

Translation for Reference Only



JVC Kenwood Group Results and Forecast Briefing

First Quarter of Fiscal Year Ending March 2010

JVC KENWOOD Holdings, Inc.
July 31, 2009

Financial Results Overview for First Quarter of Fiscal Year Ending March 2010

Hiroshi Odaka, Director and CFO

Business Forecasts and Future Measures for Fiscal Year Ending March 2010

Haruo Kawahara, President, Chairman and CEO

Abbreviations referred to in the materials

CE: Car Electronics H&M: Home & Mobile Electronics PS: Professional Systems ET: Entertainment
FYE: Fiscal Year Ending / Ended

Financial Results Overview for First Quarter of Fiscal Year Ending March 2010

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Comparison with 4Q of the previous fiscal year

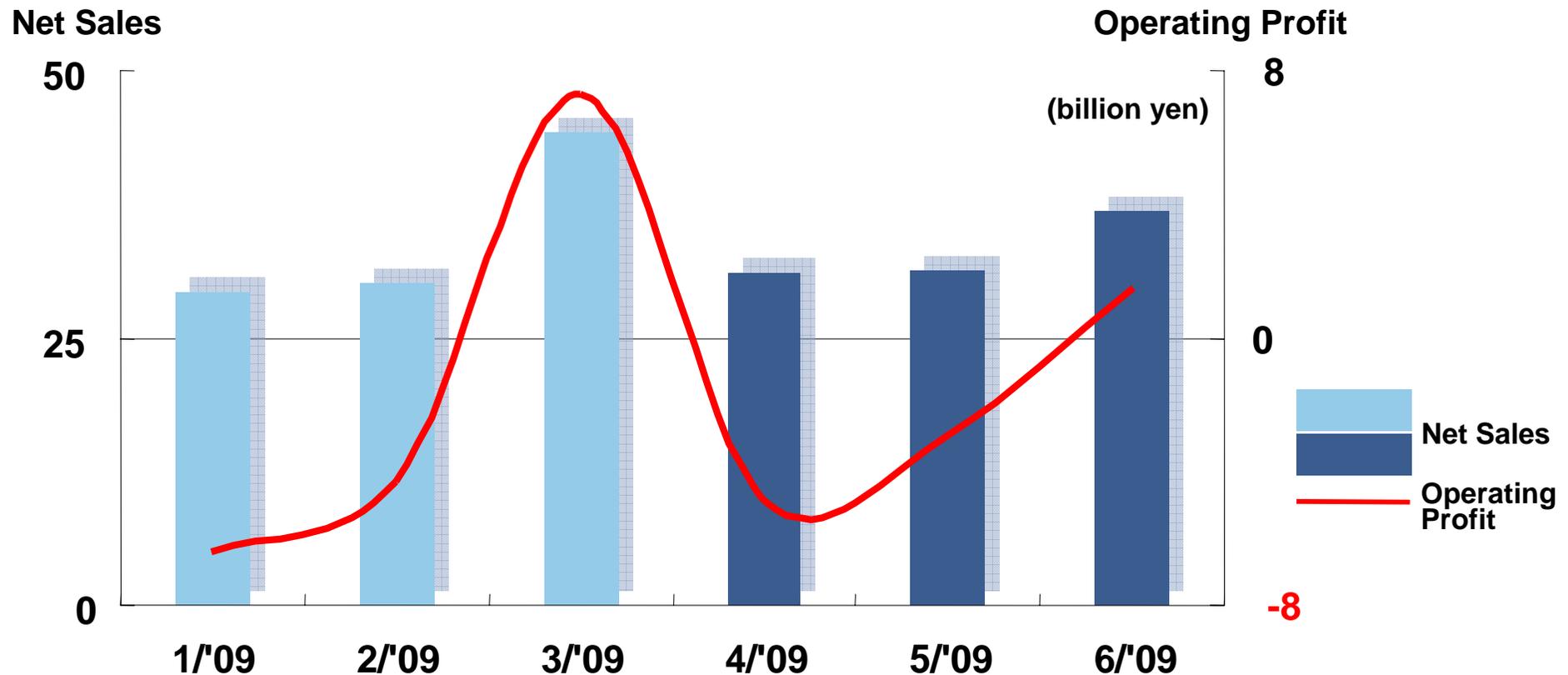
- * Net sales, operating profit and ordinary income decreased.
- * Net income improved due to a reduction in extraordinary loss.

(billion yen)

	Net Sales	Operating Profit	Ordinary Income	Net Income	Exchange Rate
1Q	99.1	(6.0)	(7.1)	(8.0)	US\$: ¥97 Euro: ¥133
FYE 3/'09 4Q	103.4	(3.3)	(6.5)	(15.5)	US\$: ¥94 Euro: ¥122
Changes	-4.3	-2.7	-0.6	+7.4	

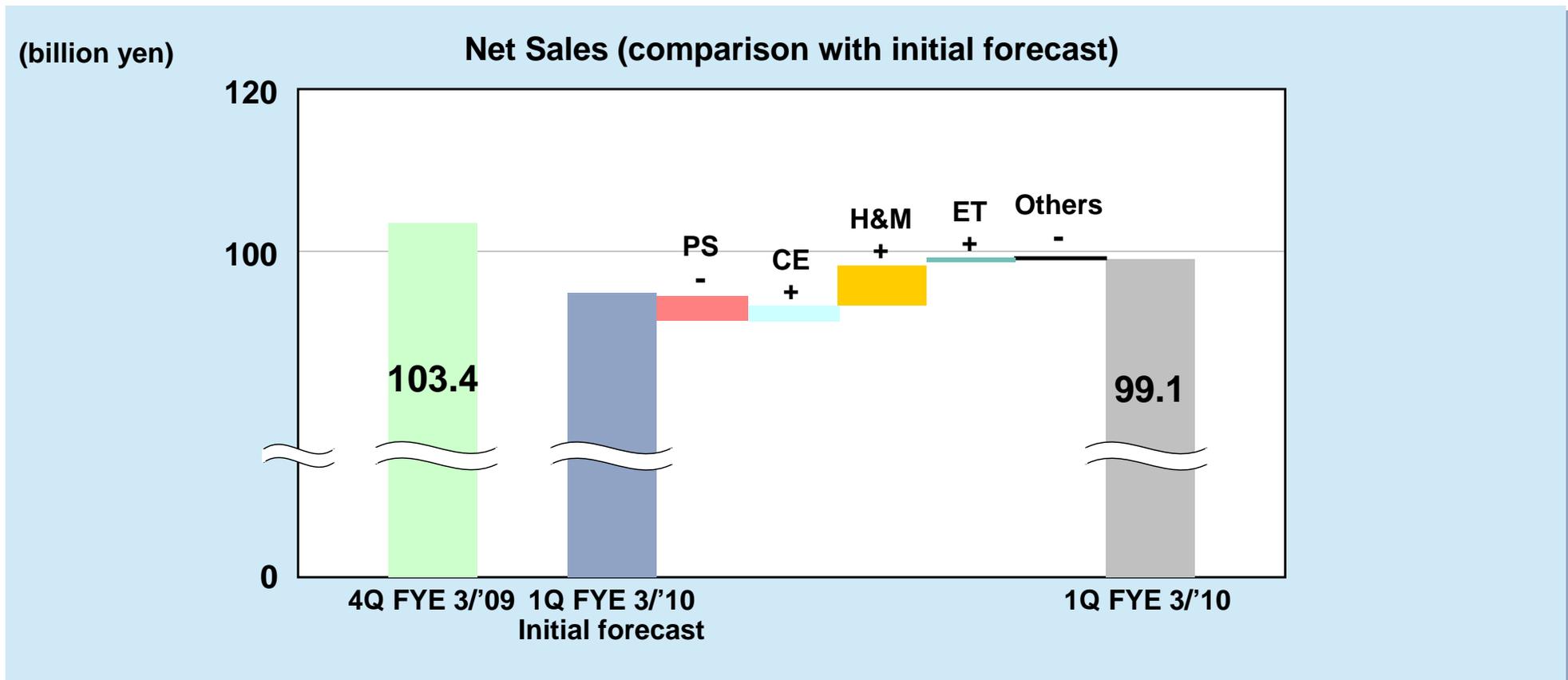
1Q - Monthly Performance

- * Recovery in sales toward the end of 1Q.
- * Along with the above, profit and loss improved in June.



Net sales: ¥99.1 B

- * Sales of **Professional Systems** were lower than expected, while those of **consumer businesses** were higher. Net sales were higher than the initial forecast.
- * Compared with 4Q, sales turned upward toward the end of 1Q, particularly in **Car Electronics**, and the sales decline was limited to 4.1%.



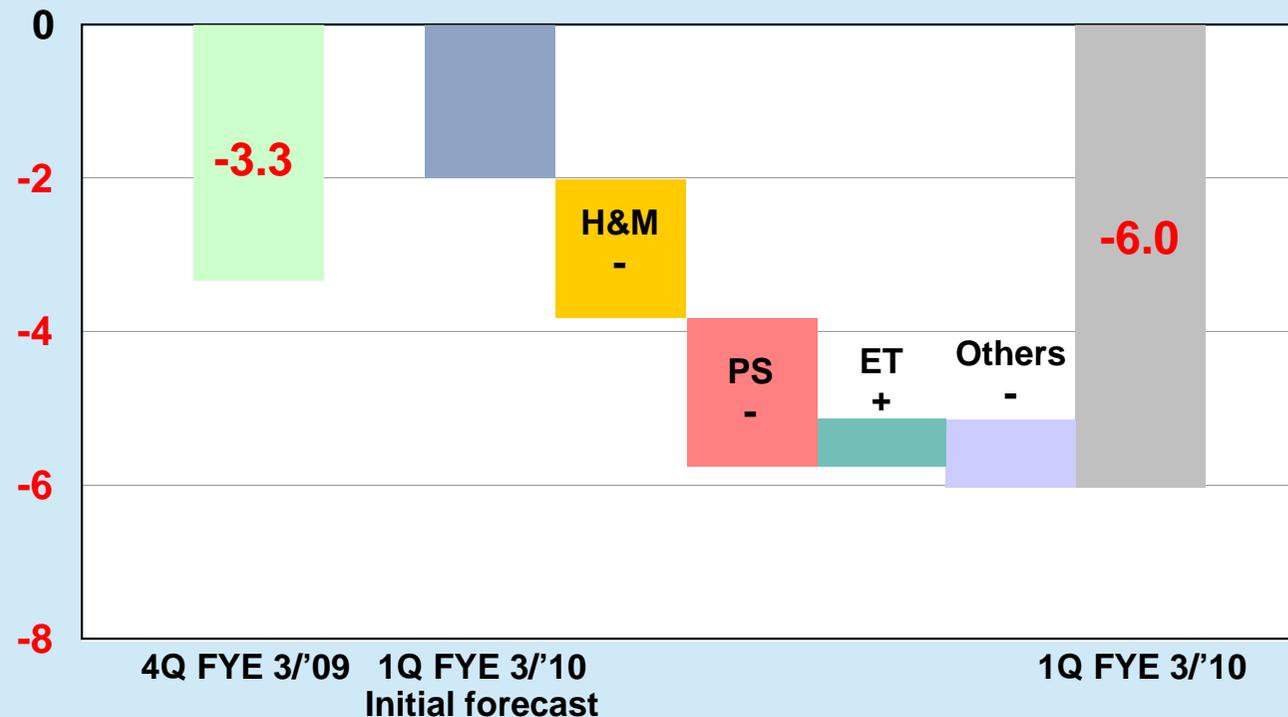
1Q - Financial Results - Operating Profit

Operating profit: ¥-6.0B

- * The improvement in earnings of **display, home audio and CE OEM** was in line with expectations.
- * The effects of management integration (¥2.0B in total), such as the cost synergy effect and accounting effect, were in line with the projections.
- * Earnings of **Professional Systems** and **Home & Mobile Electronics** centering on **camcorders** were lower than expected. Operating loss was worse than the initial forecast.
- * Compared with 4Q, earnings of **Professional Systems** were lower, and operating loss worsened by ¥2.7B.

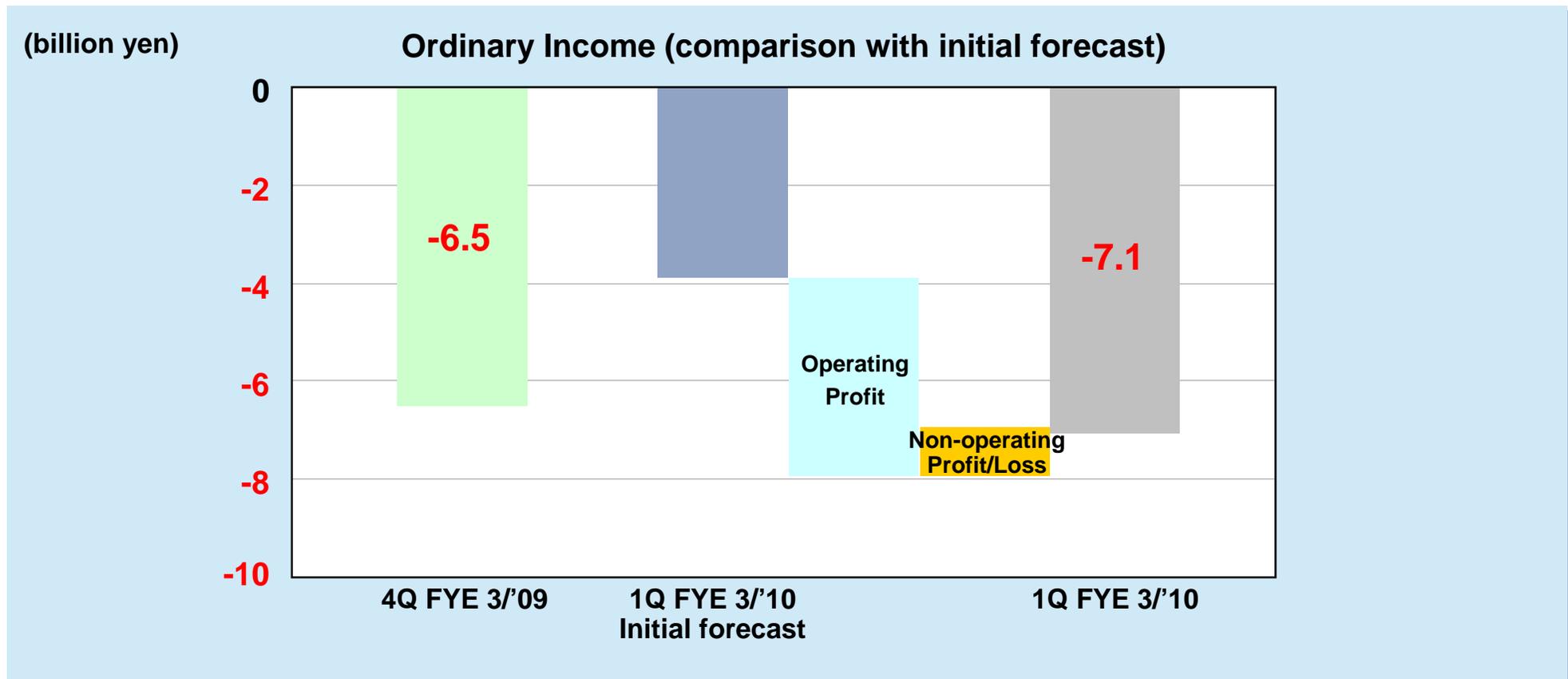
(billion yen)

Operating Profit (comparison with initial forecast)



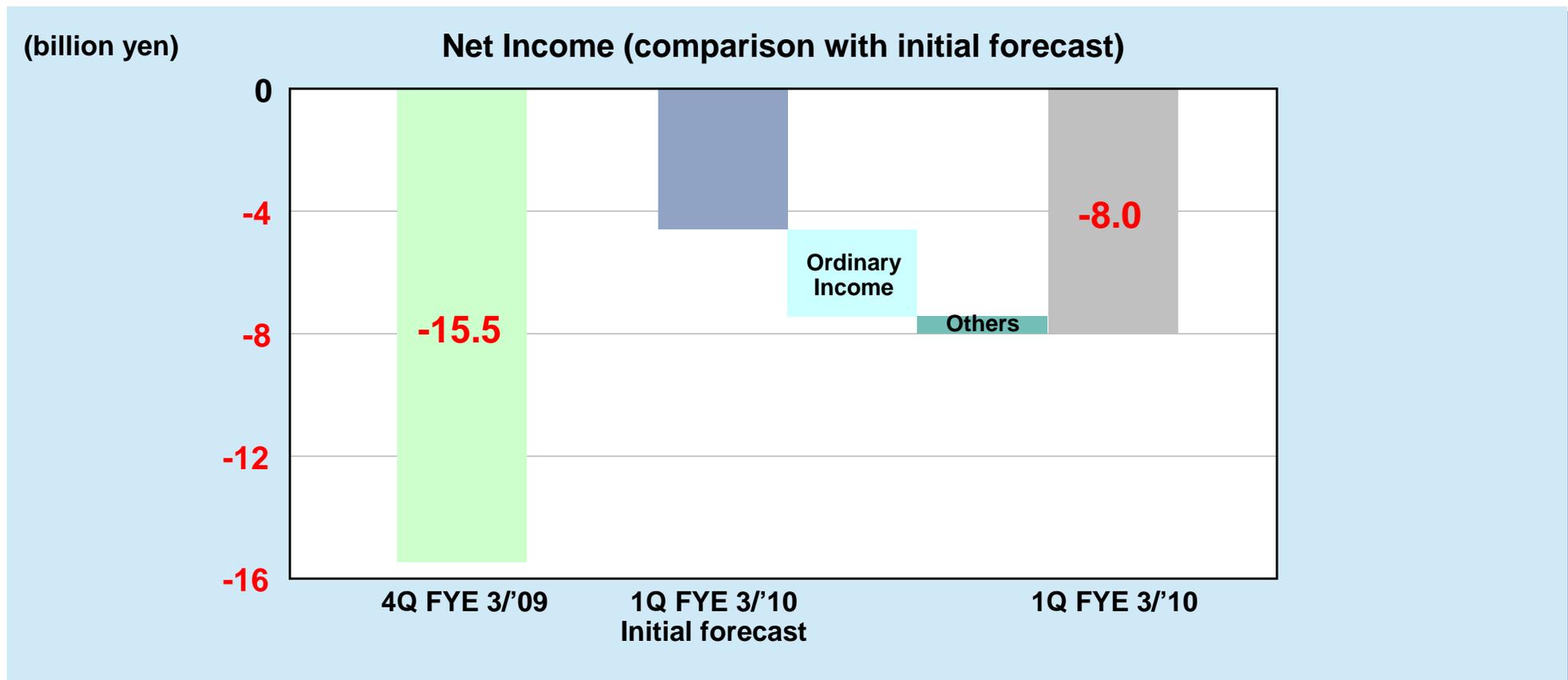
Ordinary income: ¥-7.1B

- * A decrease in operating profit was the major cause of the lower ordinary income.
- * Accounting effects (¥0.5B) of amortizing negative goodwill, etc. were in line with the projections.
- * Compared with 4Q, non-operating profit/loss improved and the decrease was limited to ¥0.6B due to a drop in foreign-exchange loss, etc.



Net income: ¥-8.0B

- * Worsened ordinary income was the major cause of the decreased net income.
- * Accounting effects (¥0.5B) by reserve for restructuring costs and application of the consolidated taxation system were in line with the projections.
- * Compared with 4Q, net income improved ¥7.4B, halving the loss, due to a decrease in extraordinary loss consisting of restructuring costs, etc.



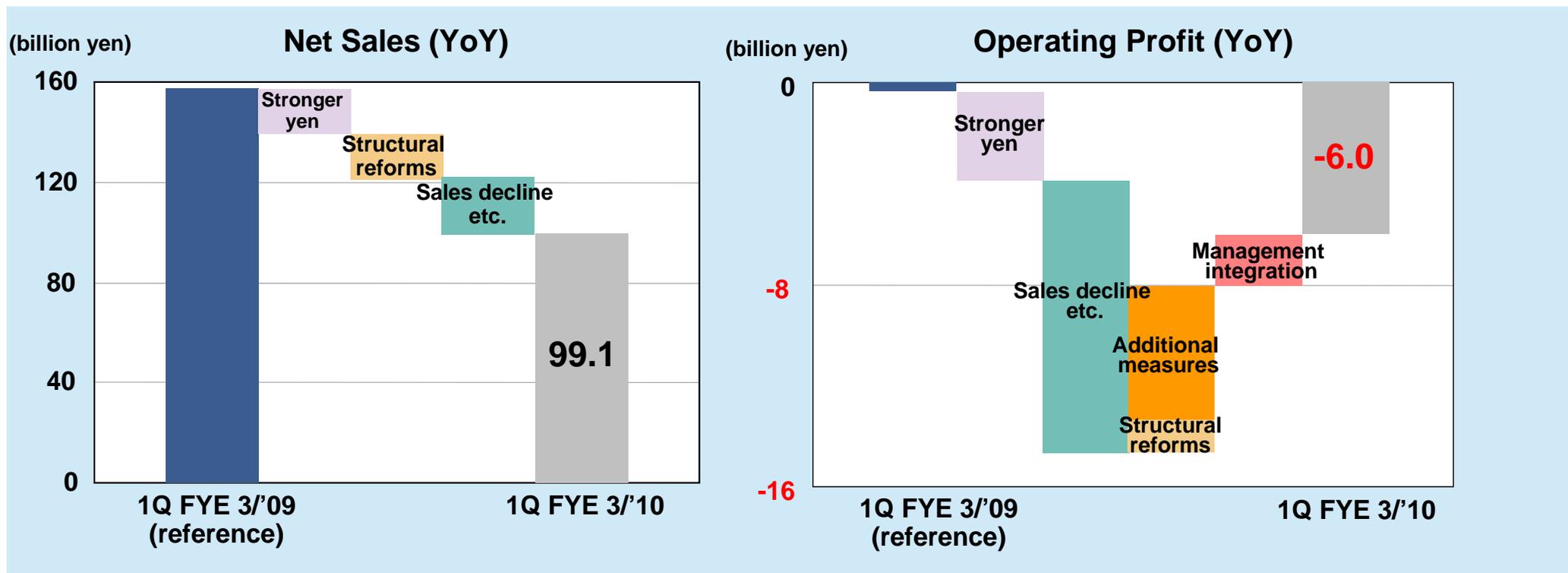
1Q - Comparison with Previous Period* (Reference)

Net sales * For FYE 3/09 the sum of results of JVC and Kenwood is stated (JVC's sales are converted using the net method).

Reflected the effects of a stronger yen (¥-15.4B), structural reforms (¥-18.2B) such as a reduction in Japanese consumer LCD TV and transfer of devices and recording media, and a decline in sales and price drops (¥-24.6B).

Operating profit

Reflected the effects of a stronger yen (¥-3.5B), a decline in sales (¥-10.8B), the effect of restructuring and additional measures (¥6.6B) and the effect of management integration (¥2.0B).

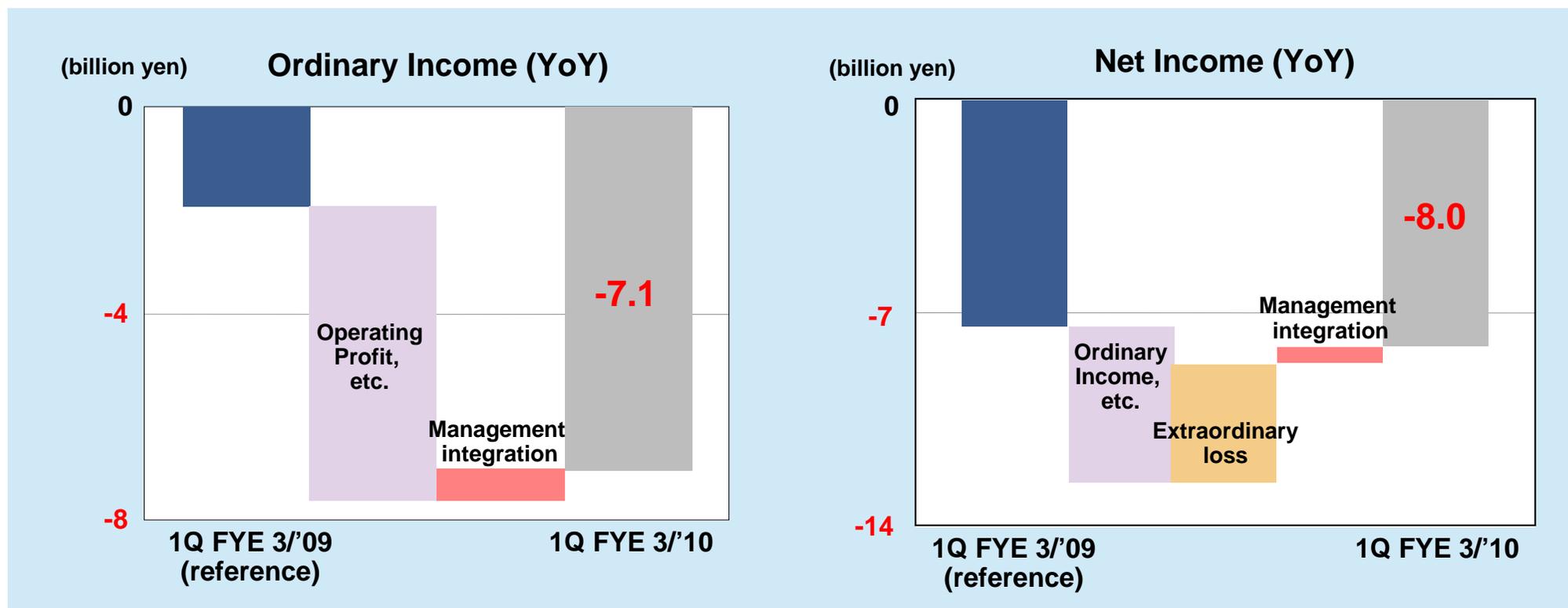


Ordinary income

Reflected a decrease in operating profit, etc. (¥-5.6B) and the effect of management integration (¥0.5B).

Net income

Reflected a decrease in ordinary income, etc. (¥-5.0B), a decline in extraordinary loss (¥3.9B) and the effect of management integration (¥0.5B).



1Q - Effects of Additional Measures and Management Integration

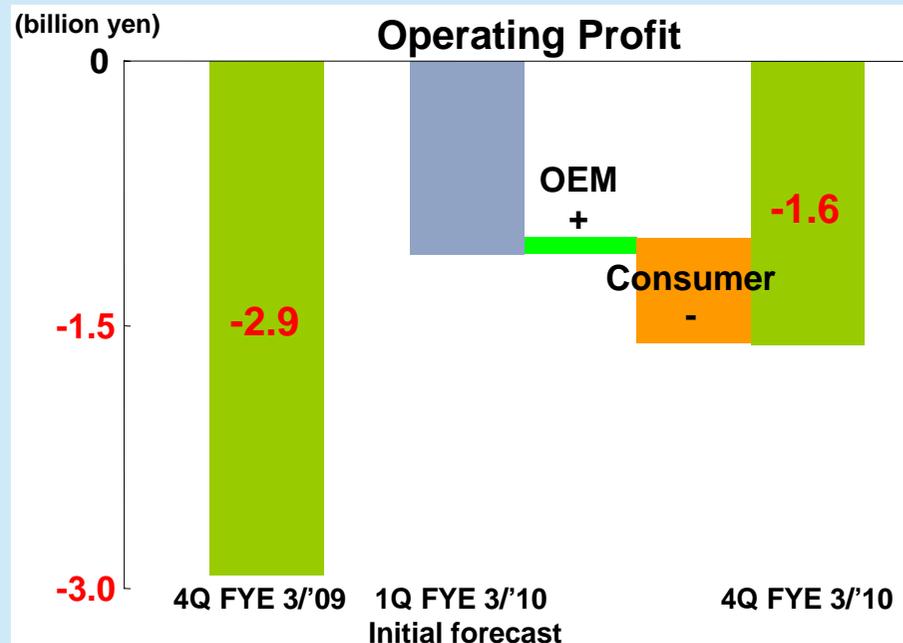
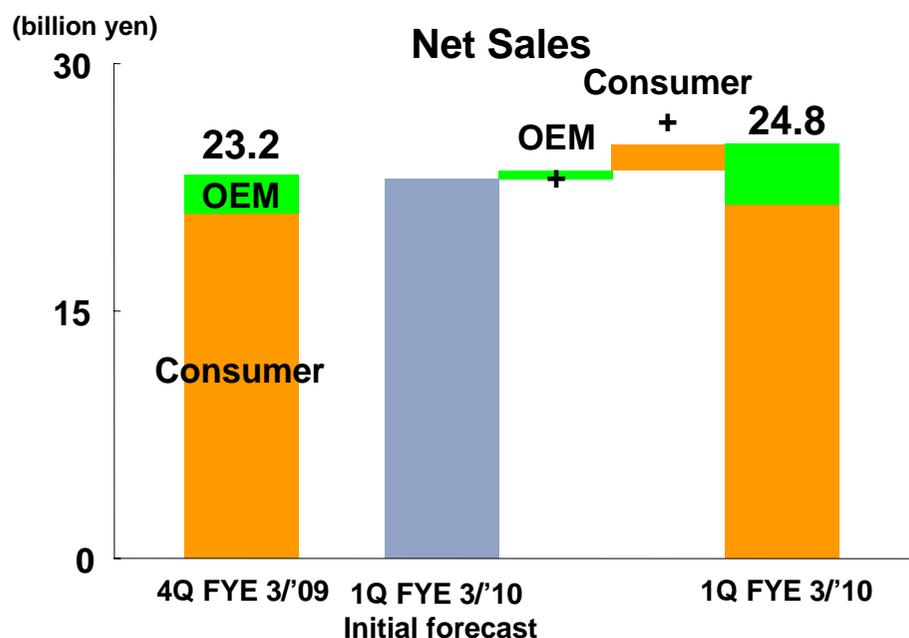
Effects of additional measures and management integration for 1Q of FYE 3/'10 : ¥8.3B

(billion yen)

	Operating Profit	Non-operating Profit/Loss	Extraordinary Profit/Loss, Corporate Tax, etc.	Total
Effect of additional measures	5.3	-	-	5.3
Cost synergy effect	1.0	-	-	1.0
Accounting effects with the purchase method	1.0	0.5	0.5	2.0
Total	7.3	0.5	0.5	8.3

Net sales: ¥24.8B Operating profit: ¥-1.6B

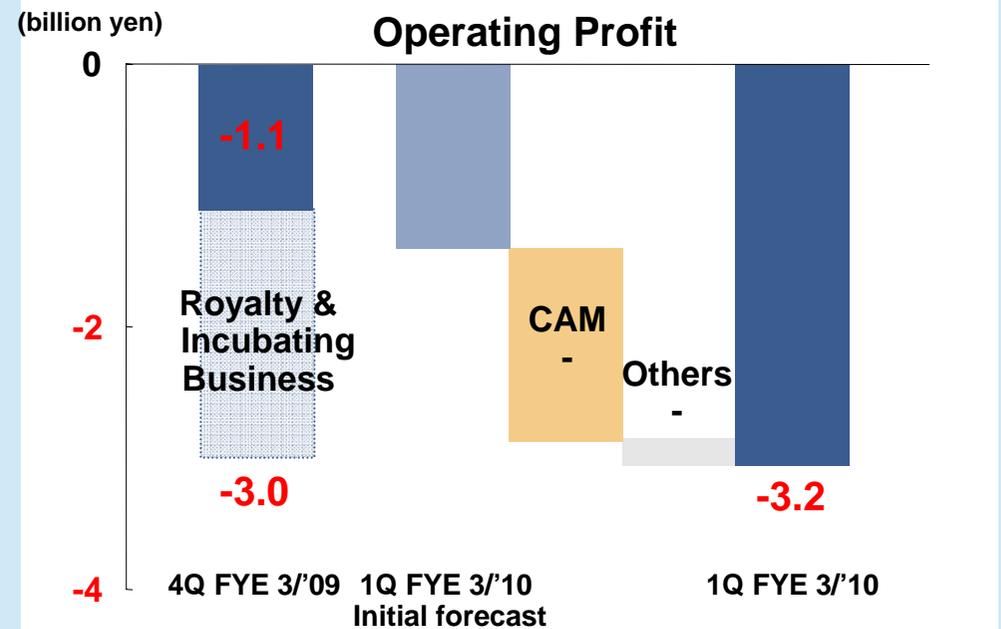
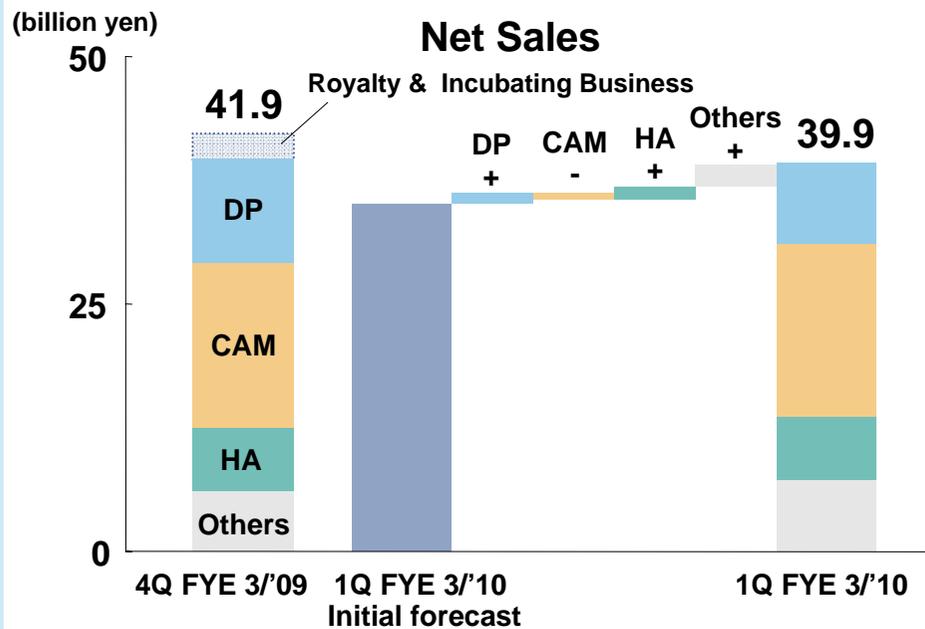
- * **Consumer:** Lower prices had an adverse effect, but the introduction of product lineups for 2009 progressed mainly in the U.S.
- * **OEM:** The effects of structural reforms were realized, and orders for car navigation systems for Japanese market and CD/DVD mechanisms for overseas market increased.
- * Sales and profit/loss of both **consumer** and **OEM** improved toward the end of 1Q. Overall, net sales were higher than expected, and operating profit fell slightly short of the projections.
- * Compared with 4Q, net sales increased by 7.1% and operating profit improved by ¥1.3B.



1Q - Home & Mobile Electronics Business

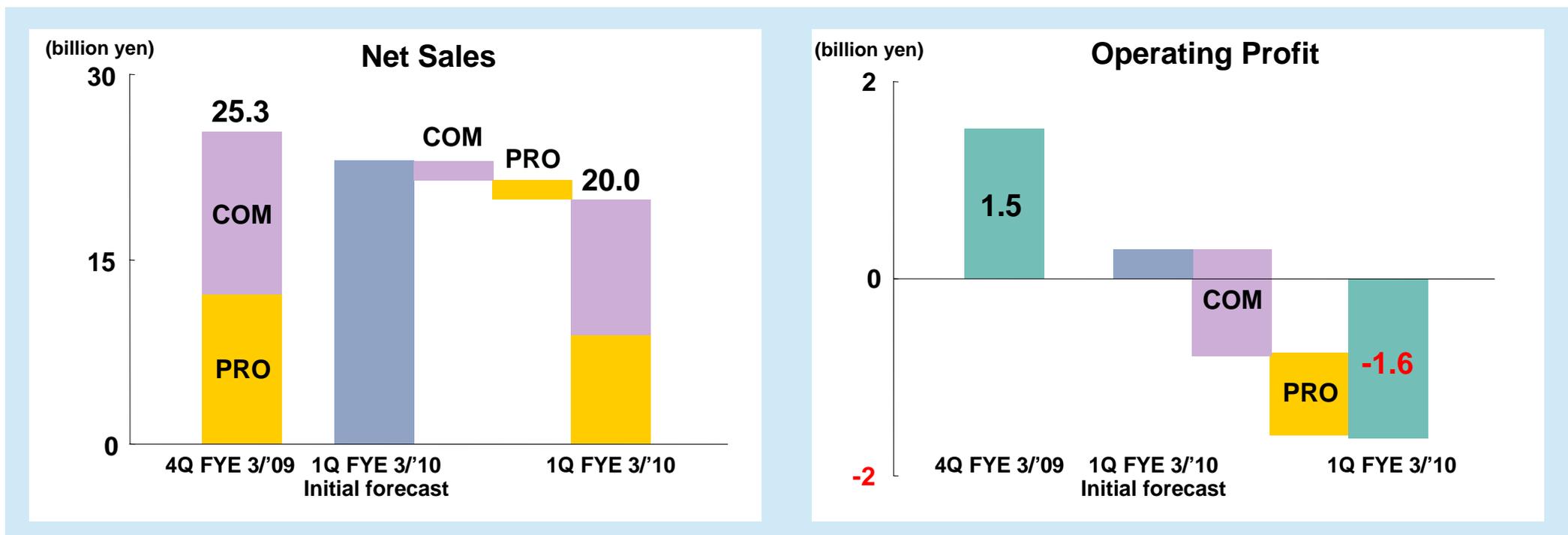
Net sales: ¥39.9B Operating profit: ¥-3.2B

- * Earnings of **display (DP)** and **home audio (HA)** improved due to results of structural reforms.
- * Earnings of **camcorder (CAM)** worsened due to the effect of lower prices amid a delay in recovery in Europe and a delay in disposal of old products and introduction of new products.
- * Compared with 4Q, both net sales and operating profit remained unchanged (comparison based on the new standards) due to a gradual recovery in sales of new product lineups.



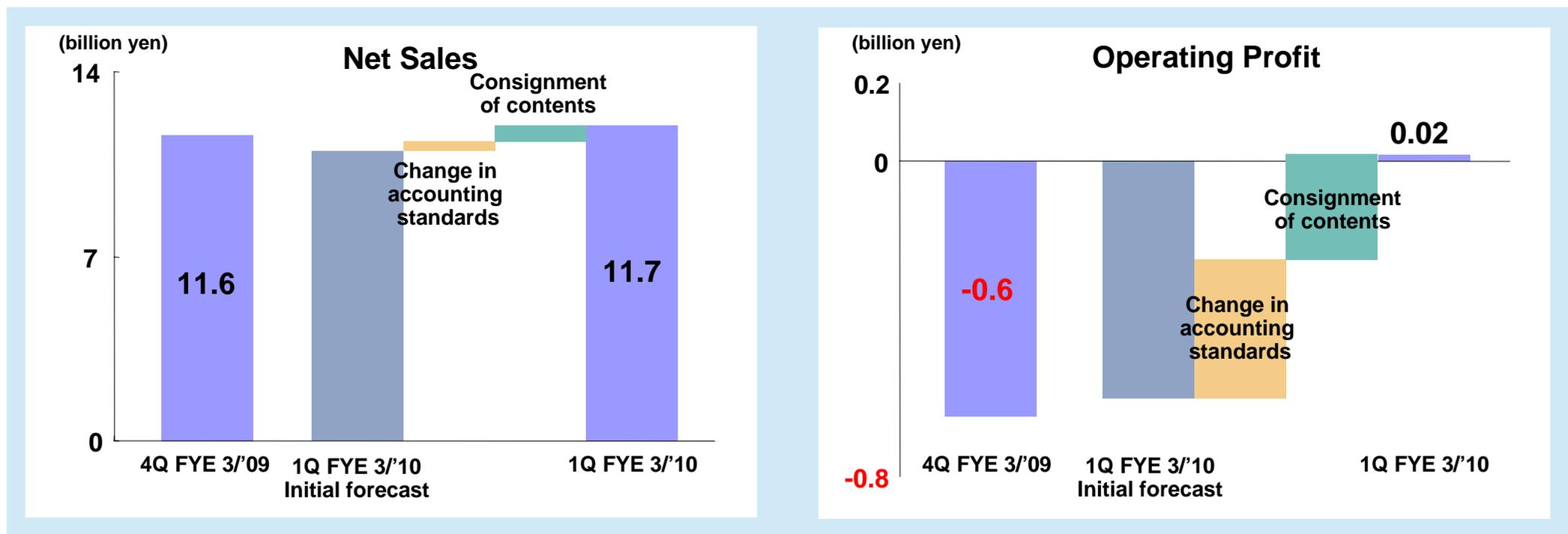
Net sales: ¥20.0B Operating profit: ¥-1.6B

- * **Communications Equipment (COM):** Sales and profit/loss of Land Mobile Radio (LMR) fell short of projections, affected by a U.S. policy on investment budgets for the public safety sector.
- * **Professional AV Systems (PRO):** Sales and profit/loss were lower than expected owing to a decrease in orders from the business & industry sector.
- * Compared with 4Q, net sales decreased by 21.1%, and operating profit worsened by ¥3.1B.



Net sales: ¥11.7B Operating profit: 0.02B

- * **Contents:** Earnings remained strong due to popularity of some releases related to blockbuster and animation.
- * **Consignment:** Earnings were affected by the deteriorated economy, but supported by a capital and business alliance with TOPPAN PRINTING CO., LTD.
- * Overall, both net sales and operating profit were higher than the initial forecast, due partly to a change in accounting standards for property-rights-based income.
- * Compared with 4Q, net sales increased by 0.8%, and operating profit improved by ¥0.7B.



Balance Sheet

- * Total assets decreased by ¥21.9B from the end of FYE 3/09 due to declines in trades receivable and inventory assets.
- * Interest-bearing debt decreased by ¥5.3B due to the repayment of short-term borrowings (¥15.0B) and the partial redemption by purchase of corporate bonds (¥3.0B). Total debt declined by ¥14.8B, while net debt advanced by ¥3.0B.
- * Shareholders' equity fell by ¥7.8B because due to a net loss for 1Q, and total net assets fell by ¥7.1B.

	At the time of JVC Kenwood's launch	End of FYE 3/09	End of 1Q	Change from end of FYE 3/09	(billion yen)
Total assets	407.4	354.7	332.7	-21.9	
Interest-bearing debt	123.1	132.7	127.3	-5.3	
Net debts	74.8	80.2	83.2	+3.0	
Capital stock	10.0	10.0	10.0	0	
Surplus, Treasury stock	110.9	92.1	84.3	-7.8	
Valuation and translation adjustment	-7.1	-16.5	-15.8	+0.7	
Net assets	113.9	85.6	78.4	-7.1	
Equity ratio (%)	27.5	23.6	23.3	-0.3	
Net assets per share (yen)	115.68	86.60	80.15	-6.45	

Cash Flow

Cash flows from operating activities

- * Although net income before tax was ¥-7.6B, the balance of necessary operating fund improved due to reductions of trades receivable and inventory assets, and cash from operating activities was a net inflow of ¥0.4B.

Cash flows from investing activities

- * Despite the income by the sales of fixed assets, cash flow from investing activities was a net outflow of ¥2.8B due to the acquisition of tangible and intangible fixed assets, etc.

Cash flows from financing activities

- * Cash flow from financing activities was a net outflow of ¥6.6B due to the partial redemption by purchase of corporate bonds and the repayment of short-term borrowings.
- * Cash and cash equivalents were ¥44.1B at the end of 1Q.

Business Forecasts and Future Measures for Fiscal Year Ending March 2010

Haruo Kawahara, President, Chairman and CEO

As we expect to post an operating profit for 2Q, we have revised our business forecast for the first half.

- * Thanks to a recovery in sales toward the end of 1Q, profit/loss improved in June, which indicates a marked recovery in earnings.
- * For 2Q onward, we expect that earnings of **Car Electronics** to further improve, and in **Professional Systems**, investment budgets for the public safety sector in the U.S. will be implemented.
- * We are scheduled to take new special measures, and related extraordinary loss was reflected in the forecast.

Consolidated Earnings Forecast for the First Half (billion yen)

	Net Sales	Operating Profit	Ordinary Income	Net Income
(Previous forecast)	200.0	2.0	(2.0)	(4.0)
(Revised forecast)	205.0	(5.5)	(8.5)	(14.0)
(Changes)	+5.0	-7.5	-6.5	-10.0

Only the revisions to the earnings forecast for first half were reflected in the forecast for the full fiscal year at this time.

- * Recovery in June and 2Q is expected to improve earnings for the second half.
 - * For 3Q onward, we expect special measures to contribute to improving earnings more than expected initially.
- >> We plan to announce our business forecast for the full fiscal year, in which the above factors will be reflected, by the time of releasing 2Q financial results.

Consolidated Earnings Forecast for the Full Fiscal Year

(billion yen)

	Net Sales	Operating Profit	Ordinary Income	Net Income
(Previous forecast)	430.0	9.5	3.0	0
(Revised forecast)	435.0	2.0	(3.5)	(10.0)

1. Measures at JVC

- (1) Structural reform in Europe and business structural reform in Professional Systems business
- (2) Early retirement benefit program
- (3) Cost reduction related to IT, events, etc.

2. Measures at Kenwood

- (1) Reinforcement of the capability to respond to market needs and reinforcement of the digital business
- (2) Review and Reinforcement of the production system

3. Measures at J&K Car Electronics (JKCE)

- (1) Reform of the development structure
- (2) Reform of the cost structure
- (3) Reform of the production system
- (4) Reform of the sales companies

1. Measures at JVC

(1) Structural Reform in Europe and Business Structural Reform in Professional Systems Business

Structural Reform in Europe

- * Enhancing the sales capability for camcorders, displays, and home audio
- * Conducting sweeping structural reform of the sales companies in Europe, including the consumer and Professional AV Systems businesses

Business Structural Reform in Professional AV Systems Business

- * Reforming the business structure in the professional AV systems business (from supply of equipment to supply of business solutions)
- * Studying the transfer/sales of the Hachioji Plant (extraordinary loss from sales will be reflected in earnings for 2Q)

(2) Early Retirement Benefit Program

- * Victor Service & Engineering: 100 employees (under discussion between labor and management)

(3) Cost Reduction Related to IT, Events, etc.

Cost Reduction Related to IT

- * Drastically overhauling the operation and administration systems for JVC's host computers, etc. utilizing the cloud computer service

Cost Reduction Related to Events

- * Refraining the exhibition of products at CEATEC JAPAN 2009

2. Measures at Kenwood

(1) Reinforcement of the Capability to Respond to Market Needs, including the Public Safety Sector in the U.S., and Reinforcement of the Digital Business

(2) Review and Reinforcement of the Production System

Reviewing the division of production and technologies at plants of Kenwood Yamagata, Singapore and Shanghai, and reforming costs at these plants

3. Measures at JKCE

(1) Reform of the Development Structure

- * Developing unified platforms and accelerating commercialization

(2) Reform of Cost Structure

- * Reviewing product lineups and reforming costs
- * Making the best use of overseas R&D bases

(3) Reform of the Production System

- * Reviewing production at home and abroad

(4) Reform of the Sales Companies

- * Concentrating the Company's buildings and rationalizing back-office functions

Additional Measures + Special Measures = Profitability Improvement Effect of ¥25.0B

Special Measures (in 2Q onward): Profitability Improvement of ¥4.0B

- * Measures at JVC
- * Measures at Kenwood
- * Measures at JKCE

**Additional Measures (4Q of FYE 3/'09):
Cost Reduction Effect of ¥21.1B (previous projection: ¥20.0B)**

- * Reform of business structure: ¥8.9B
- * Reform of employment structure: ¥7.7B
- * Emergency measures: ¥4.5B

JVC KENWOOD HOLDINGS

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