

(Translation)

Securities Code: 6632  
May 30, 2014

**JVC KENWOOD Corporation**  
12, 3-chome, Moriya-cho, Kanagawa-ku,  
Yokohama-shi, Kanagawa

## **NOTICE OF CONVOCAION OF THE 6th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

**Dear Shareholders,**

You are cordially invited to attend the 6th ordinary general meeting of shareholders of JVC KENWOOD Corporation (the "Company"), to be held on Friday, June 20, 2014. You will find more information about the meeting on page 2.

If you are unable to attend the meeting, you can exercise your voting rights in writing or by using electronic media (such as the Internet). After referring to the guide to exercising voting rights on page 3-4, as well as reviewing the reference documents on page 5-15, please exercise your voting rights by 6 p.m. on Thursday, June 19, 2014 (Japan time).

With Best Regards,

Haruo Kawahara  
Chairman  
(Representative Director of the Board)

This document has been translated from the Japanese original for reference purposes only. In the event of discrepancy between this translated document and the Japanese original, the original shall prevail. The company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

JVC KENWOOD Corporation is a Japanese company. The offer is subject to Japanese disclosure requirements that are different from those of the United States. The financial statements included herein have been prepared in accordance with Japanese accounting standards and thus they may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the companies are located in Japan, and some or all of their officers or directors are residents of Japan. You may not be able to sue the companies or their officers or directors in a Japanese court for violations of the U.S. securities laws. Finally, it may be difficult to compel the companies and their affiliates to subject themselves to a U.S. court's judgment.

**(Translation)**

**Details of the Meeting**

1. Date and Time: Friday, June 20, 2014
2. Place: Shinagawa Intercity Hall  
15-4, 2-chome, Konan, Minato-ku, Tokyo
3. Agenda:
  - Matters to be Reported:
    1. Report on Business Report and Consolidated Financial Statements for the 6th Fiscal Year (From April 1, 2013 to March 31, 2014) and the Audit Reports on the Consolidated Financial Statements from the Accounting Auditor and the Board of Statutory Auditors
    2. Report on the Non-consolidated Financial Statements for the 6th Fiscal Year (From April 1, 2013 to March 31, 2014)
  - Matters to be Resolved:
    - Proposal No. 1: Election of Eight (8) Directors
    - Proposal No. 2: Election of One (1) Substitute Statutory Auditor

- The business report, the consolidated financial statements, the non-consolidated financial statements, the accounting audit report, the statutory auditors' report, and the reference material for the meeting to be attached to this Notice are presented from page 16 through page 43. Notes to the consolidated financial statements and notes to the non-consolidated financial statements are not described in the documents attached to this notice, since they are posted on the Company's website.  
<http://www.jvcknwood.co.jp/ir/stock/index.html>  
This is pursuant to laws and regulations and Article 15 of the Company's Articles of Incorporation. Therefore, the documents accompanying this notice are part of our consolidated financial statements or non-consolidated financial statements, which were audited when the Accounting Auditor prepared the accounting audit report.
- If there are any changes to the reference documents, the business report, the non-consolidated financial statements and the consolidated financial statements, those changes will be posted on our website stated above.
- Notice of resolutions at this meeting will also be posted on our website stated above

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## Procedures and Treatment in Exercising the Voting Rights

The following are methods of exercising your voting rights.

Please exercise your voting rights after referring to the reference documents from page 5 to page 15.

### **In the case of attending the general meeting of shareholders**

If you plan to attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception of the meeting. In addition, you are kindly asked to bring this brochure as meeting materials. If you attend the meeting, you do not need to take the procedures for exercising the voting rights by mail (Voting Rights Exercise Form) or via the Internet.

If you are unable to attend the meeting, you can exercise your voting rights by either of the methods described below. Please exercise your voting rights by the time indicated below.

#### Notes for attendance

- To help prevent global warming and respond to the government's request for reducing the consumption of electricity, we will turn down the air-conditioning systems. Accordingly, we would like to ask shareholders who attend the meeting to be lightly dressed. Directors and employees of the Company will also be lightly dressed (in Cool Biz style).
- If you are unable to attend the meeting, a shareholder who has voting rights as a proxy may attend the meeting in your place. However, in this case we will need to receive a form designating such person as your proxy.

### **In the case of not attending the general meeting of shareholders**

If you are unable to attend the meeting, you can exercise your voting rights by either of the following methods. Please exercise your voting rights by the following deadline.

Deadline for exercising voting rights

6 p.m., Thursday, June 19, 2014 (Japan time)

Your early voting would be greatly appreciated since it facilitates vote counting.

#### Postal Voting

Indicate whether you vote For or Against the proposals in the enclosed Voting Rights Exercise Form and then return it by 6 p.m. on Thursday, June 19, 2014 (Japan time).

#### Internet Voting

Please check the content described on page 4 before exercising your voting rights.

### **Electronic Voting Platform for Institutional Investors**

Institutional investors can also exercise voting rights for this meeting in electronic media from the "Electronic Voting Platform" operated by ICJ, Inc.

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## Exercising the Voting Rights via the Internet

### 1. Please access the following online voting site.

Online voting site: <http://www.web54.net>

### When using the Internet via cellular phones

If your cellular phone is equipped with a barcode reader, you can use the two-dimensional code® on the right to access the online voting site. For more details on operation procedure, please refer to your phone's user manual.

\*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

### 2. When voting online, enter the voting code and password indicated on the enclosed Voting Rights Exercise Form. Then indicate your consent or dissent to each proposal by following the instructions displayed on the screen.

The deadline for exercising your voting rights is by 6 p.m. on Thursday, June 19, 2014 (Japan time). Your early voting would be greatly appreciated.

### Note

If you exercise your voting rights via both online and the enclosed Voting Rights Exercise Form, only the online vote shall be counted.

If you exercise your online votes more than once (including votes via a computer and via a cellular phone), only the last vote shall be counted.

### Conditions concerning the system

If you wish to exercise your voting rights via the Internet, please check the following points:

#### (1) Through the PC site

1) Screen resolution is no less than W800 x H600 dots (SVGA).

2) Following applications are installed:

(a) For web browser, Microsoft® Internet Explorer Ver.5.01 SP2 or later.

(b) For PDF file browser, Adobe® Acrobat® Reader® Ver. 4.0 or later, or Adobe® Reader® Ver. 6.0 or later (Internet Explorer is a registered trademark, trademark, and product name of Microsoft Corporation in the U.S., while Adobe® Acrobat® Reader® and Adobe® Reader® are registered trademarks, trademarks, and product names of Adobe Systems Incorporated in the U.S. for the U.S. and other countries.)

#### (2) Through the cellular phone site

128-bit SSL (Secure Socket Layer) encrypted communication compatible model is required.

Voting rights can be exercised using the full browser function of cellular phones, including smartphones. Please note, however, that some models cannot be used for exercising voting rights.

### Inquiries about Online Voting

(1) Please contact the following Help Desk if you have any inquiries about the procedures for exercising voting rights at this site via PCs or cellular phones.

**Sumitomo Mitsui Trust Bank, Ltd.**

**Stock Transfer Agency Web Support (Help Desk)**

**Phone (toll-free within Japan): 0120-652-031 (9 a.m. to 9 p.m.)**

(2) For other inquiries, please contact the following

**Sumitomo Mitsui Trust Bank, Ltd.**

**Stock Transfer Agency Administration Center (Help Desk)**

**Phone (toll-free within Japan): 0120-782-031 (9 a.m. to 5 p.m.)**

**(Excluding Saturdays, Sundays and national holidays)**

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## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposal No. 1: Election of Eight (8) Directors

All eight (8) directors' tenure of office is to expire at the end of the coming General Meeting of Shareholders.

We propose to newly elect eight (8) directors to adopt a market-oriented managerial and organizational operation system for revitalizing our mainstay overseas businesses and expanding our professional products businesses, and to promote M&As and the commercialization of next-generation businesses. Of the eight (8) board members, one (1) external director is a new candidate for director who will supplement a retiring current external director.

The candidates are as follows:

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
1	 Haruo Kawahara (March 9, 1939)  Candidate for reappointment	<p>Jun. 1996 Director and General Planning Manager, delegation, Toshiba Corp.</p> <p>Jun. 1997 Executive Director</p> <p>Jul. 2000 Advisor</p> <p>Jun. 2002 President, Representative Director of the Board, Executive Officer CEO of Kenwood Corporation (currently JVC KENWOOD Corporation)</p> <p>Jun. 2007 Chairman, Representative Director of the Board</p> <p>Oct. 2008 Chairman, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Holdings, Inc. (currently JVC KENWOOD Corporation)</p> <p>Representative Director of the Board of Victor Company of Japan, Limited (currently JVC KENWOOD Corporation)</p> <p>Jun. 2009 Chairman and President, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Holdings, Inc.</p> <p>May 2011 Chairman, Representative Director of the Board, Executive Officer Responsible for Integrated Management of JVC KENWOOD Holdings, Inc.</p> <p>Jun. 2012 Representative Director of the Board, Chairman of the Board of Directors of JVC KENWOOD Corporation</p> <p>Nov. 2013 Representative Director of the Board, Chairman of the Board of Directors, Executive Officer CEO of JVC KENWOOD Corporation</p> <p>May 2014 Chairman, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Corporation (current position)</p> <p>&lt;Current responsibilities&gt; Chairman, Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Corporation</p> <p>&lt; Important concurrent duties&gt; Not applicable</p>	111,590


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No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
2	 Takao Tsuji (September 28, 1949)  Candidate for reappointment	<p>Apr. 1973      Joined Nissho Iwai Corporation (currently Sojitz Corporation), Tokyo Head Office</p> <p>Apr. 1994      Acting General Manager, Electronic System Department</p> <p>Oct. 1995      General Manager, Office of the President, NISSHO ELECTRONICS CORPORATION</p> <p>Jun. 1999      Director</p> <p>Mar. 2000      Director, FUSION COMMUNICATIONS CORPORATION</p> <p>Jun. 2001      Managing Director, NISSHO ELECTRONICS CORPORATION</p> <p>Jun. 2002      President and Representative Director of NISSHO ELECTRONICS CORPORATION</p> <p>2003 onwards      Part-time lecturer: Shinshu University (MBA); School of Business, Aoyama Gakuin University; Faculty of Commerce, Doshisha University; Department of Management of Technology (MOT), Tokyo University of Science; Faculty of Economics, Soka University; School of International Studies, Kwansai University (current position)</p> <p>Jun. 2009      Chairman of the Board of Directors of NISSHO ELECTRONICS CORPORATION</p> <p>Sep. 2009      Member of the Final Selection Committee for Japan Aerospace Exploration Agency (JAXA) Aerospace Open Laboratory</p> <p>Jun. 2010      Advisor to Machinery Division, Sojitz Corporation</p> <p>Jun. 2011      Director of the Board (External) of TAKAGI CO., LTD. (current position)</p> <p>Jun. 2013      External Director of JVC KENWOOD Corporation</p> <p>May 2014      President and Representative Director of the Board, Executive Officer, COO, CRO, CIO of JVC KENWOOD Corporation (current position)</p> <p>&lt;Current responsibilities&gt; President and Representative Director of the Board, Executive Officer, COO, CRO, CIO of JVC KENWOOD Corporation</p> <p>&lt; Important concurrent duties &gt; Director of the Board (External) of TAKAGI CO., LTD.</p>	27,700

(Translation)

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
3	 Shoichiro Eguchi (December 7, 1955)  Candidate for reappointment	<p>Apr. 1979      Joined Trio Corporation (currently JVC KENWOOD Corporation)</p> <p>Jun. 2003      Senior Vice President &amp; Executive Officer of Kenwood Corporation</p> <p>Jun. 2004      Director, Senior Vice President &amp; Executive Officer of Kenwood Corporation</p> <p>Jun. 2007      Senior Vice President &amp; Executive Officer, Assistant to CEO of Kenwood Corporation (Car Electronics Overseas Sales Strategy Representative)</p> <p>Jun. 2010      Director of the Board, Senior Vice President &amp; Executive Officer of JVC KENWOOD Holdings, Inc.</p> <p>May 2011      Director of the Board, Deputy President &amp; Executive Officer, General Executive of Strategic Corporate Planning Division, Chief Operation Officer of Car Electronics Business Group of JVC KENWOOD Holdings, Inc.</p> <p>Oct. 2011      Representative Director of the Board, Deputy President &amp; Executive Officer, General Executive of Strategic Corporate Planning Division, General Executive of Group Management Office, COO (Chief Operating Officer) of Car Electronics Business Group of JVC KENWOOD Corporation</p> <p>Jun. 2012      President and Representative Director of the Board, Executive Officer CEO of JVC KENWOOD Corporation</p> <p>May 2014      Representative Director of the Board, Executive Officer, Regional CEO (Europe) of JVC KENWOOD Corporation (current position)</p> <p>&lt;Current responsibilities&gt;            Representative Director of the Board, Executive Officer, Regional CEO (Europe) of JVC KENWOOD Corporation            &lt; Important concurrent duties &gt;            Not applicable</p>	75,970

(Translation)


No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
4	 <p data-bbox="263 492 462 582">Kazuhiro Aigami (October 27, 1957)</p> <p data-bbox="279 616 454 683">Candidate for reappointment</p>	<p data-bbox="494 280 1260 313">Apr. 1990      Joined Kenwood Corporation</p> <p data-bbox="494 313 1260 347">Apr. 2007      General Manager, Communications Div.</p> <p data-bbox="494 347 1260 380">Jun. 2007      Managing Operating Officer</p> <p data-bbox="494 380 1260 436">Jun. 2008      Director of the Board &amp; Senior Managing Operating Officer, General Manager</p> <p data-bbox="494 436 1260 548">Jun. 2009      President and Representative Director of the Board of Kenwood Corporation Director of the Board of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="494 548 1260 638">Jun. 2010      Director of the Board, Executive Officer, Corporate Vice President of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="494 638 1260 817">May 2011      Director of the Board, Senior Vice President &amp; Executive Officer, General Executive of Strategic Marketing Division, Chief Operating Officer (COO) of Professional Systems Business Group of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="494 817 1260 996">Jun. 2011      Director of the Board, Senior Executive Vice President &amp; Executive Officer, General Executive of Strategic Marketing Planning Division, Assistant to CRO, COO of Professional Systems Business Group of JVC KENWOOD Holdings, Inc.</p> <p data-bbox="494 996 1260 1220">Jun. 2013      Director of the Board, Senior Executive Vice President &amp; Executive Officer, Head of Professional System Segment, General Executive of Corporate Planning &amp; Production Strategy Division, General Executive of Procurement Strategy Division, General Executive of Emerging Market Planning Division of JVC KENWOOD Corporation</p> <p data-bbox="494 1220 1260 1355">May 2014      Representative Director of the Board, Executive Officer, Regional CEO (America) of JVC KENWOOD Corporation (current position)</p> <p data-bbox="494 1355 1260 1388">&lt;Current responsibilities&gt;</p> <p data-bbox="494 1388 1260 1444">Representative Director of the Board, Executive Officer, Regional CEO (America) of JVC KENWOOD Corporation</p> <p data-bbox="494 1444 1260 1478">&lt; Important concurrent duties &gt;</p> <p data-bbox="494 1478 1260 1494">Not applicable</p>	72,280




(Translation)

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
5	 <p>Naokazu Kurihara (February 8, 1958)</p> <p>Candidate for reappointment</p>	<p>Apr. 1981      Joined Victor Company of Japan, Limited</p> <p>Oct. 2002      President of JVC Company of America, Deputy President of JVC Americas Corp.</p> <p>Jun. 2006      General Executive of Middle East Office, JVC Asia &amp; The Middle East Company of Victor Company of Japan, Limited, President of JVC Gulf FZE</p> <p>Jun. 2008      President of JVC Asia Pte. Ltd.</p> <p>Jun. 2010      Director of Victor Company of Japan, Limited, General Executive of Imaging, Digital Imaging Division</p> <p>Oct. 2010      Director, General Executive of Projector of Victor Company of Japan, Limited</p> <p>May 2011      Director, Assistant to COO of Home &amp; Mobile Electronics Business Group, General Executive of Projector of Victor Company of Japan, Limited</p> <p>Jun. 2011      Director of the Board, Senior Vice President &amp; Executive Officer, Operating Officer SOO, Assistant to COO of Home &amp; Mobile Executive Electronics Business Group (Imaging, Projector, Overseas), General Executive of Projector of JVC KENWOOD Holdings, Inc.</p> <p>Jun. 2012      Director of the Board, Senior Vice President &amp; Executive Officer, Assistant to CRO, COO of Home &amp; Mobile Electronics Business Group of JVC KENWOOD Corporation</p> <p>Jun. 2013      Director of the Board, Senior Vice President &amp; Executive Officer, Head of Optical &amp; Audio Segment, General Executive of Imaging Division, General Manager of Business Planning Operation, Imaging Division of JVC KENWOOD Corporation</p> <p>May 2014      Director of the Board, Executive Officer, Regional CEO (Japan) of JVC KENWOOD Corporation (current position)</p> <p>&lt;Current responsibilities&gt; Director of the Board, Executive Officer, Regional CEO (Japan) of JVC KENWOOD Corporation</p> <p>&lt; Important concurrent duties &gt; Not applicable</p>	36,800


(Translation)

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
6	 Seiichi Tamura (December 30, 1968)  Candidate for reappointment	<p>Mar. 1992      Joined Accenture Japan Ltd.            (Specialized in planning growth strategies and            new business strategies for manufacturing,            distribution and retail, transportation and travel            service industries, and engaged in launching            of many businesses and their monetization)</p> <p>Sep. 2005      Executive Partner</p> <p>Jan. 2010      Joined Enterprise Turnaround Initiative            Corporation of Japan (ETIC)            Professional Office Managing Director            (Specialized in business investment and            loans, involved in decision and implementation            of many investments and loans, at the same            time, engaged in revitalization and regrowth of            the recipient companies as their executive            director)</p> <p>May 2011      External Director, Shibamasa Kanko Co., Ltd.*</p> <p>Jun. 2011      Director and Vice President, Executive            Officer, FUJISHO PRINTING INC.*</p> <p>Sep. 2011      External Director, Okiso Construction Co.,            Ltd.*</p> <p>*All the cases are dispatched from ETIC</p> <p>Mar. 2013      Joined JVC KENWOOD Corporation, SOO            (Senior Operating Officer) treatment, Assistant            to CEO, General Manager of Business            Development Division</p> <p>Jun. 2013      Director of the Board, Executive Officer ,CSO,            General Executive of Corporate Strategy            Division, General Manager of Business            Development Operation, Corporate Strategy            Division of JVC KENWOOD Corporation            (current position)</p> <p>&lt;Current responsibilities&gt;            Director of the Board, Executive Officer, CSO, General            Executive of Corporate Strategy Division, General Manager of            Business Development Operation, Corporate Strategy Division            of JVC KENWOOD Corporation</p> <p>&lt; Important concurrent duties &gt;            Not applicable</p>	14,800

(Translation)

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
7	 Junichi Hikita (January 16, 1949)  Candidate for reappointment  External Director  Independent Officer	Mar. 1971      Joined Toyo Electronics Industry Corporation (currently ROHM Co., Ltd.) Jun. 1991      Director, General Manager of LSI Operations Headquarters Jun. 1993      Managing Director, General Manager of LSI Operations Headquarters Jun. 1997      Managing Director, General Manager of LSI Product Development Headquarters, ULSI Research and Development Headquarters, LSI Operations Headquarters, Modules Production Headquarters, and Discrete Devices Production Headquarters Jun. 1999      Managing Director, General Manager of LSI Product Development Headquarters, Advanced Research and Development Headquarters, LSI Operations Headquarters, and Administrative Headquarters Jan. 2008      Senior Corporate Adviser Jun. 2008      Established Hikita Consulting Co., Ltd., President and Representative Director of the said company (current position) Jun. 2012      Director of the Board (External) of JVC KENWOOD Corporation (current position) < Important concurrent duties > President and Representative Director, Hikita Consulting Co., Ltd.	19,900
<p><b>Special Notes on Candidate for External Director</b> Mr. Junichi Hikita is a candidate for an external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for an external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b> The Company proposes to elect Mr. Junichi Hikita as an external director and expects that his extensive experience and knowledge as an engineer and manager and his proper advice in technological matters based on his professional views will be reflected in the Company's management, and that he will give the Company advice and proposals—from the position of an objective third party not involved in the Group's business execution—in order to ensure the appropriateness and properness of the decision-making of the Board of Directors.</p> <p><b>Tenure of office as an external director of the Company since he took office</b> Mr. Hikita is currently an external director of the Company and his tenure of office as an external director of the Company will be two years at the end of this General Meeting of Shareholders.</p> <p><b>Outline of the liability limitation agreement</b> The Company has concluded a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Hikita. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence. When the reappointment of Mr. Hikita is approved, the Company shall extend this agreement with him.</p>			
<p><b>Matters concerning independence</b> The Company regards him as independent because there is no relationship between Hikita Consulting Co., Ltd., where he concurrently holds office, and the Company, such as business transactions including donations, exchanges of directors or cross-shareholding. Although he has worked for ROHM Co., Ltd., which does have business relations with the Company regarding the purchase of components such as semiconductors for our products, it has been six years since he resigned as a Senior Corporate Advisor of that company. Currently, he has no relationship with that company. The transactions between the Company and ROHM Co., Ltd., amount to less than one percent of the consolidated net sales of the Company in the consolidated fiscal year under review, and there is no transactions between ROHM and the Company regarding donations, exchanges of directors or cross-shareholding.</p> <p>When his appointment is approved, the Company shall designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.</p>			

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No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
8	 Masanori Yoshikai (August 7, 1947)  First-time candidate  External Director  Independent Officer	May 1972      Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry (METI)) Apr. 1982      Associate Professor, Graduate School of Policy Science, Saitama University Mar. 1989      Director, London Metal Centre, JAPAN EXTERNAL TRADE ORGANIZATION (JETRO) Jun. 1998      Deputy Director-General for International Affairs, Machinery and Information Industries Bureau, METI Jun. 2000      Deputy Director-General for International Affairs, Industrial Science and Technology Policy and Environment Bureau, METI Jul. 2001      Deputy Director-General for International Affairs, Commerce and Information Policy Bureau, METI Jul. 2002      Trustee and Director of Planning Headquarters, National Institute of Advanced Industrial Science and Technology, AIST Aug. 2007      Joined Sumitomo Electric Industries, Ltd., as Chief Engineer Apr. 2009      Managing Executive Officer, Sumitomo Electric Industries, Ltd. Jun. 2013      Advisor, Sumitomo Electric Industries, Ltd. (current position) < Important concurrent duties > Advisor, Sumitomo Electric Industries, Ltd.	—
<p><b>Special Notes on Candidate for External Director</b>            Mr. Masanori Yoshikai is a candidate for an external director prescribed under Paragraph 3-7 of Article 2 of the enforcement regulations of the Companies Act.</p> <p><b>Reasons for selecting him as a candidate for an external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b>            The Company proposes to elect Mr. Yoshikai as an external director and expects that his extensive experience, solid track record, and insights as an engineer and manager will be reflected in the Company's management, and that he will give the Company advice and proposals—from the position of an objective third party not involved in the Group's business execution—in order to ensure the appropriateness and properness of the decision making of the Board of Directors.</p> <p><b>Tenure of office as an external director of the Company since he took office</b>            Mr. Yoshikai is a first-time candidate for an external director.</p> <p><b>Outline of the liability limitation agreement</b>            When Mr. Yoshikai's appointment is approved the Company will conclude a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Yoshikai. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external director has acted faithfully and without gross negligence.</p>			

(Translation)

No.	Name (Date of birth)	Profile, title, position and important concurrent duties	Number of the Company's shares held
		<p><b>Matters concerning independence</b></p> <p>Sumitomo Electric Industries, Ltd., where he concurrently holds office, had business relations with the Company in the past regarding purchases and sales. Its transactions with the Company, however, amounted to less than one percent of the consolidated net sales of the Company, and no transactions were recorded in the consolidated fiscal year under review. In addition, the Company has no relationship including donations, exchanges of directors or cross-shareholding.</p> <p>Also the Ministry of Economy, Trade and Industry (METI) and the JAPAN EXTERNAL TRADE ORGANIZATION (JETRO), where Mr. Yoshikai served as an executive, and Saitama University, where he served as teaching staff, have no business relations with the Company such as donations. Although they have had transactions with the Company regarding the purchase of our products, the transactions between the Company and each of these entities has amounted to less than one percent of the consolidated net sales of the Company. In addition, the National Institute of Advanced Industrial Science and Technology (AIST), where he served in the past as an executive, has no business relations including donations with the Company. As a result of the above, the Company regards Mr. Yoshikai as independent. This is because the Company has no major business with the one company at which he is serving concurrently or with MITI, JETRO, the university and AIST, at which he served in the past, nor has he been an operating officer or the like of our major business partners or major shareholders of the Company in the past.</p> <p>When his appointment is approved, the Company shall designate him as an independent executive as stipulated in the provisions of Tokyo Stock Exchange (TSE) Group Inc. and shall so notify the TSE of that designation.</p>	

Notes common to all of the eight candidates above:

1. There are no conflicts of interest between each candidate and the Company.
2. No candidates for Director will receive and have not received in the past two (2) years a large amount of money or other assets (excluding the remuneration for director, accounting advisor, statutory auditor, executive officer or other similar position) from special related corporations of the Company (subsidiaries).

(Translation)

**Proposal No. 2: Election of One (1) Substitute Statutory Auditor**

In preparation for situations in which the Company does not have enough statutory auditors (including external statutory auditors) required by the laws and regulations, the Company proposes to elect a substitute statutory auditor.

The Board of Statutory Auditors has given its consent to the proposal.

The candidate for a substitute statutory auditor is as follows.

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
1	 <p>Nagaaki Ohyama (January 24, 1954)</p> <p>Candidate for reappointment</p> <p>Substitute External Statutory Auditor</p>	<p>Mar. 1982 Finished Doctoral course, Department of Information Engineering Interdisciplinary Graduate School of Science and Engineering, Tokyo Institute of Technology</p> <p>Jul. 1983 Assistant, Imaging Science and Engineering Institute School of Engineering, Tokyo Institute of Technology</p> <p>Dec. 1986 Researcher, Optical Research Center, Department of Radiology, College of Medicine, The University of Arizona</p> <p>Nov. 1988 Assistant Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology</p> <p>Nov. 1993 Professor, Imaging Science and Engineering Institute, School of Engineering, Tokyo Institute of Technology</p> <p>Apr. 2000 Professor, Information and Research Function, The Frontier Collaborative Research Center, Tokyo Institute of Technology</p> <p>Apr. 2002 Professor, Collaborative Research &amp; Information area (previously Information and Research Function), The Frontier Collaborative Research Center, Tokyo Institute of Technology</p> <p>Apr. 2003 Professor, Collaborative Research &amp; Information area (previously Information and Research Function), The Frontier Collaborative Research Center and Imaging Science and Engineering Institute, Graduate School of Engineering, Tokyo Institute of Technology</p> <p>Apr. 2010 Professor, Imaging Science and Engineering Laboratory (renamed from Imaging Science and Engineering Institute, Graduate School of Engineering), Tokyo Institute of Technology (current position)</p> <p>Jun. 2012 Substitute Statutory Auditor (current position)</p> <p>&lt; Important concurrent duties &gt; Professor of Tokyo Institute of Technology</p>	—

(Translation)

No.	Name (Date of birth)	Profile, title, position and important positions concurrently held at other companies	Number of the Company's shares held
		<p><b>Special Notes on Candidate for Substitute External Statutory Auditor</b> Mr. Nagaaki Ohyama is a candidate for a substitute external statutory auditor.</p> <p><b>Reasons for selecting him as a candidate for an external director as well as for judging that he will fulfill his responsibilities appropriately as an external director</b> The company proposes to elect Mr. Ohyama as a substitute external statutory auditor and expects that his extensive experience, achievements, and knowledge as an academic will strengthen the audit of the Company, and that he will give the Company advice on agenda and discussions in meetings of the Board of Directors and the Board of Statutory Auditors—from the position of objective third party, separate from the Group. Though Mr. Ohyama has not engaged in corporate management in the past, we believe that he will be able to properly perform his duties as a statutory auditor based on his extensive experience and knowledge.</p> <p><b>Outline of the liability limitation agreement</b> When his appointment is approved as an external auditor, the Company will conclude a liability limitation agreement regarding the indemnity liability provided under Paragraph 1 of Article 423 of the Companies Act with Mr. Ohyama. The indemnity liability shall be thereunder limited to 5 million yen or the minimum liability limitation provided by law, whichever is higher, when the external statutory auditor has acted faithfully and without gross negligence.</p> <p><b>Matters concerning independence</b> The Company regards him as independent because there are no business transactions between other corporations where he concurrently holds office and the Company, including donations, exchanges of directors, cross-shareholding, and the like; nor has he been an operating officer and the like of our major business partners and major shareholders in the past. When he assumes the post of statutory auditor after his appointment is approved as a substitute statutory auditor, the Company shall appoint him as an external statutory auditor and designate him as an independent executive as stipulated in the provisions of the Tokyo Stock Exchange (TSE) Group Inc. and notify the TSE of that designation.</p>	

Notes:

1. There are no conflicts of interest between the candidate and the Company.
2. The candidate for substitute statutory auditor will receive and have not received in the past two (2) years a large amount of money or other assets (excluding the remuneration for director, accounting advisor, statutory auditor, executive officer or other similar position) from special related corporations of the Company (subsidiaries).



(Translation)

(Document Provided Based on Article 437, Article 444 of the Companies Act)

## **BUSINESS REPORT**

(From April 1, 2013 to March 31, 2014)

### **1. Matters Concerning the Current Situation of the Group**

#### **[1] Course of Business and the Results**

Looking at global economic conditions during the fiscal year under review, we saw a gradual economic recovery in the U.S. as indicated by signs of improvement in many sectors including the employment and housing markets, which were stimulated by active fiscal and monetary policies of the government. On the other hand, the European economy remained sluggish and the growth of emerging economies, centered on China and Brazil, slowed, failing to show a full-scale recovery. Japan's economy showed signs of recovery due to an improved export environment resulting from various measures taken by the government, as well as a boost in personal consumption driven by a rush of demand before introduction of a consumption tax hike. Meanwhile, the outlook for the global economy on the whole remained uncertain.

Under these circumstances, net sales of the JVCKENWOOD Group for the fiscal year under review exceeded the previous year's results. In terms of profit and loss, all operating segments including Car Electronics saw profit declines, and the operating income of the Group fell significantly compared to the previous fiscal year. However, operating income for the second half of the fiscal year under review increased from a year ago with signs of a recovery becoming obvious due to the effects of the Group's business restructuring measures, such as overall cost reforms, sales reforms, and urgent countermeasures.

Profit-and-loss exchange rates used when preparing the financial statements for the fiscal year under review are as follows:

		1 <sup>st</sup> Quarter (from April 1, 2013 to June 30, 2013)	2 <sup>nd</sup> Quarter (from July 1, 2013 to September 30, 2013)	3 <sup>rd</sup> Quarter (from October 1, 2013 to December 31, 2013)	4 <sup>th</sup> Quarter (from January 1, 2014 to March 31, 2014)
Profit-and-loss exchange rates	U.S. dollar	About 99 yen	About 99 yen	About 100 yen	About 103 yen
	Euro	About 129 yen	About 131 yen	About 137 yen	About 141 yen
FY2012 (Reference)	U.S. dollar	About 80 yen	About 79 yen	About 81 yen	About 92 yen
	Euro	About 103 yen	About 98 yen	About 105 yen	About 122 yen

#### **\* Consolidated Net Sales**

Consolidated net sales for the fiscal year under review were 316,343 million yen.

This reflected a rise in sales in the Car Electronics Segment, due to the effects of the conversion of Shinwa International Holdings Limited ("Shinwa") into a consolidated subsidiary in the first quarter and an increase in the yen equivalent of sales as a result of favorable exchange rate fluctuations. In addition, sales increased in the Professional Systems Segment, which recovered from the impact of floods in Thailand, which occurred in the previous fiscal year and took over the information equipment business of TOTOKU Electric Co., Ltd. ("TOTOKU Electric"). The increases in consolidated net sales absorbed the impacts of sales declines in the Optical & Audio Segment, due to an economic slowdown in Europe and realignment of product lines, as well as in the Entertainment Software Segment due to the postponed release of major titles.

#### **\* Consolidated Operating Income and Loss**

Consolidated operating income for the fiscal year under review was 4,421 million yen.

This reflected significant losses in the first half of the fiscal year under review in domestic businesses such as the CE Consumer Division and the CE OEM Division, as well as the Imaging Division of the Optical & Audio Segment, due to increased costs of more than 20% in yen terms as a result of a weakening of the yen against the US dollar. In addition, income in all operating segments fell from a year earlier due to factors such as sluggish overseas sales in the CE Consumer Division and the Imaging Division, and postponed release of major titles and shrinking overseas market for package media in the Entertainment Software Segment.

Operating income for the second half of the fiscal year under review was positive in all operating segments due to the effects of overall cost reforms, sales reforms, and urgent countermeasures, which have been promoted since the third quarter of the fiscal year under review. As a result, the operating income of the Group improved significantly from substantial losses recorded in the first half of the fiscal



**(Translation)**

year under review, clearly showing that the Group is on a recovery track.

**\* Consolidated Ordinary Income and Loss**

Consolidated ordinary income for the fiscal year under review recorded a loss of 70 million yen, a decrease of about 3.2 billion yen from a year earlier, because of a decline in operating income, although non-operating income and expenses improved.

Ordinary income for the second half of the fiscal year under review grew significantly from the second half of the previous fiscal year because operating income increased and foreign exchange losses decreased by about 2.1 billion yen.

**\* Consolidated Net Income and Loss**

Consolidated net income for the fiscal year under review declined from a year earlier to post a net loss of 6,571 million yen, reflecting the decrease in ordinary income, posting of an extraordinary loss accompanying solicitations for voluntary early retirement in Japan and restructuring of overseas business bases that have been implemented since the third quarter of the fiscal year under review and as well as an increase in tax expenses, although extraordinary income was recorded as a result of the share transfer of Kenwood Geobit Corporation.

Total income taxes for the fiscal year under review increased by about 1.5 billion yen from a year earlier, due largely to an increase in tax, and minority interests increased by about 0.6 billion yen from a year ago.

Net sales and operating income and loss by business segment are as follows.

**\* Car Electronics Segment**

Net sales in the Car Electronics Segment for the fiscal year under review increased year on year to 113,956 million yen, due largely to the conversion of Shinwa into a consolidated subsidiary and increased sales in yen terms due to the depreciation of the yen.

Operating income in the entire Car Electronics Segment decreased from a year earlier to post an operating loss of 560 million yen. The decline reflected a decrease in overseas sales in the CE Consumer Division and a large impact from increased costs in yen terms on domestic businesses both in the CE Consumer Division and the CE OEM Division, notably in the first half of the fiscal year under review, resulting from a sharp depreciation of the yen against the US dollar, despite increased profit from the launch of models that accommodated the yen's depreciation in the domestic market during the third quarter of the fiscal year under review, as well as increases in profit due to a rush of demand before introduction of the consumption tax increase and conversion of Shinwa into a consolidated subsidiary.

In the second half of the fiscal year under review, the Car Electronics Segment saw increases in both sales and profits from the second half of the previous fiscal year, due to the effects of cost reform measures in response to the yen's depreciation, which the Group has been promoting from the third quarter of the fiscal year under review, conversion of Shinwa into a consolidated subsidiary, and expanded sales of "Saisoku-Navi" AV car navigation systems.

**CE Consumer Division**

In the domestic market of the CE Consumer Division, sales of "Saisoku-Navi" AV car navigation system, remained robust throughout the year, despite a market trend toward lower prices. In addition, sales grew due to a rush of demand before introduction of the consumption tax hike. In overseas markets, sales were affected by shrinking car audio markets in Europe and the U.S., but sales in the CE Consumer Division grew from the previous fiscal year, due largely to the effects of the yen's depreciation.

**CE OEM Division**

In the CE OEM Division, while sales of SSD-type car navigation systems for automobile manufacturers slowed and sales of CD/DVD mechanisms for car AV equipment declined, sales grew from a year earlier due mainly to the conversion of Shinwa into a consolidated subsidiary. The ratio of OEM sales of car-mounted products including Shinwa's products, dealer option products, and optical devices for car-mounted equipment increased to 43% from 37% in the previous fiscal year.

**\* Professional Systems Segment**

In the Professional Systems Segment, net sales for the fiscal year under review increased from a year earlier to 96,952 million yen. This increase reflected a recovery of sales in the Professional & Healthcare Division, which was affected by floods in Thailand during the previous fiscal year, and a growth of sales in the Communications Equipment Division due to increased sales in yen terms as a result of the yen's depreciation.

**(Translation)**

Operating income in the entire Professional Systems Segment declined to 3,534 million yen as profits in the Communications Equipment Division declined as sales were affected by austerity measures implemented by governments in North America, although profits in the Professional & Healthcare Division grew following the recovery of sales in Japan.

In the second half of the fiscal year under review, the Professional Systems Segment saw both sales and profits grow compared with the second half of the previous year, largely due to the recovery of the Professional & Healthcare Division, and increased sales in yen terms resulting from the yen's depreciation in the Communications Equipment Division.

**Communications Equipment Division**

In the Communications Equipment Division, sales increased from a year earlier due to a growth in sales in yen terms resulting from the yen's depreciation, although shipments were affected by austerity measures implemented by the US governments in North America, the largest market for the business.

**Professional & Healthcare Division**

In the Professional & Healthcare Division, sales grew from a year earlier due to the impact of the transfer of the medical image display systems business from TOTOKU Electric in July 2013 and an increase in new orders received from operators of broadcasting businesses in Japan which contributed a recovery of sales, notably in the domestic market.

**\* Optical & Audio Segment**

In the Optical & Audio Segment, net sales for the fiscal year under review declined from a year earlier to 74,656 million yen. This decline reflected decreased sales in the Imaging Division and the Audio Division, although sales increased in the Image & Optical Device Division.

In the Audio Division, although profit increased in the home audio category, due to the impact of increased sales of high value-added products such as models that support the reproduction of high-resolution sound sources that were launched during the third quarter of the fiscal year under review, profit fell sharply in the camcorder category of the Imaging Division given the category's high proportion of domestic sales, significant cost increases in yen terms, and rapid shrinking of both domestic and overseas markets. Consequently, operating income in the Optical & Audio Segment declined to 853 million yen.

In the second half of the fiscal year under review, net sales in the Optical & Audio Segment fell from a year earlier due to the effects of shrinking markets of the Imaging Division. However, operating income increased from the previous fiscal year due to factors such as the effects of cost reform measures in response to the yen's depreciation, which the Group has been promoting since the third quarter of the fiscal year, as well as improved profit and loss in the home audio category of the Audio Division.

**Imaging Division**

In the Imaging Division, sales fell from a year earlier because of sluggish sales in the camcorder category as a result of significant declines in the scales of overseas and domestic markets.

**Image & Optical Device Division**

In the Image & Optical Device Division, sales grew from a year earlier as sales increased in the projector category due to strong shipments of high-definition professional-use 4K models and a recovery of sales in the optical pickups for car-mounted equipment segment.

**Audio Division**

In the Audio Division, sales declined from a year earlier as the home audio category saw sales decline due to the effects of a product realignment and the diffusion of smartphones, although sales continued to be robust in the AV accessory category.

**\* Entertainment Software Segment**

In the entire Entertainment Software Segment, net sales for the fiscal year under review fell from a year earlier to 36,395 million yen, and operating income declined year on year to 577 million yen. This was because sales decreased in the content business due to the effects of postponed releases of major titles, although sales were robust for titles launched by new and mid-career artists, driven by their use as tie-in songs for TV commercials and theme songs for TV programs. In the OEM business, sales decreased due to shrinking overseas markets for package media.

**[2] Issues to be Addressed**

The JVCKENWOOD Group has been addressing significant cost increases in yen terms resulting from the sharp depreciation of the yen against the US dollar and sluggish overseas sales since the third

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quarter of the fiscal year under review by moving up the schedule for ending sales of less profitable 2013 models and accelerating the launch of 2014 models that accommodate the yen's depreciation. In addition, we worked on total cost reforms by raising the sales composition of high value-added products and implemented urgent countermeasures such as reducing Directors' compensation and salaries/bonuses of employees. As a result, the Group's earnings are picking up.

With an eye toward the fiscal year ending March 2015 and beyond, the Company also took steps to cut fixed costs, such as soliciting voluntary early retirement in Japan and restructuring overseas production and sales bases. As medium-term measures, we developed next-generation businesses in growth areas to advance strategic investments and reorganize the business portfolio.

During the fiscal year ending March 31, 2015, the Company will further promote reforms. In addition, we will take the following initiatives toward taking a leap forward in the fiscal year ending March 31, 2016 and beyond.

**1. Restructuring of management organizational structure**

The Company has reviewed its product-oriented organization under the conventional division-based structure and is replacing it with a market-oriented (customer-oriented) organization to address the expansion of its mainstay overseas businesses and its professional product business, for which the sales composition is increasing to 50% of the Group's sales, aiming to expand domestic and overseas sales generated by current business operations. The Company is also restructuring its management organization to achieve successful results from M&A activities and strategic business tie-ups, and to accelerate next-generation business development.

**(1) Creation of regional CEO positions for a market-oriented structure**

To increase sales and improve consolidated performance, the Company is creating regional CEO positions in four regions (Japan, America, Europe, and Asia (emerging nations)). As a result, detailed product and service plans can be made in compliance with regional market characteristics and diversified customer needs, with the commercialization of products by domestic divisions. Under these regional CEOs, the Company can ensure accountability for consolidated performance in each region.

**(2) Large-scale reorganization by business**

To accelerate our decision making and promote collaboration among product divisions, the Company is discontinuing its division-based structure (i.e., current business units) and is substantially reorganizing it into an upper-tier organization of business segments.

The roles of each segment's sales division are transferred to a corresponding regional CEO, and organizations responsible for planning, technology, production, quality, and services under the control of those CEOs commercialize products at the request of the regional CEO, who is also accountable for the consolidated performance of business operations.

The Company will manage consolidated earnings by region, in addition to the conventional approach of managing consolidated earnings by business segment, aiming to expand sales and improve profits and losses from these two perspectives.

**(3) Acceleration of shifting resources to growth areas**

The Company will accelerate the shift of its resources from shrinking consumer product business to growing in-car and professional product business operations and from current businesses to next-generation businesses.

The Company will also streamline staff workloads at the head office, and accelerate the shift of human resources to operating divisions through inter-divisional integration and reorganization.

**2. Building up the foundation for growth by centering around next-generation businesses**

**(1) Car Optronics and advanced vehicle technology**

The Company will accelerate development and commercialization of the car optronics business of such as head-up displays and electronic mirrors based on its core technologies in sound, video, and optical technologies.

**(2) Broadband multimedia system**

The Company will materialize broadband systems via a strategic collaboration with AIRBUS DEFENCE & SPACE and M&A initiatives with such companies as Zetron Inc., and EF Johnson Technologies, Inc. (EFJT), which became a U.S. subsidiary of the Company in March 2014. We will also develop and promote the commercialization of professional radio multimedia systems for firefighting, medical and emergency applications, including moving image and large-volume data communication services.

(Translation)

**(3) Next-generation imaging (camera)**

·The Company will divert technologies it has cultivated in the consumer product business to rapidly expanding in-car cameras, and accelerate development and commercialization of new products centering on existing professional video camera systems, monitoring cameras, and CMOS Sensors.

**3. Enhancing innovation of consolidated value chain and profit reform of current businesses**

The Company will consolidate value chain innovations to establish a system for sending orders directly from sales companies to plants and enable the prompt start of alternative production in an emergency.

The Company will continue to promote structural reforms such as restructuring and integrating overseas sales companies, consolidating plants, improving operation capacity, and innovating production.

The Company will promote product cost reforms in Value Analysis (VA) and Value Enhancing (VE) and procurement. In addition, it will step up cost management, inventory management, and profit management by product to allocate resources with the focus on profitable products.

**[3] State of Capital Investments**

The total amount of capital investments implemented in this consolidated fiscal year is about 4,200 million yen. The main subjects of the investments are for the expansion, improvement and upgrade of production facilities, including tools and equipment.

**[4] State of Financing**

Not applicable.

**[5] State of Transfer of Business, Merger & Division, or New Establishment & Division**

Not applicable.

**[6] State of Transfer of Business from Other Companies**

Not applicable.

**[7] State of Succession of Rights and Obligations Regarding Other Corporations in Relation to the Merger & Acquisition or Merger & Division**

The Company concluded an absorption-type company split agreement with TOTOKU Electric, as of April 12, 2013, to succeed TOTOKU Electric's Information Equipment business, as well as all shares of TOTOKU Nagaoka Corporation, a consolidated subsidiary of TOTOKU Electric, being included in the business, through a corporate split. In addition, according to said agreement, TOTOKU Nagaoka Corporation was renamed to JVCKENWOOD Nagaoka Corporation as of July 1, 2013.

**[8] State of Ownership of Other Company Shares or Acquisition or Disposal of Share Options**

The Company concluded a share transfer agreement with Mr. Yoshifumi Naito, Chairman of Shinwa, an in-car device manufacturing company, as of May 15, 2013, to acquire a total of 16% of the issued shares in Shinwa as of June 3, 2013, after having acquired a total of 45% of the issued shares in Shinwa as of April 20, 2012. Consequently, the Company owns a total of 61% of Shinwa shares, thereby making Shinwa a consolidated subsidiary.

The Company concluded a share transfer contract with Nojima Corporation as of January 31, 2014, and transferred all shares in Kenwood Geobit Corporation the Company then held to Nojima Corporation. Consequently, Kenwood Geobit Corporation ceased to be a consolidated subsidiary of the Company as of March 17, 2014.

The Company acquired all the EFJT shares as of March 25, 2014, after having concluded a share purchase agreement on January 31, 2014, with Francisco Partners II, L.P., and Francisco Partners Parallel Fund II, L.P., both of which were recommended by Francisco Partners Management, L.P., a U.S. investment fund. Consequently, EFJT has become a wholly owned subsidiary of the Company.

(Translation)

**[9] Transition of Assets and Profit & Loss**

**(1) State of Assets and Profit & Loss (the Group)**

(Millions of yen)

Items	3rd Term (March 2011)	4th Term (March 2012)	5th Term (March 2013)	6th Term (March 2014) (Current consolidated fiscal year)
Net sales	352,672	320,868	306,580	316,343
Operating profit (loss)	12,956	12,813	9,603	4,421
Ordinary income (loss)	7,579	6,420	3,106	(70)
Net income (loss)	(4,025)	6,032	1,146	(6,571)
Net income (loss) per share (yen)	(38.60)	43.50	8.27	(47.39)
Total assets	260,664	241,761	246,614	267,152
Net assets	52,739	57,072	67,240	59,824
Net assets per share (yen)	375.19	399.76	473.18	373.01

Notes:

1. Net income (loss) per share is calculated based on the average number of outstanding shares in the fiscal year. The treasury stocks are excluded from the average number of outstanding shares in the fiscal year.
2. The Company carried out a reverse stock split, combining ten common shares into one, as of August 1, 2010.
3. Net assets of the Group decreased approximately 7,400 million yen because the Company posted remeasurement of defined benefit plans of approximately 11,000 million yen in total, by applying the accounting standard for retirement benefits although minority interests increased by approximately 6,500 million yen resulting from the consolidation of Shinwa and its subsidiary during the 6th term, and foreign currency translation adjustment regarding overseas affiliates increased by approximately 4,400 million yen due to yen depreciation against key currencies such as the U.S. dollar and the Euro compared with the end of the previous consolidated fiscal year.

**(2) State of Assets and Profit & Loss (the Company)**

(Millions of yen)

Items	3rd Term (March 2011)	4th Term (March 2012)		5th Term (March 2013)	6th Term (March 2014) (Current fiscal year)
		Before the correction	After the correction		
Net sales	14,559	116,901	116,901	209,133	191,527
Operating profit (loss)	749	1,524	1,524	4,583	331
Ordinary income (loss)	257	3,962	3,373	3,900	102
Net income (loss)	(748)	2,243	1,654	3,371	(3,940)
Net income (loss) per share (yen)	(7.18)	16.18	11.93	24.31	(28.41)
Total assets	96,098	247,647	247,529	235,745	219,873
Net assets	66,364	72,755	72,166	74,865	70,212
Net assets per share (yen)	478.57	518.84	514.60	534.07	500.53

Notes:

1. Net income (loss) per share is calculated based on the average number of outstanding shares in the fiscal year. The treasury stocks are excluded from the average number of outstanding shares in the fiscal year.
2. The Company carried out a reverse stock split, combining ten common shares into one, as of August 1, 2010.
3. As of October 1, 2011, the Company became a surviving company of an absorption-type merger. Victor Company of Japan, Limited, Kenwood Corporation, and J&K Car Electronics Corporation were absorbed by the Company. The Company's assets and profits increased in the 4th term as a result of this merger.
4. As some accounting errors were found for financial results of the past fiscal year—i.e., the 4th term of the Company (fiscal year ended March 2012)—the figures for before and after the correction are provided.

**[10] State of Important Parent Companies and Subsidiaries, etc.**

(Translation)

(1) State of Parent Companies

Not applicable.

(2) State of Important Subsidiaries

Name	Capital	Ratio of the Company's Capital Contribution	Major Businesses
Victor Entertainment, Inc.	¥5,595 million	100.0%	Planning, production and sales of music and visual software
Victor Creative Media Co., Ltd.	¥1,207 million	91.4%	Development, manufacturing and sales of recorded optical disk
JVC Americas Corp.	\$1,371 thousand	100.0%	Wholesale (U.S.A. and other countries)
Kenwood U.S.A. Corporation	\$94,600 thousand	100.0%	Wholesale (U.S.A. and other countries)
Kenwood Electronics U.K. Limited	£14,900 thousand	100.0%	Wholesale (U.K. and other countries)
Kenwood Electronics Deutschland GmbH	€11,887 thousand	100.0%	Wholesale (Germany and other countries)
JVCKenwood Singapore Pte. Ltd	S\$26,650 thousand	100.0%	Wholesale (Singapore and other countries)
Shinwa Industries (China) Limited	\$7,077 thousand	(36.3%)	Production and sales of car AV mechanisms, contract manufacturing service
Shinwa Precision (Hungary) Kft.	\$18,788 thousand	(61.0%)	Production and sales for painted plastic parts for car

Notes:

1. Victor Entertainment, Inc. changed its trade name to JVCKENWOOD Victor Entertainment Corp. as of April 1, 2014.
2. Victor Creative Media Co., Ltd. changed its trade name to JVCKENWOOD Creative Media Co., Ltd., as of April 1, 2014.
3. Among the ratio of the Company's capital contribution, the value in parentheses indicates the Company's indirect holding ratio.

[11] Major Businesses (As of March 31, 2014)

Business Segment	Main Products
Car Electronics Segment	Manufacturing and sales of car audio equipment, car AV systems, car navigation systems, etc.
Professional Systems Segment	Manufacturing and sales of land mobile radio equipment, video surveillance equipment, video equipment, audio equipment, displays, etc.
Optical & Audio Segment	Manufacturing and sales of video cameras, projectors, audio equipments, AV accessories and optical pickups, etc.
Entertainment Software Segment	Planning, production, and sales of audio and video software, etc. Production of CD and DVD discs, etc.
Other	Manufacturing and sales of home furniture, etc.

Note: As a result of organizational changes as of June 25, 2013, effective from the consolidated fiscal year ended March 31, 2014, the former Car Electronics Business, Professional Systems Business, Home & Mobile Electronics Business and Entertainment Business have been changed to the Car Electronics Segment, Professional Systems Segment, Optical & Audio Segment and Entertainment Software Segment, respectively.

[12] Main Offices and Factories (As of March 31, 2014)

(1) Head Office

12, 3-chome, Moriya-cho, Kanagawa-ku, Yokohama, Kanagawa, Japan

(Translation)

**(2) R&D Center**

Name	Location
JVC KENWOOD Corporation (the Company)	
Head Office & Yokohama Business Center	Yokohama, Kanagawa
Kurihama R&D Center	Yokosuka, Kanagawa
Hachioji Business Center	Hachioji, Tokyo
Hakusan Business Center	Yokohama, Kanagawa

**(3) Main Japanese Manufacturing Sites**

Name	Location
JVC KENWOOD Corporation (the Company)	
Yokosuka Business Center	Yokosuka, Kanagawa
Victor Creative Media Co., Ltd.	Yamato, Kanagawa
Victor Interior Furniture Co., Ltd.	Fukuroi, Shizuoka
Kenwood Yamagata Corporation	Tsuruoka, Yamagata
Kenwood Devices Corporation	Yorii, Saitama
JVCKENWOOD Nagaoka Corporation	Nagaoka, Niigata

Notes:

- Victor Creative Media Co., Ltd. changed its trade name to JVCKENWOOD Creative Media Co., Ltd., as of April 1, 2014.
- Victor Interior Furniture Co., Ltd. changed its trade name to JVCKENWOOD Interior Furniture Corporation as of April 1, 2014.

**(4) Japanese Business sites**

Name	Location
JVC KENWOOD Corporation (the Company)	Business sites nationwide, including Tokyo, Sapporo, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka and others
J&K Business Solutions Corporation	Yokohama, Kanagawa
VICTOR ARCS Co., Inc.	Minato-ku, Tokyo
Video-Tech Co., Ltd.	Shibuya-ku, Tokyo
Victor Entertainment, Inc.	Shibuya-ku, Tokyo
TEICHIKU ENTERTAINMENT, Inc.	Shibuya-ku, Tokyo

Notes:

- Video-Tech Co., Ltd., changed its trade name to JVCKENWOOD Video Tech Corporation as of April 1, 2014.
- Victor Entertainment, Inc., changed its trade name to JVCKENWOOD Victor Entertainment Corp. as of April 1, 2014.

(Translation)

**(5) Global Manufacturing Sites**

Name	Location
JVC America, INC.	U.S.A.
JVC Manufacturing Malaysia Sdn. Bhd.	Malaysia
JVC Manufacturing (Thailand) Co., Ltd.	Thailand
JVC Optical Components (Thailand) Co., Ltd.	Thailand
P.T. JVC Electronics Indonesia	Indonesia
JVCKENWOOD Technologies Singapore Pte. Ltd.	Singapore
Kenwood Electronics Malaysia Sdn. Bhd.	Malaysia
Shanghai Kenwood Electronics Co., Ltd.	China
Kenwood Electronics Bretagne S.A.	France

**(6) Overseas Sales Bases**

Name	Location
JVC Americas Corp.	U.S.A.
Kenwood U.S.A. Corporation	U.S.A.
JVC Europe Limited	U.K.
JVCKENWOOD Nederland B.V.	Netherlands
JVCKENWOOD Singapore Pte. Ltd.	Singapore
JVC (China) Investment Co., Ltd.	China

**[13] State of Employees (As of March 31, 2014)**

**(1) State of Employees at the Group**

Number of Employees	Increase or Decrease in Comparison with End of Previous Consolidated Fiscal Year
19,791	7,010 increase

Notes:

1. The number of employees excludes employees transferred from a Group company to a non-Group company, but includes employees transferred from a non-Group company to a Group company.
2. The number of employees at the Group increased by 7,010 from the end of the previous consolidated fiscal year, mainly due to the conversion of Shinwa, which had been an equity-method affiliate of the Company, into a consolidated subsidiary of the Company by additionally acquiring its shares.

**(2) State of Employees at the Company**

Number of Employees	Increase or Decrease in Comparison with End of Previous Fiscal Year	Average Age	Average Years of Service
3,798	443 decrease	44.9	21.0

Note:

1. The number of employees excludes employees transferred from the Company to an outside company, but includes employees transferred from an outside company to the Company.
2. The number of employees in the Group decreased by 443 from the end of the previous fiscal year, mainly due to the solicitation of voluntary early retirement in Japan during the current fiscal year.



(Translation)

**[14] State of Major Lenders (As of March 31, 2014)**

(Millions of yen)

Name of Lenders	Debt Balance
Sumitomo Mitsui Banking Corporation	12,402
Resona Bank, Limited.	12,402
Sumitomo Mitsui Trust Bank, Limited	11,881
Shinsei Bank, Limited	8,052
Mitsubishi UFJ Trust and Banking Corporation	6,909
The Bank of Yokohama, Ltd.	4,623
Aozora Bank, Ltd.	3,139
Mizuho Bank, Ltd.	2,163
ShinGinko Tokyo, Limited	1,653
The Shinkumi Federation Bank (Zenshinkumiren)	950
NEC Capital Solutions Limited	950

**[15] Other Important Subsequent Events of the Consolidated Group**

(1) At the Board of Directors meeting held on May 14, 2014, the Company resolved that with Cinram Group Inc. (Cinram Group), which manufactures and sells CD/DVD disks, on the transfer of all of the shares of JVC America, Inc. (JAI), which also manufactures and sells CD/DVD disks, owned by JVC Americas Corp. (JAC), the Company's fully consolidated US sales subsidiary of JVC KENWOOD Corporation. Subsequently, the Company and Cinram Group concluded the stock purchase agreement as of the same date.

(2) At a meeting of its Board of Directors held on May 14, 2014, the Company resolved to eliminate the loss carried forward by appropriation of the non-consolidated surplus and transferring other capital surplus to cumulative retained earnings as of May 15, 2014. Details are as follows.

1) Purpose of appropriation of surplus

As of March 31, 2014, the non-consolidated other capital surplus of the Company was approximately 46,899 million yen, whereas cumulative retained earnings were negative at approximately 301 million yen (loss carried forward).

To correct such an imbalance in the Company's capital structure, thereby improving its financial soundness, and quickly recover to be able to resume the distribution of dividends, the Board of Directors has decided to appropriate the Company's surplus, transferring other capital surplus to cumulative retained earnings carried forward to cover and eliminate the loss carried forward pursuant to Articles 452 and 459 of the Companies Act.

2) Summary of appropriation of surplus

The Company decreased its other capital surplus, which amounted to 46,899,104,285 yen on a non-consolidated basis as of March 31, 2014, by 301,033,360 yen as of May 15, 2014, and transferred the decrease in other capital surplus to cumulative retained earnings to be carried forward.

- a. Item and amount of surplus decreased: Other capital surplus of 301,033,360 yen
- b. Item and amount of surplus increased: Cumulative retained earnings carried forward of 301,033,360 yen
- c. Effective date: May 15, 2014

(Translation)

## 2. Matters Regarding the Company's Shares (As of March 31, 2014)

[1] Total number of authorized shares 400,000,000

[2] Total number of outstanding shares 139,000,201  
(Treasury stock 335,884)

[3] Number of shareholders 54,574

### [4] Major shareholders (Top 10)

Name of Shareholder	Capital Contribution	
	Shareholding	Ratio of Capital Contribution
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,636,000	6.95%
Japan Trustee Services Bank, Ltd. (Trust Account)	6,476,200	4.67%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,547,100	3.28%
DENSO CORPORATION	4,171,000	3.01%
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASH PB)	4,065,600	2.93%
BNYM SA/NV FOR BNYM CLIENT ACCOUNT MPCS JAPAN	3,109,796	2.24%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,746,634	1.98%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,727,200	1.97%
DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	2,529,100	1.82%
THE BANK OF NEW YORK 133522	2,063,313	1.49%

Note:

The ratio of capital contribution is calculated after deducting treasury stock (335,884 shares) from the total number of issued shares.

[Composition ratio of shareholders]

Shares held in the Company's own name	0.24%
Individuals, etc.	40.21%
Foreigners	24.04%
Financial institutions	27.17%
Securities companies	3.60%
Other domestic corporations	4.74%

## 3. Matters Regarding the Company's Subscription Rights to Shares (As of March 31, 2014)

At the time of term modification, including the extension of its maturity date, for the No.7 Unsecured Bond issued by our former subsidiary Victor Company of Japan, Limited in August 2007, the Company—by the resolution of the Board of Directors held on August 1, 2011—issued the No.1 Subscription Rights to Shares to the holders of the said bonds in exchange for the profits the Company was to gain by the modification.

(Translation)

#### 4. Matters Regarding Company Officers

##### [1] State of Directors and Statutory Auditors (As of March 31, 2014)

Name	Position	Responsibilities and important concurrent duties
Haruo Kawahara	Representative Director of the Board	Chairman of the Board of Directors, Executive Officer, CEO
Shoichiro Eguchi	President, Representative Director of the Board	Executive Officer, COO, CRO, Head of Car Electronics Segment, General Manager of Design Division, President and Representative Director of JVCKENWOOD Design Corporation
Koji Kashiwaya	Director of the Board	Director, Maruzen Textile Co. Director, Busou Real Estate Co.
Junichi Hikita	Director of the Board	President and Representative Director, Hikita Consulting Co., Ltd.
Takao Tsuji	Director of the Board	External Director, TAKAGI CO., LTD.
Kazuhiro Aigami	Director of the Board	Senior Executive Vice President & Executive Officer, Head of Professional System Segment, General Executive of Corporate Planning & Production Strategy Division, General Executive of Procurement Strategy Division, General Executive of Emerging Market Planning Division
Naokazu Kurihara	Director of the Board	Senior Vice President & Executive Officer, Head of Optical & Audio Segment, General Executive of Imaging Division, General Manager of Business Planning Operation, Imaging Division
Seiichi Tamura	Director of the Board	Executive Officer & CSO, General Executive of Corporate Strategy Division, General Manager of Business Development Operation, Corporate Strategy Division
Takayoshi Sakamoto	Statutory Auditor	—
Akihiko Washida	Statutory Auditor	—
Shojiro Asai	Statutory Auditor	Executive Vice President and Director, Rigaku Corporation Director, Japan Analytical Instruments Manufacturers' Association

Notes:

1. Directors Koji Kashiwaya, Junichi Hikita and Takai Tsuji are external directors stipulated in Article 2-15 of the Companies Act.
2. Statutory Auditors Akihiko Washida and Shojiro Asai are external statutory auditors stipulated in Article 2-16 of the Companies Act.
3. Auditor Takayoshi Sakamoto has been responsible for finance and accounting operations and the like at the Group for about 11 years and has sufficient knowledge concerning finance and accounting.
4. Directors Satoshi Fujita, Toshiaki Matsuzawa and Nobuo Seo retired from office upon expiration of his term as of the end of the 5th General Meeting of Shareholders held on June 25, 2013.
5. The Company designated Directors Koji Kashiwaya, Junichi Hikita and Takao Tsuji and Statutory Auditors Akihiko Washida and Shojiro Asai as an independent officer, as stipulated in the provisions of the Tokyo Stock Exchange (TSE), and notified the TSE accordingly.
6. Changes in Directors and Statutory Auditors during the fiscal year are as follows.

(Translation)

(As of September 16, 2013)

Name	Position	Responsibilities and important concurrent duties
Naokazu Kurihara	Director of the Board	Senior Vice President & Executive Officer, General Executive of Imaging Division, General Manager of Business Planning Operation, Imaging Division, General Executive of Administration Division, General Executive of Emerging Market Planning Division

(As of October 1, 2013)

Name	Position	Responsibilities and important concurrent duties
Shoichiro Eguchi	President, Representative Director of the Board	Executive Officer, CEO, CRO, General Manager of Design Division, President, Representative Director of JVCKENWOOD Design Corporation, Head of Car Electronics Segment
Kazuhiro Aigami	Director of the Board	Senior Executive Vice President & Executive Officer, Head of Professional System Segment, In charge of Procurement, Assistant to CRO, General Executive of Emerging Market Planning Division, General Executive of Procurement Strategy Division
Naokazu Kurihara	Director of the Board	Senior Vice President & Executive Officer, Head of Optical & Audio Segment, In charge of Administration Division, Assistant to CRO, General Executive of Emerging Market Planning Division, General Executive of Imaging Division, General Manager of Business Planning Operation, Imaging Division
Seiichi Tamura	Director of the Board	Executive Officer & CSO, General Executive of Corporate Strategy Division, General Manager of Business Development Operation, Corporate Strategy Division

(As of November 6, 2013)

Name	Position	Responsibilities and important concurrent duties
Haruo Kawahara	Representative Director of the Board	Representative Director of the Board, Chairman of the Board of Directors, Executive Officer, CEO
Shoichiro Eguchi	President, Representative Director of the Board	President, Representative Director of the Board, Executive Officer, COO, CRO, Head of Car Electronics Segment, General Manager of Design Division, President, Representative Director of JVCKENWOOD Design Corporation
Kazuhiro Aigami	Director of the Board	Senior Executive Vice President & Executive Officer, Head of Professional System Segment, General Executive of Corporate Planning & Production Strategy Division, General Executive of Strategic Procurement Division, General Executive of Emerging Market Planning Division
Naokazu Kurihara	Director of the Board	Senior Vice President & Executive Officer, General Head of Optical & Audio Segment, General Executive of Imaging Division, General Manager of Business Planning Operation, Imaging Division

7. Changes in the Position and/or "Responsibilities and Representation at Other Corporations" of Directors and/or Audit & Supervisory Board Member after the end of the consolidated fiscal year under review are as follows.

(As of May 14, 2014)

Name	Position	Responsibilities and important concurrent duties
Haruo Kawahara	Chairman Representative Director of the Board	Chairman, Representative Director of the Board, Executive Officer, CEO
Takao Tsuji	President, Representative Director of the Board	President, Representative Director of the Board, Executive Officer, COO, CRO, CIO
Shoichiro	Representative Director	Representative Director of the Board, Executive Officer,

**(Translation)**

Eguchi	of the Board	Regional CEO (Europe)
Kazuhiro Aigami	Representative Director of the Board	Representative Director of the Board, Executive Officer, Regional CEO (America)
Naokazu Kurihara	Director of the Board	Executive Officer, Regional CEO (Japan)

8. The Company adopts the Executive Officer System. There are 15 Executive Officers as of May 14, 2014: Haruo Kawahara, Takao Tsuji, Seiichi Tamura, Shoichiro Eguchi, Kazuhiro Aigami and Naokazu Kurihara, who are among the Directors mentioned above, and the following 9 persons.

Name	Position and Responsibilities
Kazuki Oi	Executive Officer, Regional CEO (Asia & Emerging Countries)
Masaaki Saito	Senior Executive Vice President & Executive Officer, Head of Software & Entertainment Segment, President, Representative Director of JVCKENWOOD Victor Entertainment Corp.
Toshiaki Matsuzawa	Senior Vice President & Executive Officer, Joint Leader of Consolidated Value Chain Innovation Task Force, General Executive of Corporate Planning & Production Strategy Division, Deputy Head of Car Electronics Segment, President, Representative Director of JVC KENWOOD Nagano Corp.
Masatoshi Miyamoto	Senior Vice President & Executive Officer, Head of Car Electronics Segment
Akira Suzuki	Senior Vice President & Executive Officer, Head of Professional System Segment
Yasuyuki Tanida	Senior Vice President & Executive Officer, Head of Optical & Audio Segment
Satoshi Fujita	Senior Vice President & Executive Officer, General Executive of the Strategic Finance and Accounting Division, General Executive of Financial and Accounting Division
Masaki Imai	Senior Vice President & Executive Officer, General Executive of the Human Resources Management & Administration Division, In charge of Administration
Fabian Gregoare	Senior Vice President & Executive Officer, General Executive of Global Brand Experience Division, Director of JVCKENWOOD Design Corporation

**[2] Amount of Compensation for Directors and Statutory Auditors**

Title	Number of Relevant Personnel	Amount of Compensation (Millions of yen)
Director	11	292
(External Director)	(4)	(45)
Statutory Auditor	3	39
(External Auditor)	(2)	(14)
Total	14	331

## Notes:

- The table above includes three (3) directors, who retired from office at the end of the 5th General Meeting of Shareholders, held on June 25, 2013.
- The amount of compensation for directors does not include the compensation that they receive for being employees, if they are employees as well as directors. Currently, there are no such directors in the Company.
- It was resolved, with regard to determination of compensation for directors and statutory auditors, at the 1st General Meeting of Shareholders of the Company, held on June 24, 2009, that compensation for directors is up to 36 million yen a month (of which, compensation for external directors is up to 4 million yen) and that compensation for statutory auditors is up to 9 million yen a month. It was also resolved that bonuses, retirement benefits or any other monetary compensation will not be paid to directors and statutory auditors.

**[3] Matters Regarding External Officers**

(Translation)

**(1) State of Important Concurrence of External Officers (As of March 31, 2014)**

Position	Name	Company of Concurrent Office	Responsibilities of Concurrent Office	Relationship
External Director	Koji Kashiwaya	Maruzen Textile Co.	Director	No significant business relationship with JVC KENWOOD Corporation
		Busou Real Estate Co.	Director	
	Junichi Hikita	Hikita Consulting Co., Ltd.	President and Representative Director	
	Takao Tsuji	TAKAGI CO., LTD.	Director of the Board (External)	
External Statutory Auditor	Akihiko Washida	—	—	—
	Shojiro Asai	Rigaku Corporation	Executive Vice President and Director	No significant business relationship with JVC KENWOOD Corporation
		Japan Analytical Instruments Manufacturers' Association	Director	

Notes:

1. Statutory Auditor Shojiro Asai, who concurrently held the office of Director, Japan Analytical Instruments Manufacturers' Association, retired from the office in May 2014.
2. Statutory Auditor Shojiro Asai, who concurrently holds office as Executive Vice President and Director of Rigaku Corporation, plans to retire from this position in June 2014.

**(2) Major Activities of External Officers**

Position	Name	Major Activities
External Director	Koji Kashiwaya	Attendance in the meetings of the Board of Directors in the current fiscal year: 26 (attendance rate: 100.0%) Mr. Kashiwaya provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience, performance and knowledge in areas such as finance and taxation and proper advice based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Junichi Hikita	Attendance in the meetings of the Board of Directors in the current fiscal year: 26 (attendance rate: 100.0%) Mr. Hikita provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience, performance and knowledge as a an engineer and manager and proper advice in technical aspects based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Takao Tsuji	Attendance at the meetings of the Board of Directors in the current fiscal year: 20 (attendance rate: 100.0%) Mr. Tsuji provides advice and propositions to secure the legitimacy and appropriateness of the decisions of the Board of Directors in a timely manner, based on his plentiful experience, performance and knowledge as an engineer and manager and proper advice in technical aspects based on his professional views, from the position of an objective third party not involved in the business execution of the Group.

(Translation)

Position	Name	Major Activities
External Statutory Auditor	Akihiko Washida	Attendance in the meetings of the Board of Directors in the current fiscal year: 26 (attendance rate: 100.0%) Attendance in the meetings of the Board of Statutory Auditors in the current fiscal year: 17 (attendance rate: 100.0%) Mr. Washida provides necessary comments regarding issues such as the agenda and discussions of the Board of Directors and Board of Auditors in a timely manner, based on his extensive experience, performance and knowledge in business management and bolstering audit based on his professional views, from the position of an objective third party not involved in the business execution of the Group.
	Shojiro Asai	Attendance in the meetings of the Board of Directors in the current fiscal year: 24 (attendance rate: 92.3%) Attendance in the meetings of the Board of Statutory Auditors in the current fiscal year: 15 (attendance rate: 88.2%) Mr. Asai provides necessary comments regarding issues such as the agenda and discussions of the Board of Directors and Board of Auditors in a timely manner, based on his extensive experience and knowledge as an engineer and manager and bolstering audit based on his professional views, from the position of an objective third party not involved in the business execution of the Group

Notes:

1. During the current fiscal year, there were 26 meetings of the Board of Directors and 17 meetings of the Board of Statutory Auditors.
2. Director Takao Tsuji took office at the end of the 5th Ordinary General Meeting of Shareholders held on June 25, 2013, and therefore, his attendance rate is calculated from 20 meetings of the Board of Directors which have been held after he assumed his position.

**(3) Matters Regarding the Liability Limitation Agreement (Overview of the Liability Limitation Agreement of External Directors and External Statutory Auditors)**

The Company's Articles of Incorporation prescribe a provision regarding a liability limitation agreement to be concluded with external directors and external statutory auditors.

An outline of the details of the liability limitation agreements that the Company concluded with all external directors and external statutory auditors in accordance with the Articles of Incorporation is as follows:

The amount of indemnity liability provided under Article 423-1 of the Companies Act is limited to 5 million yen or the minimum liability limitation provided by the law, whichever is higher, provided that the external directors and external statutory auditors have acted faithfully and without gross negligence.

**(4) Amount of Compensation Received as Executive Officer for Current Fiscal Year from Parent Company or Subsidiary of Parent Company**

Not applicable.

**(5) Opinions from External Officers in Relation to the Description**

Not applicable.

**5. State of Accounting Auditor**

**[1] Name of Accounting Auditor**

Deloitte Touche Tohmatsu LLC

**[2] Overview of Liability Limitation Agreement**

Not applicable.



(Translation)

### [3] Amount of Compensation for Accounting Auditor for Current Fiscal Year

(Millions of yen)

Amount of compensation for accounting auditor for current fiscal year	170
Total amount of money and other financial benefits to be paid by the Company and the Company's subsidiaries	200

Notes:

1. In the audit agreement between the Company and the accounting auditor, the amounts of compensation for the audit based on the Companies Act and the audit based on the Financial Instruments and Exchange Act is not distinguished, and also substantively undistinguished. Therefore the total amount of this compensation is stated as the amount of compensation for the accounting auditor for the current fiscal year.
2. As for (2) State of Important Subsidiaries, in [10] State of Important Parent Companies and Subsidiaries, etc. under 1. Matters Concerning the Current Situation of the Group, subsidiaries other than Victor Entertainment, Inc., and Victor Creative Media Co., Ltd. are audited by certified public auditors or corporate auditors other than the Company's.

### [4] Policy for Dismissal and Non-reappointment Decisions

At the Company, if the accounting auditor falls under the items stipulated in Article 340-1 of the Companies Act, the Board of Statutory Auditors shall dismiss the accounting auditor based on the unanimous consent of the Board of Statutory Auditors. Also, in principle, in case the accounting auditor becomes unable to perform the auditing service, such as receiving an audit business suspension order from a regulatory authority, the Board of Statutory Auditors shall propose to the general meeting of shareholders, a bill concerning the dismissal or non-reappointment of the accounting auditor.

## 6. Framework and Policies of the Company

### [1] Framework to Ensure the Conformity of the Directors' Exercise of Function with the Laws and Regulations and the Articles of Incorporation/Framework to Ensure Propriety of Other Operations

The matters which the Company set forth at the Board of Directors as "the establishment of a framework necessary to ensure propriety of the operations of a stock corporation" stipulated in Article 362-4-6 of the Companies Act and in Article 100-1 and 100-3 of the Ordinance for Enforcement of the Companies Act are as follows:

#### 1) Framework to Ensure the Conformity of the Directors' Exercise of Function with the Laws and Regulations and the Articles of Incorporation

- (1) To concretely lay down the guideline for practicing the management principles and abide thereby
- (2) To establish rules regarding the directors' ethics and abide thereby
- (3) To prescribe the "Board of Directors Regulation" and properly supervise the decision-making by the management and execution of duty by the directors
- (4) To let the auditors audit the directors' execution of their duties from an independent position

#### 2) Framework for the Storage and Management of Information in Relation to the Directors' Exercise of Function

- (1) To create Minutes of Board of Directors in accordance with the "Board of Directors Regulation" and permanently store the minutes at the head office
- (2) To establish rules for the decision-making (*ringi*) system, safe-keeping of important information related to finance, etc., and creation/storage of documents and handle them determinately

#### 3) Framework for Regulations and Such Concerning the Management of Risk of Loss

- (1) To prescribe rules regarding the compliance and risk management, establish a company-wide structural system to monitor them and clarify the responsibility
- (2) To update risk management rules classified for types of risk and apply them for the prevention of various risks, clarification of actions to be taken and measures for restoration

#### 4) Framework to Ensure the Efficient Exercise of Function of the Directors

- (1) To clarify the management objectives by the establishment of a business plan or such like, and verify the accomplishment status thereof
- (2) To separate management oversight functions from business execution functions, and to clarify the realms of oversight responsibility and business execution responsibility, implement the executive officer system that entrusts the duty of business execution to the Executive Officers
- (3) To prescribe the "Board of Directors Regulation," the "Board of Executive Officers Regulation,"



(Translation)

the “Administrative Authority Regulation,” the “Decision-Making Authority Standards” and the “Decision-Making Items Table,” clarify the management decision-making method

- (4) To establish rules regarding the segregation of duties for each department and implement them determinately

**5) Framework to Secure Compliance of Employees’ Execution of Duty with Laws/Regulations and Articles of Incorporation**

- (1) To establish standards which indicate the corporate philosophy and action guidelines for employees, nominate the department to manage the observation of corporate ethics and let the standard and the organization be fully recognized by all employees including those of domestic and overseas group companies
- (2) To update various internal rules, guidelines, and such like, and make them as the guidelines for the execution of duties by the employees
- (3) To execute the internal audit and make the internal notification system fully workable

**6) Framework to Ensure Propriety of Business Operation for the Corporate Group Consisting of the Company and Its Subsidiaries**

- (1) To share the corporate philosophy and management policies with group subsidiary companies and expand the application of the “Administrative Authority Regulation,” the “Decision-making Authority Standards” and the “Decision-making Items Table” to subsidiary group companies in order to ensure the propriety of business operations as a whole corporate group
- (2) To dispatch directors or business supervising officers to main group subsidiary companies in order to ensure the propriety of business operation
- (3) To execute the audit of subsidiary group companies by the internal audit department

**7) System Related to Employees to Assist Statutory Auditors’ Duty and Matters Regarding Independency of Such Employees from Directors’ Control**

- (1) To assign employees to support the auditing work as staffs of statutory auditors
- (2) To let statutory auditors evaluate the performance of employees exclusively assigned as staff of statutory auditors and to have prior discussion with statutory auditors with regard to the assignment of such staff

**8) Framework for the Reporting of Directors and Assistants to Statutory Auditors/Framework for Other Reporting to Statutory Auditors**

- (1) To let statutory auditors attend the Board of Directors meetings and other important meetings and listen to reports there
- (2) To let directors and general managers of head office departments report their business execution status periodically and as required
- (3) To let statutory auditors execute auditing of every business units and domestic/overseas group companies based on the annual audit plan, including the above, and listen to reports there
- (4) To provide a notification system, by which parties such as employees can directly notify any fraudulent activities and concerned issues regarding accounting and auditing to the Board of Statutory Auditors

**9) Framework to Ensure Effective Auditing of Statutory Auditors**

- (1) To let directors prepare conditions to enable the execution of effective audit in accordance with the audit plan to be made up by statutory auditors
- (2) To let representative directors and statutory auditors have periodical meetings in order to enhance mutual communication
- (3) To let directors prepare conditions to enable statutory auditors to cooperate with the departments in charge of legal affairs, accounting and internal auditing as well as external experts for the implementation of their duty

**10) Framework to Ensure Propriety of Financial Reports**

- (1) To prepare the system to ensure the propriety of financial reports of the corporate group consisting of the Company and its subsidiaries based on the Financial Instruments and Exchange Act and related laws and regulations
- (2) To evaluate the enhancement and operation of the system to ensure the propriety of financial reports periodically and promote the improvement

**11) Basic Policy for the Elimination of Antisocial Forces**

The Group shall block off any and all transactions, including the provision of funds and backstage deals, with all antisocial organizations which could possibly cause damage to the whole JVCKENWOOD Group, including its stakeholders by making unjustifiable requests to the Group’s officers and employees or by obstructing healthy business activities, by means of tying up with external professional organizations as necessary and taking appropriate measures including legal actions. The Group recognizes that the exclusion of such antisocial forces is

**(Translation)**

essential for ensuring the propriety of the Company's businesses.

**[2] Basic Policy Regarding the Control of a Stock Company**

If a share acquisition by a specific individual or group may risk damaging the corporate value or the common interests of shareholders, the Company considers it necessary to take appropriate measures to ensure the corporate value and the common interests of shareholders to the extent that can be tolerated by laws and regulations and the Articles of Incorporation. The Company also acknowledges the importance of ensuring the corporate value and the common interests of shareholders, and is carefully continuing reviews on the matter, but at this point no concrete defense measures have been implemented.

**[3] Basic Policies for Distribution of Profits**

The Company considers it one of the most important managerial issues to provide shareholders with stable returns on their investments, and decides on details such as the dividends from surplus by comprehensively taking into account profitability and financial conditions.

The Company stipulates in its Articles of Incorporation that it can pay dividends from surplus on a record date it determines, in addition to two (2) record dates in a year: the record date for the year-end dividend (March 31) and that for the interim dividend (September 30).

The Company stipulates in its Articles of Incorporation that matters, including dividends from surplus, set forth in each item of Article 459, Paragraph 1 of the Companies Act shall be decided by resolutions of the Board of Directors, not those of general meeting of shareholders, unless otherwise provided by laws and regulations.

Based on this policy, the Company decided not to pay an interim dividend for the fiscal year under review at the meeting of its Board of Directors held on November 6, 2013. The Company also decided not to pay a year-end dividend at the meeting of its Board of Directors held on May 14, 2014. These decisions were made for the purpose of concentrating management resources toward the recovery of operating results.



(Translation)

**Consolidated Statement of Income**  
(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Accounting Items	Amount	
<b>Net sales</b>		<b>316,343</b>
<b>Cost of sales</b>		<b>232,494</b>
<b>Gross profit</b>		<b>83,848</b>
<b>Selling, general and administrative expenses</b>		<b>79,427</b>
<b>Operating profit</b>		<b>4,421</b>
<b>Non-operating profit</b>		
Interest income	210	
Dividends income	82	
Royalty income	158	
Reversal of provision for product warranties	263	
Equity in earnings of affiliates	32	
Other non-operating profit	671	1,419
<b>Non-operating expense</b>		
Interest expense	2,245	
Loan commission	982	
Foreign exchange losses	920	
Other non-operating expenses	1,763	5,911
<b>Ordinary loss</b>		<b>(70)</b>
<b>Extraordinary profit</b>		
Gain on sales of fixed assets	128	
Gain on sales of investment securities	109	
Gain on sales of shares in subsidiaries and associated companies	2,384	
Settlement received	579	
Gain on bargain purchase	640	
Other extraordinary profit	36	3,879
<b>Extraordinary loss</b>		
Loss on sales of fixed assets	128	
Loss on disposal of fixed assets	84	
Loss on impairment of long-lived assets	469	
Loss on sales of investment securities	0	
Business structural reform expenses	677	
Employment structural reform expenses	4,495	
Other extraordinary loss	563	6,418
<b>Loss before income taxes</b>		<b>(2,609)</b>
Corporate tax, corporate inhabitant tax and corporate enterprise tax	1,496	
Corporate tax and other adjustment	1,833	3,329
<b>Loss before minority interests</b>		<b>(5,939)</b>
Minority interests in income		632
<b>Net loss</b>		<b>(6,571)</b>

(Translation)

**Consolidated Statement of Changes in Shareholders' Equity**  
(From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2013</b>	<b>10,000</b>	<b>45,875</b>	<b>24,686</b>	<b>(536)</b>	<b>80,025</b>
<b>Changes during the consolidated fiscal year</b>					
Dividends from surplus			(693)		(693)
Net loss			(6,571)		(6,571)
Acquisition of treasury stocks				(0)	(0)
Disposal of treasury stock				0	0
Changes (net amount) of items other than shareholders' equity during the fiscal year					
<b>Total changes during the fiscal year</b>	<b>—</b>	<b>—</b>	<b>(7,265)</b>	<b>(0)</b>	<b>(7,265)</b>
<b>Balance as of March 31, 2014</b>	<b>10,000</b>	<b>45,875</b>	<b>17,421</b>	<b>(537)</b>	<b>72,759</b>

	Unrealized gain and loss on available-for-sale securities	Other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
		Land revaluation surplus	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income			
<b>Balance as of April 1, 2013</b>	<b>250</b>	<b>3,209</b>	<b>(17,870)</b>	<b>—</b>	<b>(14,410)</b>	<b>806</b>	<b>818</b>	<b>67,240</b>
<b>Changes during the consolidated fiscal year</b>								
Dividends from surplus								(693)
Net loss								(6,571)
Acquisition of treasury stocks								(0)
Disposal of treasury stock								0
Changes (net amount) of items other than shareholders' equity during the fiscal year	(45)	—	4,429	(11,010)	(6,625)	—	6,476	(149)
<b>Total changes during the fiscal year</b>	<b>(45)</b>	<b>—</b>	<b>4,429</b>	<b>(11,010)</b>	<b>(6,625)</b>	<b>—</b>	<b>6,476</b>	<b>(7,415)</b>
<b>Balance as of March 31, 2014</b>	<b>205</b>	<b>3,209</b>	<b>(13,440)</b>	<b>(11,010)</b>	<b>(21,036)</b>	<b>806</b>	<b>7,294</b>	<b>59,824</b>

(Translation)

**Non-consolidated Balance Sheet**

(As of March 31, 2014)

(Millions of yen)

Accounting Items	Amount	Accounting Items	Amount
Assets		Liabilities	
<b>Current assets</b>	<b>73,212</b>	<b>Current liabilities</b>	<b>84,976</b>
Cash and cash equivalents	19,513	Notes payable-trade	1,020
Notes receivable-trade	1,205	Accounts payable-trade	24,178
Accounts receivable-trade	27,229	Short term loans payable	29,825
Merchandise and finished goods	6,049	Current portion of long-term loans payable	9,765
Work in process	1,129	Debt for lease	133
Raw materials and supplies	1,995	Other accounts payable	12,411
Advance payments-trade	42	Accrued expenses	4,488
Prepaid expenses	767	Income taxes payable	256
Short-term loans receivable	7,863	Advances received	985
Accrued revenue	6,465	Deposits received	1,345
Deferred tax assets	1,615	Unearned revenue	78
Other	712	Provision for product warranties	233
Allowance for doubtful receivables	(1,378)	Other current liabilities	251
<b>Fixed assets</b>	<b>146,610</b>	<b>Long term liabilities</b>	<b>64,684</b>
<b>Tangible fixed assets</b>	<b>29,569</b>	Bonds payable	5,812
Buildings	6,243	Long-term loans payable	48,274
Structures	182	Debt for lease	171
Machinery and equipment	184	Deferred tax liabilities for land revaluation	1,772
Vehicles	128	Deferred tax liabilities	3,284
Tools, furniture and fixtures	1,156	Provision for retirement benefits	4,806
Land	20,680	Asset retirement obligations	542
Construction in progress	993	Other long term liabilities	20
<b>Intangible fixed assets</b>	<b>6,445</b>	<b>Total Liabilities</b>	<b>149,660</b>
Goodwill	28	Net Assets	
Software	6,333	<b>Shareholders' equity</b>	<b>66,060</b>
Other	83	<b>Paid-in capital</b>	<b>10,000</b>
<b>Investments and other assets</b>	<b>110,595</b>	<b>Capital surplus</b>	<b>56,899</b>
Investment securities	2,679	Capital reserve	10,000
Investments in affiliated companies	96,169	Other capital surplus	46,899
Investments in capital	1	<b>Retained earnings</b>	<b>(301)</b>
Investments in capital of subsidiaries and affiliates	5,171	Other retained earnings	(301)
Long-term loans receivable	204	Cumulative retained earnings	(301)
Long-term loans receivable from subsidiaries and affiliates	4,940	<b>Treasury stock</b>	<b>(537)</b>
Claims provable in bankruptcy, claims provable in rehabilitation and other	207	<b>Valuation and translation adjustments</b>	<b>3,344</b>
Long-term prepaid expenses	1,116	Unrealized gain and loss on available-for-sale securities	135
Prepaid pension cost	6,326	Land revaluation surplus	3,209
Other	671	<b>Subscription rights to shares</b>	<b>806</b>
Allowance for loss on investment in subsidiaries and affiliates	(2,193)		
Allowance for doubtful receivables	(4,698)		
<b>Deferred assets</b>	<b>49</b>		
Stock acquisition rights issuance cost	49	<b>Total Net Assets</b>	<b>70,212</b>
<b>Total Assets</b>	<b>219,873</b>	<b>Total Liabilities and Net Assets</b>	<b>219,873</b>

(Translation)

**Non-consolidated Statement of Income**  
(From April 1, 2013 to March 31, 2014)

(Millions of yen)

Accounting Items	Amount	
<b>Net sales</b>		<b>191,527</b>
<b>Cost of sales</b>		<b>162,272</b>
<b>Gross profit</b>		<b>29,255</b>
<b>Selling, general and administrative expenses</b>		<b>28,924</b>
<b>Operating profit</b>		<b>331</b>
<b>Non-operating profit</b>		
Interest income	275	
Dividends income	5,094	
Reversal of allowance for doubtful accounts	13	
Reversal of allowance for loss on investment in subsidiaries and affiliates	191	
Other	1,005	6,581
<b>Non-operating expense</b>		
Interest expense	2,126	
Interest on bonds	402	
Loan commission	966	
Foreign exchange losses	460	
Provision of allowance for doubtful accounts	1,040	
Provision of allowance for loss on investment in subsidiaries and affiliates	825	
Other	988	6,809
<b>Ordinary profit</b>		<b>102</b>
<b>Extraordinary profit</b>		
Gain on sales of fixed assets	1	
Gain on sales of investment securities	109	
Gain on sales of shares in subsidiaries and associated companies	2,561	
Gain on exchange from dividend in kind	248	
Other extraordinary profit	222	3,143
<b>Extraordinary loss</b>		
Loss on sales of fixed assets	1	
Loss on disposal of fixed assets	28	
Employment structural reform expenses	469	
Loss on sales of investment securities	0	
Loss on valuation of stocks of subsidiaries and affiliates	1,682	
Loss on exchange from dividend in kind	484	
Employment structural reform expenses	3,281	
Other	563	6,509
<b>Loss before income taxes</b>		<b>(3,263)</b>
Corporate tax, corporate inhabitant tax and corporate enterprise tax	(220)	
Corporate tax and other adjustment	896	676
<b>Net loss</b>		<b>(3,940)</b>

(Translation)

**Non-consolidated Statement of Changes in Shareholders' Equity**

(From April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity						
	Paid-in capital	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Cumulative retained earnings		
<b>Balance as of April 1, 2013</b>	<b>10,000</b>	<b>10,000</b>	<b>46,899</b>	<b>56,899</b>	<b>4,332</b>	<b>(536)</b>	<b>70,695</b>
<b>Changes during the fiscal year</b>							
Dividends from surplus					(693)		(693)
Net loss					(3,940)		(3,940)
Acquisition of treasury stocks						(0)	(0)
Disposal of treasury stocks						0	0
Changes of items other than shareholders' equity							
<b>Total changes during the fiscal year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(4,633)</b>	<b>(0)</b>	<b>(4,634)</b>
<b>Balance as of March 31, 2014</b>	<b>10,000</b>	<b>10,000</b>	<b>46,899</b>	<b>56,899</b>	<b>(301)</b>	<b>(537)</b>	<b>66,060</b>

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Unrealized gain and loss on available-for-sale securities	Land revaluation surplus	Total valuation and translation adjustments		
<b>Balance as of April 1, 2013</b>	<b>153</b>	<b>3,209</b>	<b>3,363</b>	<b>806</b>	<b>74,865</b>
<b>Changes during the fiscal year</b>					
Dividends from surplus					(693)
Net loss					(3,940)
Acquisition of treasury stocks					(0)
Disposal of treasury stocks					0
Changes of items other than shareholders' equity	(18)	—	(18)	—	(18)
<b>Total changes during the fiscal year</b>	<b>(18)</b>	<b>—</b>	<b>(18)</b>	<b>—</b>	<b>(4,652)</b>
<b>Balance as of March 31, 2014</b>	<b>135</b>	<b>3,209</b>	<b>3,344</b>	<b>806</b>	<b>70,212</b>



## Statutory Auditors' Report

### Audit Report

The Board of Statutory Auditors audited the Directors' performance of duties for the 6th business period from April 1, 2013 to March 31, 2014. The Board of Statutory Auditors reports the method and the results as follows.

#### 1. Audit Method and Details

The Board of Statutory Auditors established the auditing policies, audit plan, audit implementation standards, and received reports from each Statutory Auditor on the status of implementation of audits and results thereof. In addition, it received reports from Directors, Executive Officers, and the accounting auditor on the status of execution of their duties and asked them for explanations as necessary.

In accordance with the auditing policies and auditing standards for Statutory Auditors, which were established by the Board of Statutory Auditors, each Statutory Auditor maintained good communication with Directors, Executive Officers, the Management Audit Office (the internal audit division) and employees, strived to collect information and improve the auditing environment, and implemented audits as follows:

- (1) We attended meetings of the Board of Directors and other meetings as deemed important, received reports from Directors, Executive Officers, the Management Audit Office (the internal audit division) and employees on the status of execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made and other important documents, and examined business and financial conditions at the head office and principal offices.
- (2) Also, with regard to the details of the resolution made by the Board of Directors concerning the establishment of the systems stipulated in Article 100, Paragraphs 1 and 3 of the Regulations for the Enforcement of the Companies Act as what is necessary for ensuring the appropriateness of operations of stock companies, including the framework to ensure the conformity of the Directors' exercise of function with the Laws and Regulations and the Articles of Incorporation, which is described in the Business Report, as well as systems established based on the relevant resolution (internal control systems), we periodically received reports from Directors, the Management Audit Office (the internal audit division), the internal control division and employees on the status of establishment and operation of such systems, asked for explanations as necessary and expressed our opinions.
- (3) With regard to subsidiaries, we implemented audit activities in cooperation with statutory auditors of the subsidiaries of the Company from the standpoint of consolidated audit of the Company's statutory group, received reports from statutory auditors of the subsidiaries, maintained good communications and exchanged information with directors and others of the subsidiaries, visited the head offices, principal offices and principal divisions of the subsidiaries, received reports on business and asked for explanations as necessary.
- (4) In addition, we monitored and verified whether the accounting auditor maintains independency and properly implements audit, received from the accounting auditor reports on the execution of duties and asked for explanations as necessary. We also received a report from the accounting auditor stating that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Company Accounting Regulations) have been established in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), and asked the accounting auditor for explanations as necessary.

Based on the above method, the Board of Statutory Auditors examined the non-consolidated financial statements (balance sheet, statements of income, statement of changes in net assets, and notes to financial statements), the supporting schedules, and the consolidated financial statements (balance sheet, statements of income, statement of net assets, and notes to financial statements) for the current fiscal year.

#### 2. Audit Results

- (1) Audit Results of Business Report and Others
  - (i) The Board of Statutory Auditors acknowledges that the business report and the supporting schedules fairly present the Company's conditions in accordance with laws, regulations and the Articles of Incorporation.
  - (ii) With regard to the performance of duties by Directors, the Board of Statutory Auditors finds no significant evidence of wrongful acts, nor violations of laws, regulations, or the Articles of Incorporation.
  - (iii) The Board of Statutory Auditors acknowledges that the content of the resolution by the Board of Directors concerning the internal control system is appropriate. Also, statements in the Business Report and execution of duties by Directors regarding the relevant internal control systems have nothing to be pointed out.
- (2) Audit Results on the Non-consolidated Financial Statements and the Supporting Schedules

The Board of Statutory Auditors acknowledges that the audit method of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, and the results thereof are appropriate.
- (3) Audit Results of Consolidated Financial Statements

The Board of Statutory Auditors acknowledges that the audit method of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, and the results thereof are appropriate.

May 14, 2014

The Board of Statutory Auditors, JVC KENWOOD Corporation  
Statutory Auditor (full time) Takayoshi Sakamoto (seal)  
Statutory Auditor (external) Akihiko Washida (seal)  
Statutory Auditor (external) Shojiro Asai (seal)

(Translation)

## SHAREHOLDERS' MEMO

- Fiscal year	From April 1 to March 31 of each year
- Ordinary general meeting of shareholders	June of each year
- Record date with respect to voting rights to be exercised at the ordinary general meeting of shareholders	March 31 of each year
- Base dates for dividends from surplus	March 31 of each year September 30 of each year Dividends from surplus may be paid on base dates other than the above base dates.
- Method of public notice	Public notices will be made electronically. Electronic public notices will be posted on our website: ( <a href="http://www.jvckenwood.co.jp">http://www.jvckenwood.co.jp</a> )  However, in the event that electronic public notices are not available for reasons such as accidents or other contingencies, the public notice will be posted in the <i>Nikkei</i> (the <i>Nihon Keizai Shimbun</i> )
- Stock listing market	1st Section of Tokyo Stock Exchange
- Code	6632
- Number of shares constituting one trading unit	100
- Administrator of shareholder registry	4-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Service location	4-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
Contact (Inquires/Sending address)	8-4, 2-chome, Izumi, Suginami-ku, Tokyo, 168-0063 Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited Telephone inquiries: 0120-782-031 <a href="http://www.smtb.jp/personal/agency/index.html">http://www.smtb.jp/personal/agency/index.html</a>

### Contact

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URL: <http://www.jvckenwood.co.jp>

### Forward-looking Statements

When included in this convocation notice, the words "will," "should," "expects," "intends," "anticipates," "estimates," and similar expressions, among others, identify forward-looking statements. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in this document. These forward-looking statements are made only as of the date of this document. JVC KENWOOD Corporation expressly disclaims any obligations or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. Actual results may vary widely from forecasts due to the following factors: 1) drastic changes in economic conditions and product supply and demand in major markets (Japan, Europe, the Americas, Asia etc.), 2) changes in trade regulations and other regulatory changes in major domestic and international markets, 3) drastic changes in foreign exchange rates (yen-dollar, yen-euro etc.), 4) sharp moves in the capital markets, and 5) changes in social infrastructure caused by drastic changes in technology etc. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.