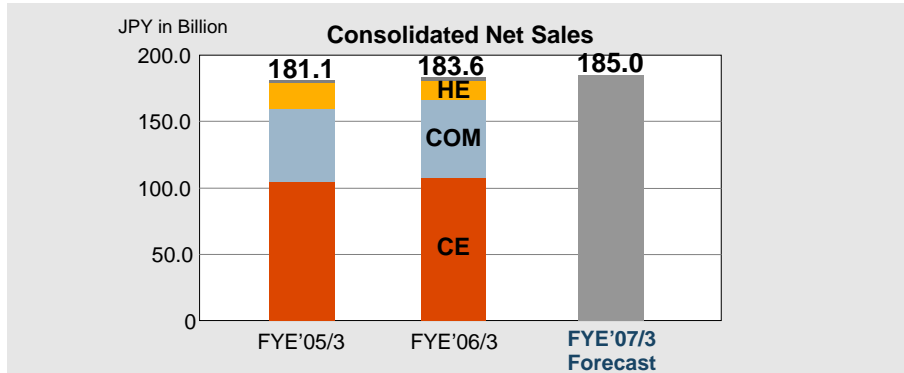
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4. Full Year Outlook for FYE'07/3

Consolidated Net Sales

- * COM sales are expected to remain buoyant
 - * HE sales should increase with the introduction of new products
 - * CE sales are set to increase thanks to the introduction of new products in the consumer business and the production expansion in the OEM business
- >> We expect consolidated net sales for the entire group to be JPY185.0 billion, in line with the initial forecast



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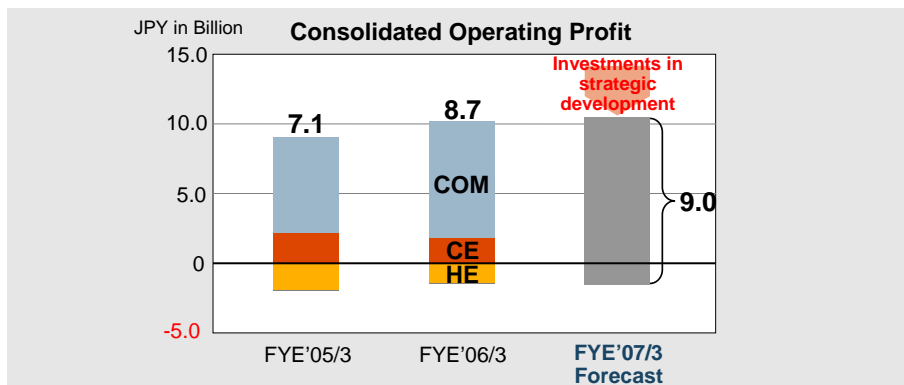
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4. Full Year Outlook for FYE'07/3

Consolidated Operating Profit

- * COM is expected to retain strong profitability
 - * CE profits should increase with a recovery during the consumer shopping season and the improved sales and profit of OEM products
 - * Profit of HE should improve with the full implementation of high value-added strategies
- >> We forecast consolidated operating profit for the entire group of JPY9.0 billion, in line with the initial forecast



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The image shows the Kenwood logo and tagline. The word "KENWOOD" is in a bold, black, sans-serif font, with a small red triangle above the letter "W". Below it, the tagline "Listen to the Future" is written in a smaller, black, sans-serif font. The word "Future" is underlined with a red line. The background is a light blue gradient with faint, overlapping geometric shapes in various shades of blue.

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