JVC Kenwood Group's Results and Forecast Briefing

Third Quarter of Fiscal Year Ending March 2010

JVC KENWOOD Holdings, Inc
March, 2010

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Haruo Kawahara, Chairman, President and CEO

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Haruo Kawahara, Chairman, President and CEO

Adjustments to Previous Earnings Results

Haruo Kawahara, Chairman, President and CEO

We deeply apologize for the inconvenience and anxiety caused to all parties concerned with regard to the subject adjustments to previous earnings results and the associated delay in submitting the quarterly report for the third quarter of the fiscal year ending March 2010.

We are committed to making every effort to resolve all past issues and make a fresh start, and would greatly appreciate your continued support and understanding on this matter.

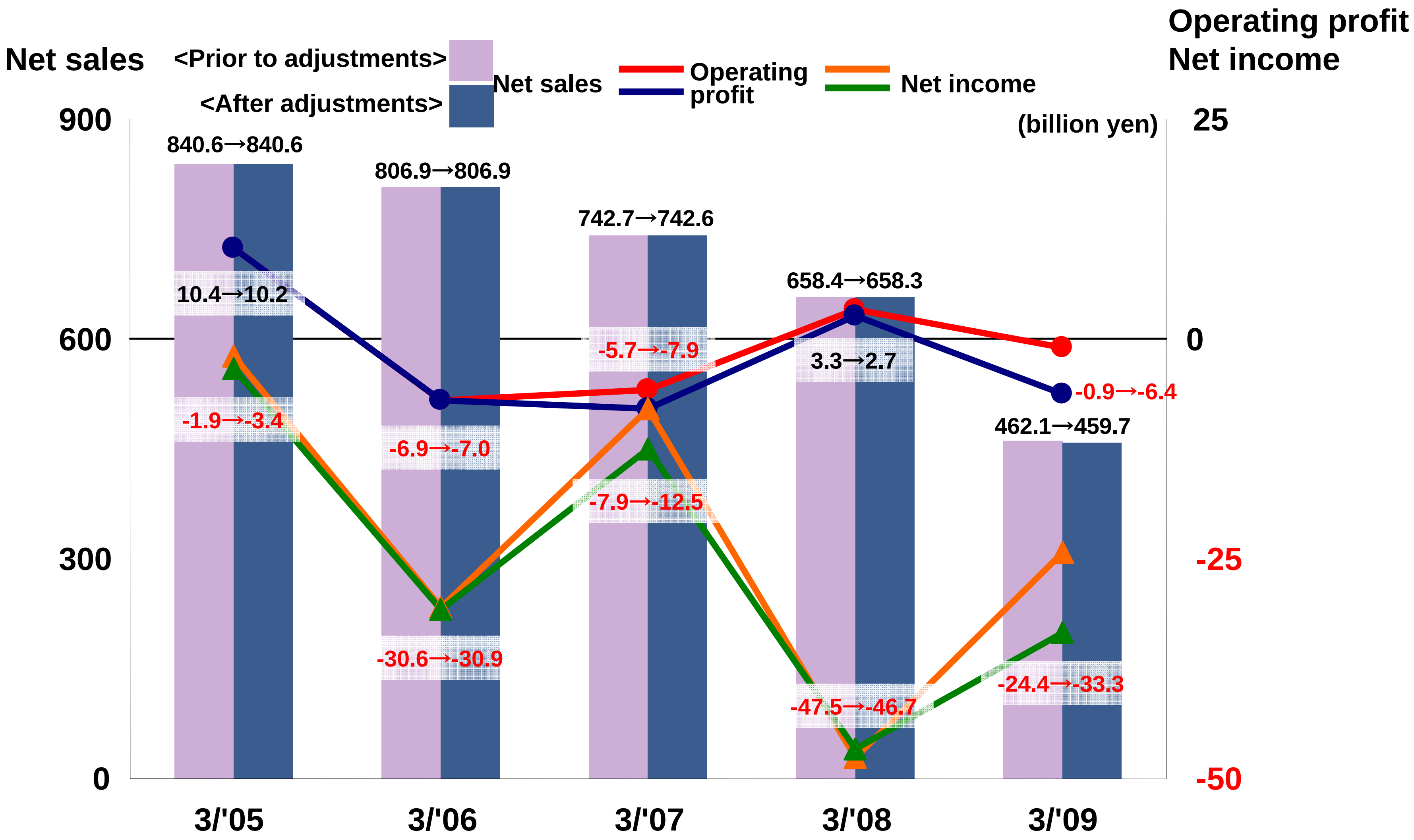
Adjustments to Previous Earnings Results
- Adjustments for JVC (announced on March 12)

JVC KENWOOD HOLDINGS

Adjustments to previous earnings results of Victor Company of Japan, Ltd. (JVC)

Details of adjustments	Period	Amount of losses posted
Posting of losses with respect to Spanish sales subsidiary	FYE 3/’05 - 2Q FYE 3/’10	¥4.8 billion
Posting of losses with respect to German sales subsidiary	FYE 3/’07 - 2Q FYE 3/’10	¥1.5 billion
Posting of losses with respect to Austrian sales subsidiary	FYE 3/’08 - 2Q FYE 3/’10	¥2.1 billion
Posting of losses with respect to Chinese sales subsidiary	FYE 3/’07 - 2Q FYE 3/’10	¥1.3 billion
Posting of losses with respect to the Optical Component Department	FYE 3/’05 - 2Q FYE 3/’10	¥1.8 billion
Posting of losses with respect to German service subsidiary	FYE 3/’06 - 2Q FYE 3/’10	¥1.1 billion
Posting of losses with respect to JVC	FYE 3/’05 - 2Q FYE 3/’10	¥0.8 billion
Posting of losses with respect to other overseas sales subsidiaries, etc.	FYE 3/’09 - 2Q FYE 3/’10	¥0.8 billion
Posting of impairment losses associated with the amendments to previous earnings results	FYE 3/’07 - 2Q FYE 3/’10	¥2.8 billion
Total		¥17.1 billion

Adjustments to Statements of Income of JVC



* Beginning in the third quarter of the fiscal year ended March 2009, the calculation method for net sales was changed to the net method.

Adjustments to Previous Earnings Results
- Effects on JVC Kenwood

JVC KENWOOD HOLDINGS

* Because we adopted the purchase method, profits and losses, net assets, and other accounting items of JVC for the periods prior to the management integration were not carried over to the consolidated financial statements of JVC Kenwood.

* The total losses that JVC posted prior to the management integration (10.1 billion yen) consisted of a reduction in JVC's net assets, and positive goodwill (after foreign currency translation adjustments) of 6.2 billion yen. These were recognized in conjunction with the management integration in place of negative goodwill of 3.2 billion yen. >> Recognition of all impairment losses (extraordinary loss) in the 3Q of the previous fiscal year

* Negative goodwill of 1.6 billion yen amortized and posted until the 2Q was cancelled. >> Decrease in non-Operating profit of 1.6 billion yen

Losses by JVC	Prior to management integration	After management integration	Total
Prior to adjustments	—	7.6 billion yen	7.6 billion yen
After adjustments (rough estimate)	10.1 billion yen	7.0 billion yen	17.1 billion yen
Amount of impact (rough estimate)	Up 10.1 billion yen	Down 0.6 billion yen	Up 9.5 billion yen

Effects on JVC Kenwood	Effects on positive or negative goodwill		Effects on posting losses	Total
Prior to adjustments	At the time of management integration Negative goodwill: **3.2 billion yen**	Amortization of negative goodwill: **1.6 billion yen already posted**	7.6 billion yen	
After adjustments (rough estimate)	Positive goodwill after foreign currency translation adjustments: **6.2 billion yen** Recognition of impairment loss	Amortization of negative goodwill: **1.6 billion yen cancelled**	7.0 billion yen	14.8 billion yen
Amount of impact (rough estimate)	Extraordinary loss: **6.2 billion yen**	Non-Operating profit: **Decrease by 1.6 billion yen**	Down 0.6 billion yen	Up 7.2 billion yen

Adjustments to Previous Earnings Results
- Adjustments to Balance Sheets of JVC Kenwood

JVC KENWOOD HOLDINGS

3Q of FYE 3/'09

* Recognition of impairment loss regarding the entire positive goodwill of 6.2 billion yen
* Disposition of the amortization of negative goodwill amounting to 1.6 billion yen

Decrease in net assets, shareholders' equity and total assets

2Q of FYE 3/'10

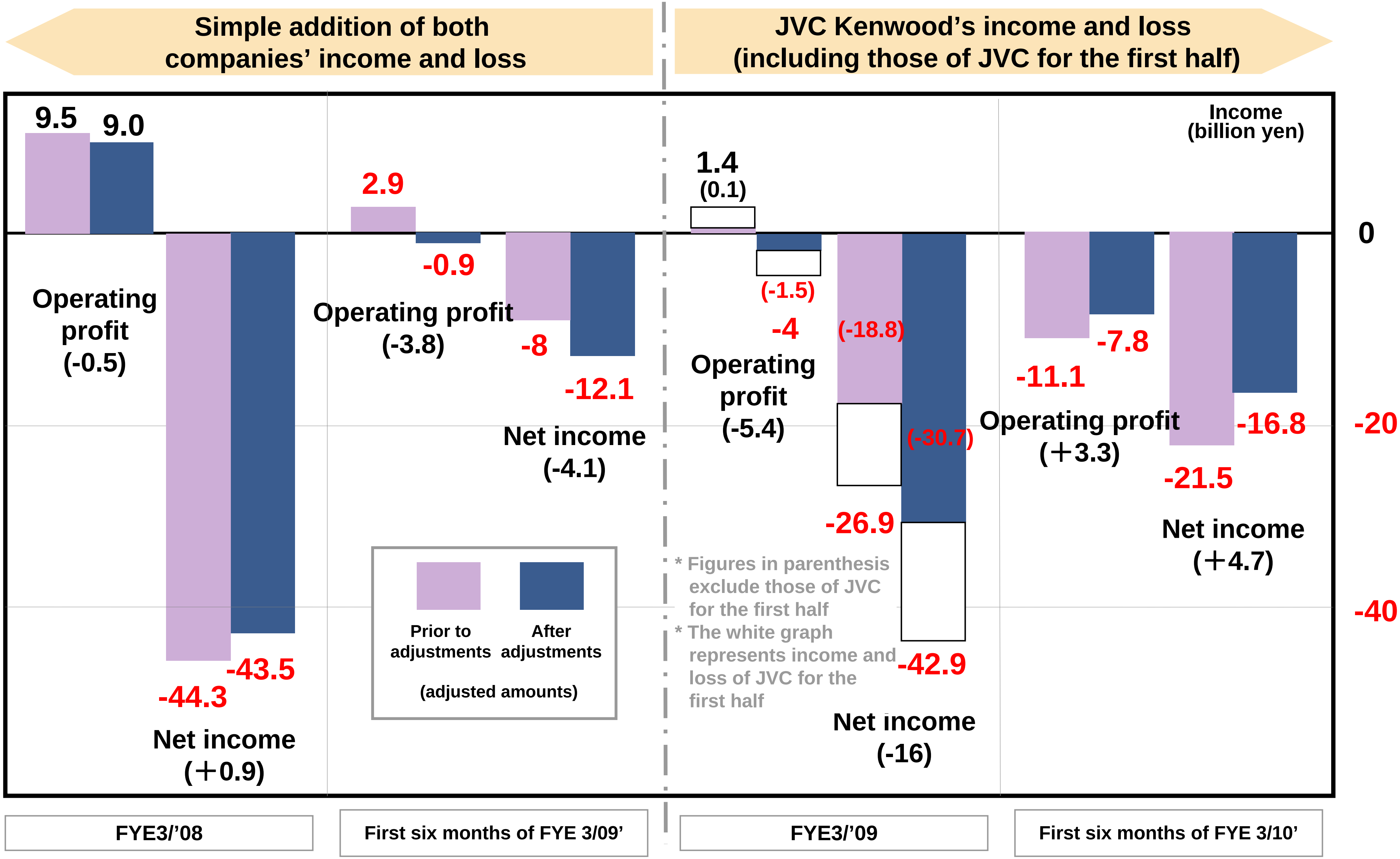
* We recognized the majority of the 7.6 billion yen posted for 2Q of FYE 3/'10 as losses for the previous fiscal years

Increase in net assets, shareholders' equity and total assets

(billion yen)

	JVC Kenwood End of 3Q of FYE 3/'09			JVC Kenwood End of FYE 3/'09			JVC Kenwood End of 1Q of FYE 3/'10			JVC Kenwood End of 2Q of FYE 3/'10		
	Prior to adjustments	After adjustments	Change	Prior to adjustments	After adjustments	Change	Prior to adjustments	After adjustments	Change	Prior to adjustments	After adjustments	Change
Total assets	396.5	385.6	-10.9	354.7	344.1	-10.6	332.7	320.8	-11.9	314.1	305.3	-8.8
Interest-bearing debt	133.7	135.7	2.0	132.7	134.1	1.4	127.3	128.5	1.2	117.6	118.6	1.0
Net debt	86.5	88.7	2.2	80.2	81.7	1.5	83.2	84.4	1.2	73.2	74.9	1.7
Capital stock	10.0	10.0	0	10.0	10.0	0	10.0	10.0	0	10.0	10.0	0
Shareholders' equity	117.5	109.8	-7.7	102.1	90.1	-12.0	94.3	80.8	-13.5	80.8	73.5	-7.3
Net assets	97.1	90.3	-6.8	85.6	74.4	-11.2	78.4	65.5	-12.9	61.7	55.1	-6.6
Equity ratio (%)	24.0%	23.0%	-1.0%	23.6%	21.1%	-2.5%	23.3%	20.1%	-3.2%	19.3%	17.7%	-1.6%
Net assets per share (yen)	98.53	91.58	-7	86.60	75.08	-18	80.15	66.75	-13	62.82	56.05	-7

Adjustments to Previous Earnings Results
- Adjustments to Statements of Income of JVC Kenwood



Adjustments to Previous Earnings Results
- Notes to Going Concern Prerequisite

* JVC Kenwood posted a net loss of 30.7 billion yen for the previous fiscal year, and a net loss of 22.3 billion yen for the 3Q of the current fiscal year.

* Failure to comply with the financial covenants of commitment-line contracts and loan contracts which JVC has entered into due to the adjustments to previous earnings results (both cases have been settled).

→ **We have added a note that we recognize significant uncertainty in the going concern prerequisite.**

Promotion of structural reforms of the Home & Mobile Electronics business and the Professional System business, by taking advantage of the strong performance of the Car Electronics business (see pages 30 and 31)

Further advancement of business, cost and financial structure reforms to promptly recover earnings and reconstruct financial foundation (see page 33)

We have confirmed that related financial institutions will maintain their policies to provide assistance for JVC Kenwood.

Adjustments to Previous Earnings Results
- Punishment of Parties Concerned

* We have taken seriously the results of the investigation conducted by the Investigation Committee, and punished the officers involved and other parties concerned.

* Last year we reduced the basic compensation for full-time officers by 30–65% (partial return of compensation). In addition to this, we will make the following cut in compensation.

1) Executive officers related to JVC

Hidetoshi Yoshida: Resigned as Director of JVC Kenwood
(after resigning as President and Representative Director of JVC, he assumed his present position on a full-time basis in October 2009)

Masaaki Takeda: Resigned as Director of Kenwood
(after resigning as Managing Director of JVC, he assumed his present position in June 2009)

Other officers involved (15 persons in total)
compensation cut by 30% for six months (4 persons); 15% for three months (11 persons)

2) Executive officers related to JVC Kenwood

Haruo Kawahara (CEO): compensation cut by 30% for six months

Hiroshi Odaka (CFO): compensation cut by 30% for six months

Other officers involved (7 persons in total): compensation cut by 15% for three months

Adjustments to Previous Earnings Results
- Measures to Prevent Recurrence

JVC KENWOOD HOLDINGS

1. Establishment of management system and internal control system to improve corporate culture

* JVC Kenwood has developed an internal control system by formulating basic policies and such like for consolidated group management and at the same time established approval standards for important matters. However, JVC provisionally continued to use the conventional management system since it considered the company to be in a transition period, and this prevented its risk management from functioning properly.

* In June 2009, JVC Kenwood conducted substantial personnel exchanges between JVC and Kenwood, overhauled its management system, and implemented thorough consolidated group management and governance. These activities revealed its inappropriate accounting practices. In response, we established the Investigation Committee and made adjustments to our previous earnings results based on the results of the investigations by the committee.

(1) JVC Kenwood is positioned at the top of the internal control hierarchy, promote reinforcement of supervision by JVC Kenwood over business companies and others.

(2) JVC Kenwood shall make known to every employee in the group the purposes of the "Guidelines for group consolidated management," which were drawn up in accordance with the "Basic policies on consolidated management."

(3) JVC Kenwood shall establish "Standards for Decision-making and Authorities/List of decision-making matters," and make these matters known to every staff member in the group.

(4) JVC Kenwood shall formulate the "JVC Kenwood Group Code of Conduct on Compliance," which lays down the common values and ethical views within the JVC Kenwood Group, and make every employee in the group conform to the code of conduct, while making the internal whistle-blowing rules known to every staff member in the group.

Adjustments to Previous Earnings Results
- Measures to Prevent Recurrence

JVC KENWOOD HOLDINGS

2. Reform of accounting system and structure

* JVC had a corporate culture in which the accounting department provided managerial assistance and assumed responsibility for achieving the earnings targets, but its internal control system for such corporate culture was weak. This was one of the factors that led to improper accounting treatment.

* JVC Kenwood will improve its organizations, systems and operation processes on a company-wide basis, separate management and accounting, enhance the internal control system, and establish a consolidated accounting system.

(1)JVC Kenwood will formulate consolidated accounting rules and establish operation flows and systems so that JVC Kenwood can centrally keep track of profits and losses of operating companies and its affiliates overseas and forecast such profits and losses.

(2)JVC Kenwood will establish a double-checking system between overseas sales subsidiaries and accounting function of the business departments, as well as a cross-checking system with the accounting department of the head office.

(3)JVC Kenwood will set a limit on the length of assignments in the same department and periodically execute staff rotations.

3. Reinforcement of monitoring

* The Investigation Committee pointed out weak internal controls at JVC. Taking advantage of this opportunity, JVC Kenwood will enhance the audit function within the entire Group, and will implement a system to permanently monitor business operations.

(1)JVC Kenwood will strengthen the capability of the Corporate Audit Office of JVC Kenwood and expand its functions, while thoroughly and directly monitoring operations together with operating companies and their affiliates.

(2)JVC Kenwood will formulate rules for reporting anomalous accounting values, make the internal whistle-blowing rules known to every staff member of the group, and set up an internal whistle-blowing system that enables overseas affiliates to directly access JVC Kenwood, in accordance with the "JVC Kenwood Group Code of Conduct on Compliance."

(3)Monitoring system will be evaluated continuously for effectiveness by external specialists.

With the submission on March 12, 2010 of the quarterly report on earnings results for the third quarter of the fiscal year ending March 2010, which had been delayed, JVC Kenwood's stock was no longer classed as securities under supervision (confirmation).

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

Hiroshi Odaka, Director and CFO

Abbreviation:

CE:	**Car Electronics**
H&M:	**Home & Mobile Electronics**
PS:	**Professional System**
ET:	**Entertainment**

3Q - Business Results (Consolidated)

Net sales

* The CE business recovered steadily, as it did in the 2Q, and its sales increased from the previous period.
* Sales of the H&M, PS and ET businesses decreased. Sales of JVC Kenwood declined.

Profits and losses

* Both the consumer and OEM sectors of the CE business moved into the black, compared with red ink a year earlier.
* Profits of the H&M, PS and ET businesses fell due to lower sales from the previous period. Profits of JVC Kenwood went down.

(billion yen)

	Net sales	Operating profit	Ordinary income	Net income	Exchange rate
3Q	102.1	-0.9	-3.3	-5.4	US$: JPY 90 Euro: JPY 133
3Q of FYE3/'09 (after adjustments)	126.6	0.9	-2.9	-11.1	US$: JPY 96 Euro: JPY 127
1-3Q (after adjustments)	305.4	-8.7	-14.3	-22.3	USD: JPY 94 Euro: JPY 133
1-3Q of FYE3/'09 (after adjustments)	441	-0.1	-8.6	-23.2	USD: JPY 103 Euro: JPY 151

(Reference: The figures above include those of JVC for the first half of the previous fiscal year.)

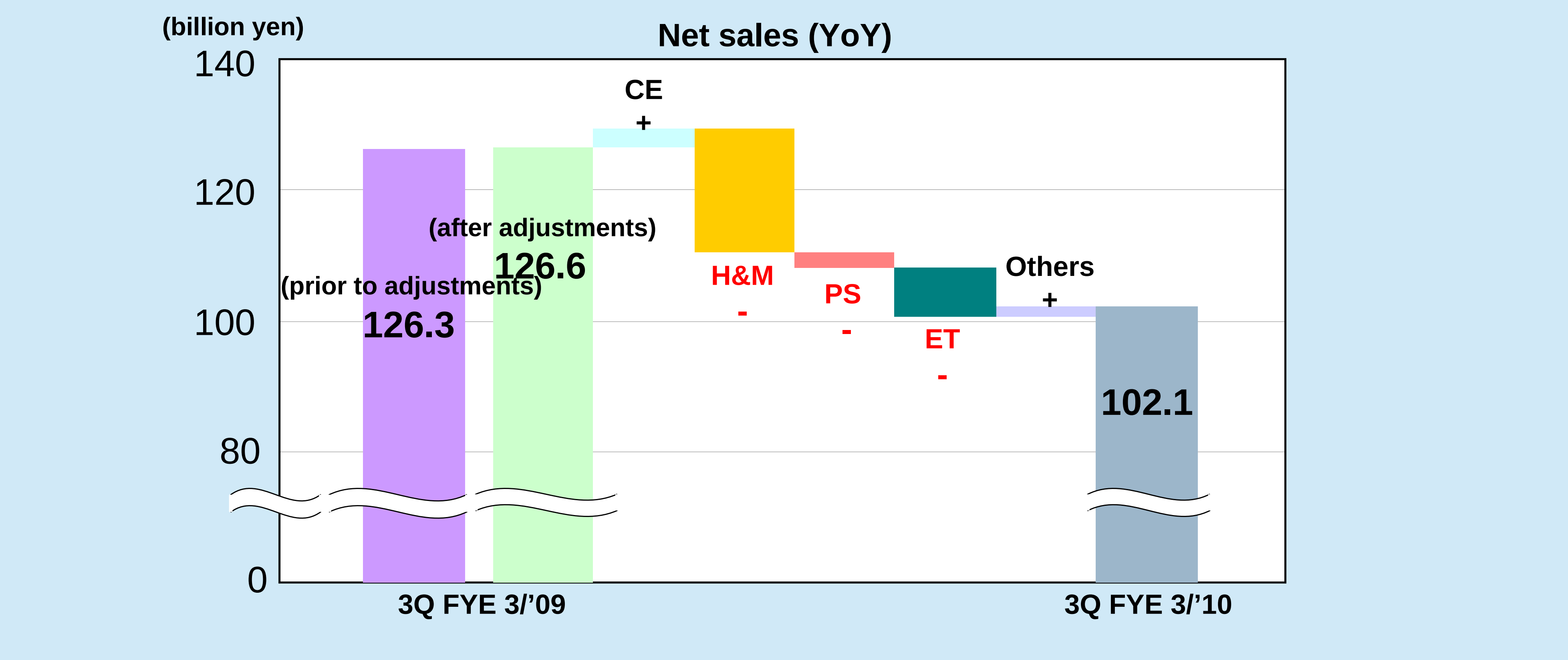
3Q - Financial Results - Net Sales

3Q: JPY 102.1B (1-3Q: JPY 305.4B)

* The CE business recovered steadily, as it did in the second quarter. Meanwhile, in the H&M business, display operations in Europe were curtailed and the recovery in sales of camcorders was slow. The recovery in orders received was delayed in the PS business. In the ET business, there was a dearth of blockbusters. As a result, net sales fell JPY24.5B from the previous period.

* After the adjustments, net sales for the nine months were JPY305.4B.

* After the adjustments, net sales for the 3Q declined 2.5% from the 2Q.



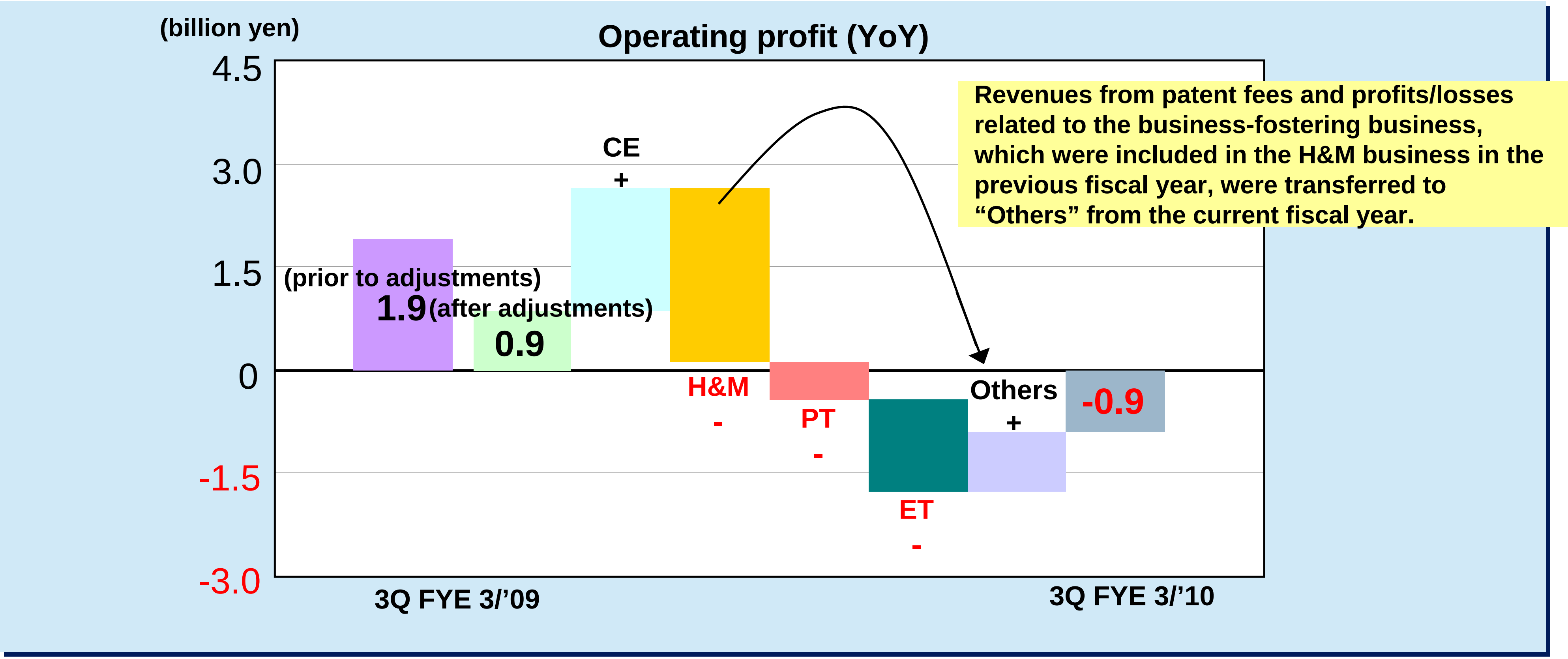
3Q - Financial Results - Operating profit

3Q: JPY-0.9B (1-3Q: JPY-8.7B)

* The CE business picked up steadily, moving into the black compared with the red ink in the corresponding period of the previous fiscal year. However, in the H&M business, earnings fell due to a decline in sales and prices of camcorders. Earnings of the PS business and the ET business deteriorated. As a result, Operating profit fell JPY1.8B from the previous period.

* After the adjustments, operating loss for the 1-3Q was JPY8.7B.

* After the adjustments, operating loss for the 3Q remained almost unchanged from the 2Q.



3Q - Financial Results - Ordinary Income

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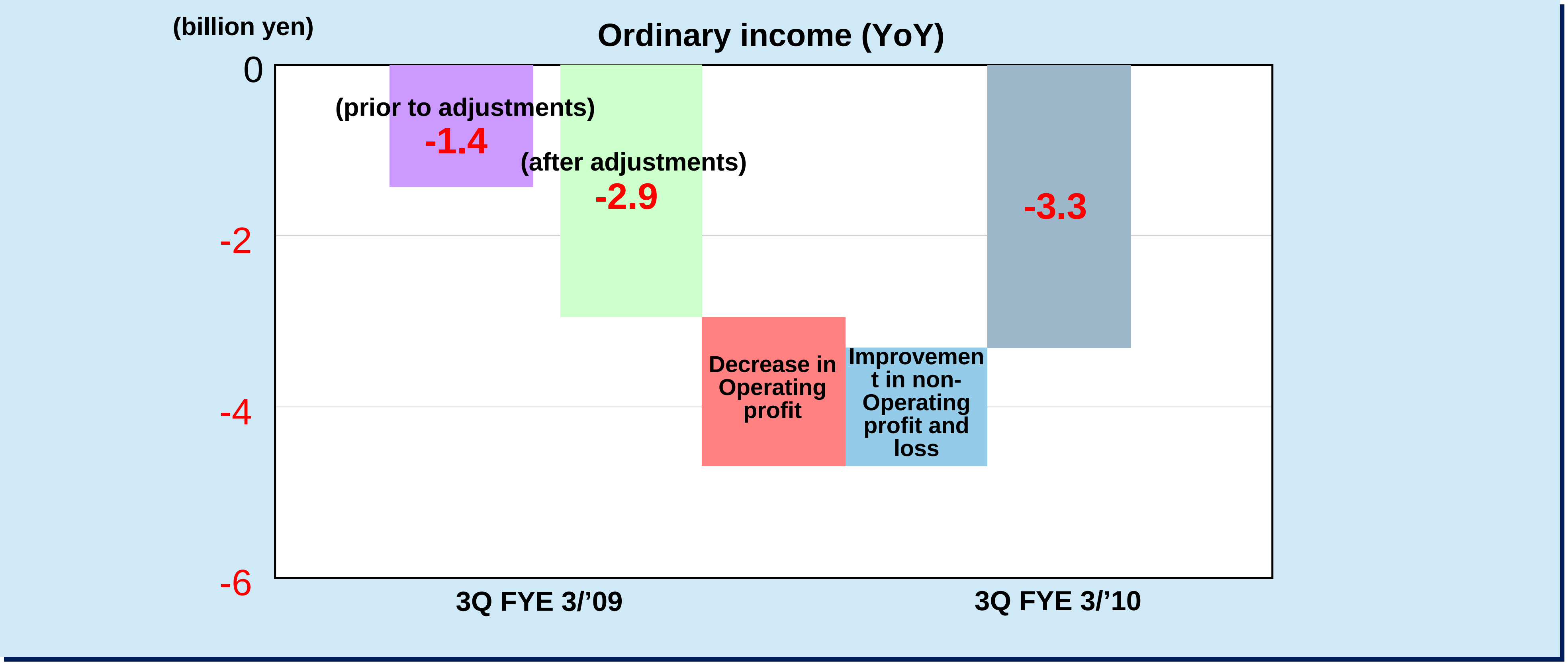
3Q: JPY -3.3B (1-3Q: JPY-14.3B)

* Ordinary income was much lower than expected due to a decrease in operating profit, but limited deterioration of about JPY0.4B from the previous period, reflecting a decline of operating profit and improved non-Operating profit and expenses.
* After the adjustments, ordinary loss for the 1-3Q was JPY14.3B.
* After the adjustments, ordinary loss for the 3Q worsened about JPY0.9B from the 2Q due to a deterioration in non-Operating profit and loss, such as a decrease in foreign-exchange gains of JPY0.3B.



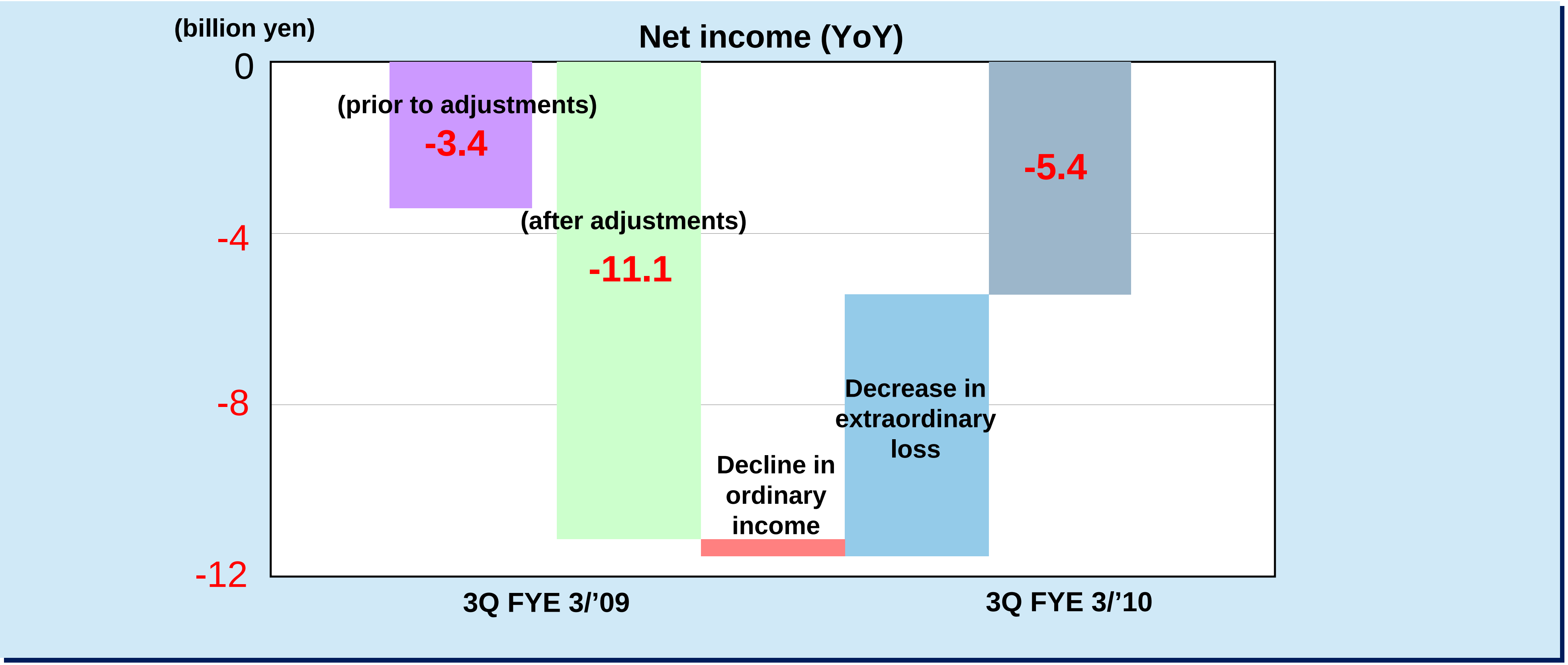
3Q - Financial Results - Net income

3Q: JPY -5.4B (1-3Q: JPY -22.3 B)

* Net income was much lower than expected due to a decrease in operating profit, but improved JPY5.7B from the previous period thanks to a significant decline of extraordinary loss, as seen by a fall in impairment losses of JPY5.4B.

* After the adjustments, net loss for the 1-3Q was JPY22.3B, reflecting losses of JPY2.3B in sales of JVC's Hachioji Plant.

* After the adjustments, net loss for the 3Q improved JPY1.9B from the 2Q due to a substantial decrease in extraordinary loss.



3Q - Effects of Structural reforms and management integration

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Effects of structural reforms (additional measures)

* Reform of business structure
* Reform of employment structure
* Emergency measures

Effects of integration

* Cost synergy (such as development, procurement and intellectual property)
* Accounting effects (purchase method)
* Effect of consolidated taxation

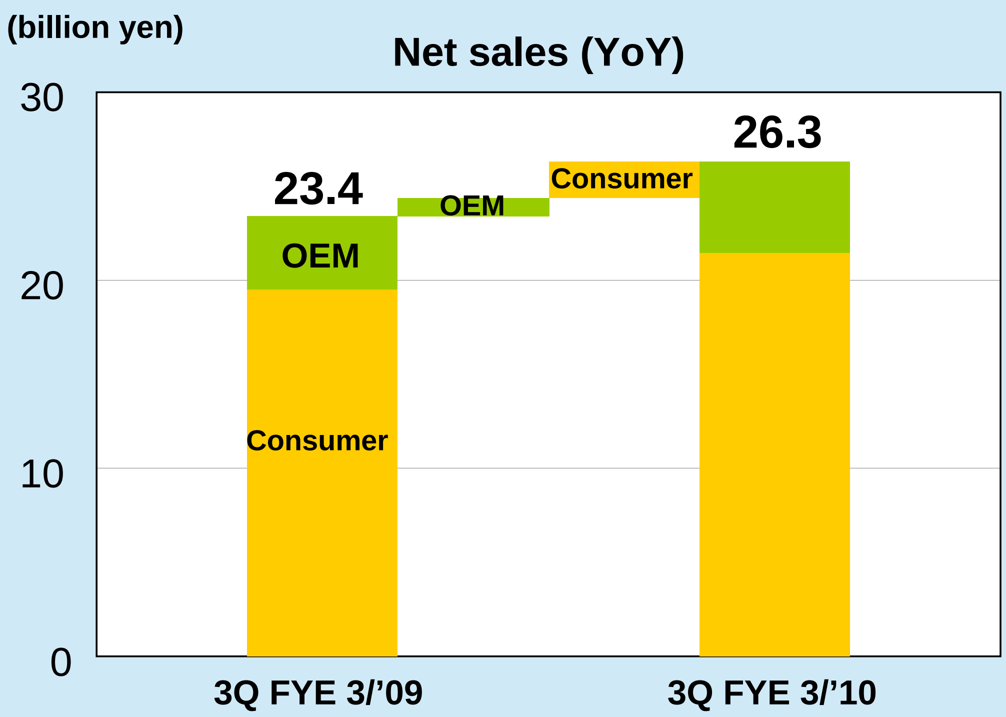
(billion yen)

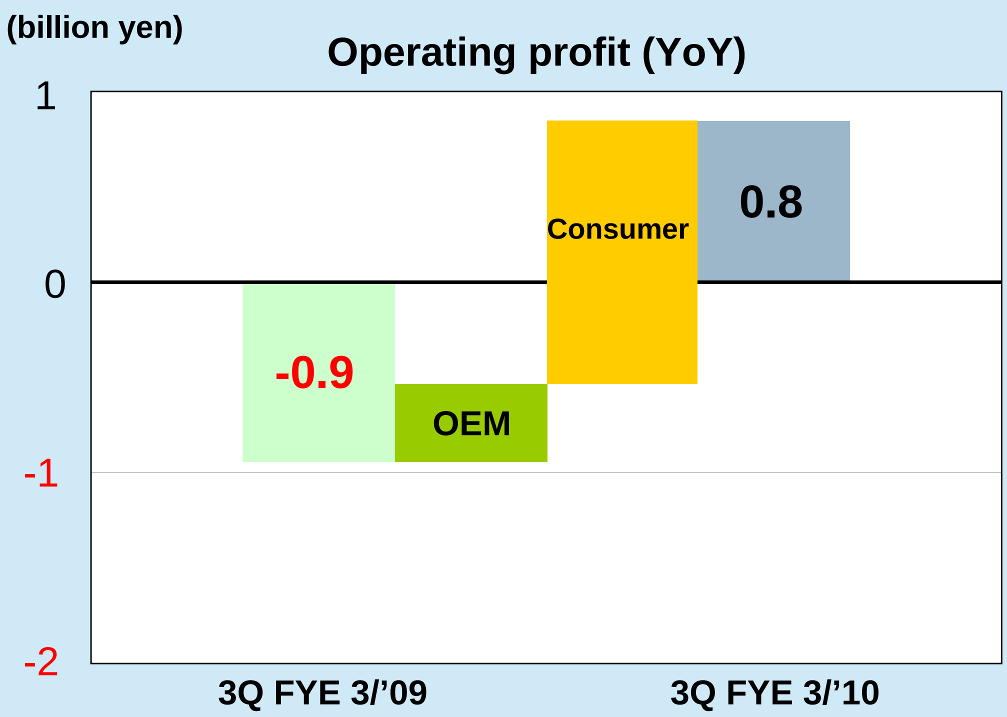
		Operating profit	Non-Operating profit and loss	Extraordinary profit and loss, corporate tax, etc.	Total
Effects of additional measures (Annual target of JPY25.0B)	3Q	6.0	-	-	6.0
	1-3Q	17.7	-	-	17.7
Management integration	3Q	2.9	0.1	0.5	3.5
	1-3Q	7.4	1.1	3.3	11.8
Total	3Q	8.9	0.1	0.5	9.5
	1-3Q	25.1	1.1	3.3	29.5

3Q - Car Electronics Business

Net sales for 3Q: JPY 26.3B (1-3Q: JPY 77.7B)
Operating profit for 3Q: JPY 0.8B (1-3Q: JPY 0.3B)

* **Consumer:** As in the 2Q, sales recovered centering on the overseas markets, and a high market share was maintained in major regions.
* **OEM:** Reflecting a recovery in auto sales in various countries, sales of navigation systems for the domestic market and CD/DVD mechanisms for the overseas markets increased, as they did in the 2Q.
* Net sales rose JPY2.9B (or 12.4%) from the previous period, and Operating profit went up JPY1.8B, moving into the black.

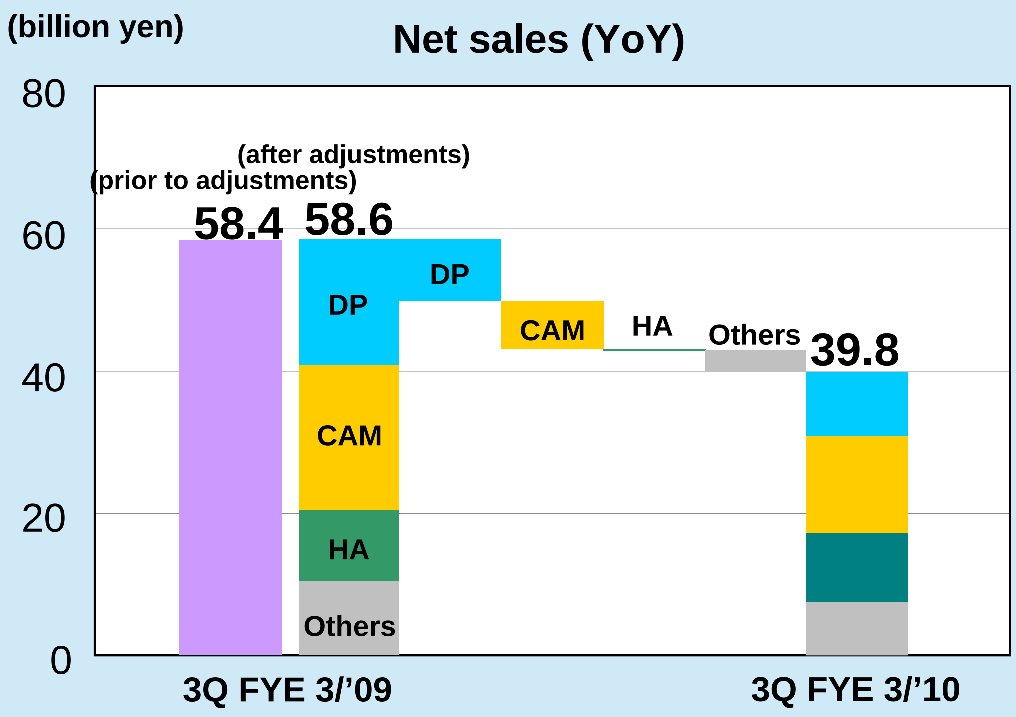


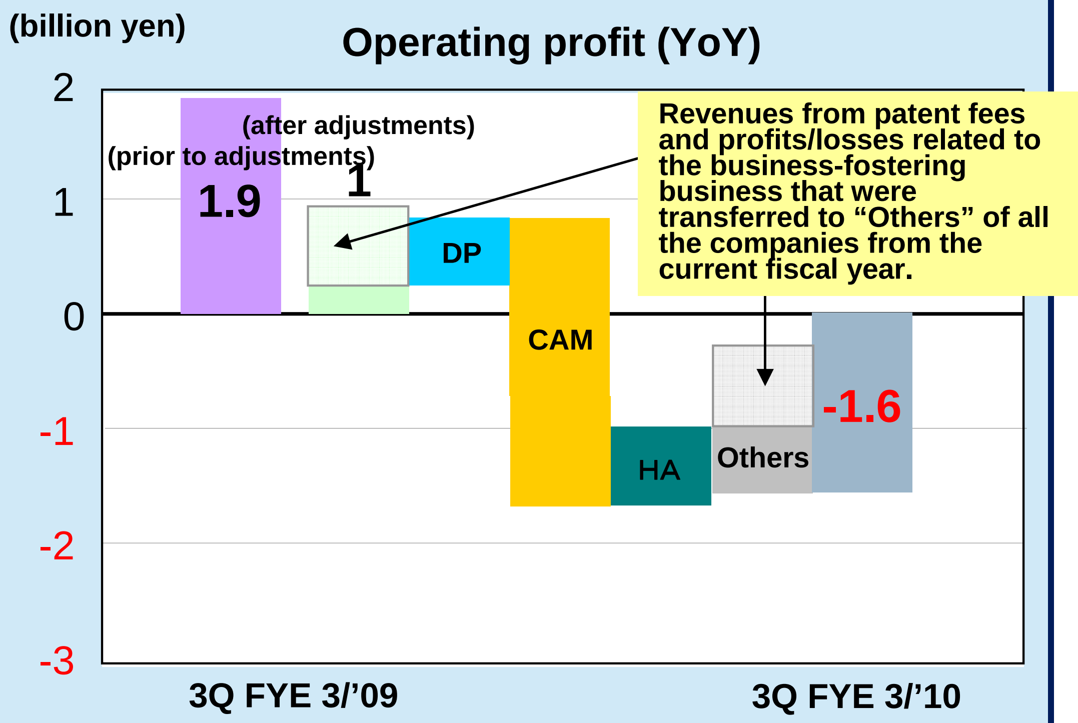


3Q - Home & Mobile Electronics Business

Net sales for 3Q: JPY 39.8B (1-3Q: JPY 117.6B)
Operating profit for 3Q: JPY -1.6B (1-3Q: JPY -8.1B)

* **Home audio (HA): Turned a profit due to the effects of business structural reform, as it did in 2Q.**
* **Display (DP): Earnings improved although sales decreased sharply owing to curtailment of sales channels in the U.S. and Europe.**
* **Camcorder (CAM): Despite steady sales in Japan, earnings worsened as sales fell affected by harsher competition overseas and lower prices.**
* **Under the conventional business classification, net sales dipped JPY18.4B (or 31.3%) from the previous period, and Operating profit declined JPY1.8B.**

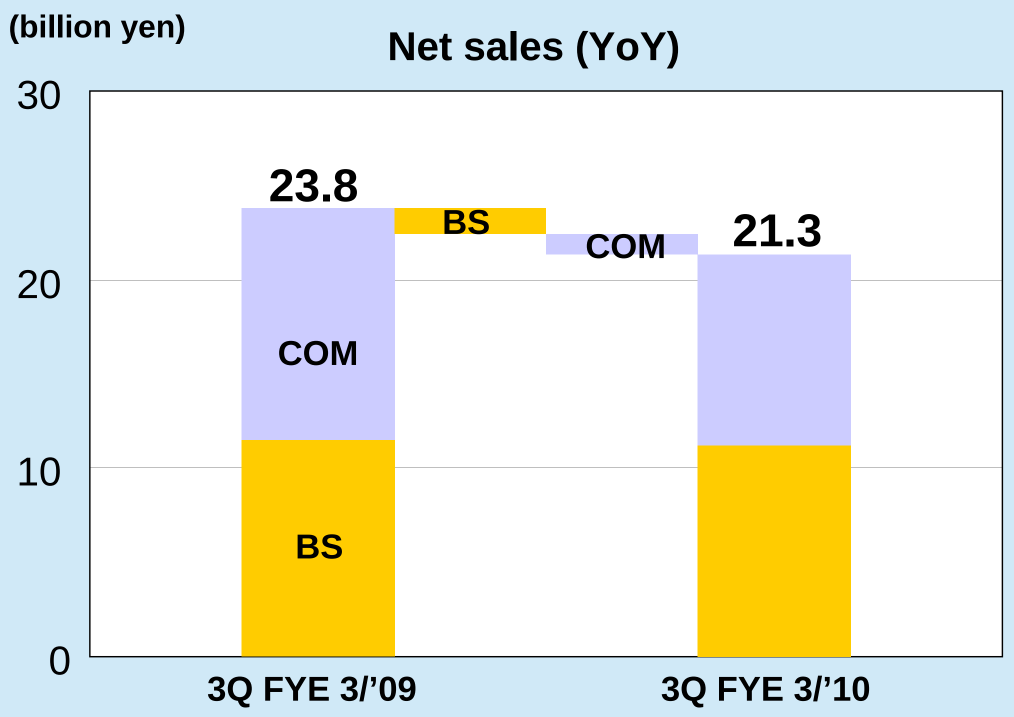


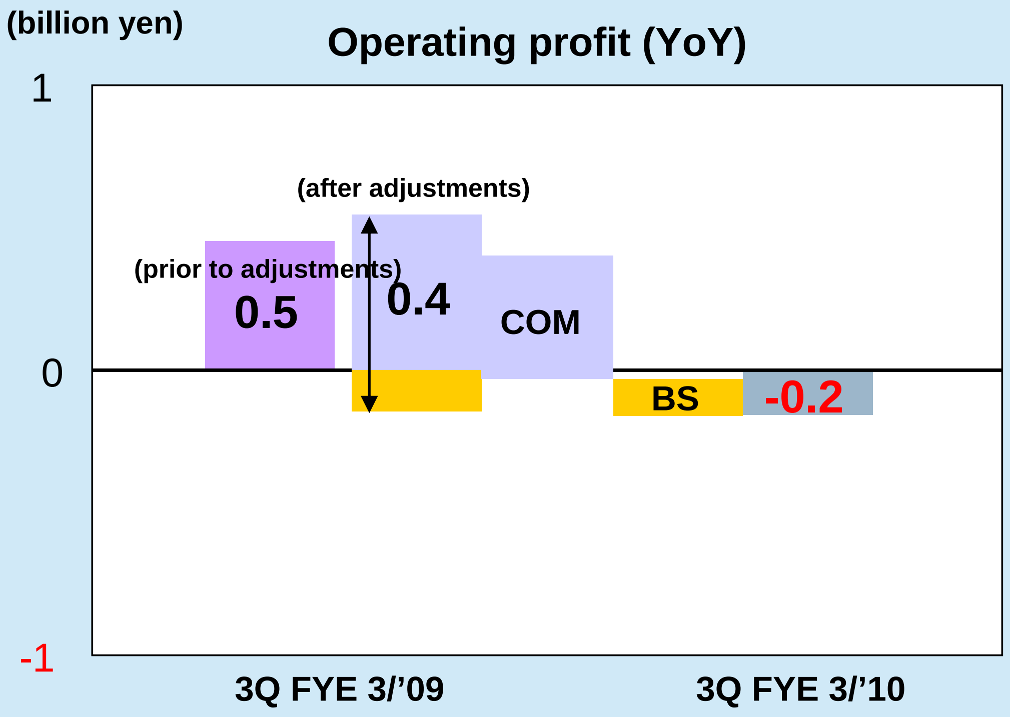


3Q - Professional System Business

Net sales: JPY 21.3B (1-3Q: JPY 65.9B)
Operating profit: JPY -0.2B (1-3Q: JPY -1.5B)

* **Communications (COM):** The Land Mobile Radio (LMR) sector began to recover in the 2Q. However, overall orders for communications equipment leveled off because investment budgets for the public safety failed to recover in the U.S., the execution of such budgets was put off, and the recovery in private-sector demand was slow.
* **Business solution (BS):** Recovery in earnings was slow, affected by weaker demand caused by the curtailment of private-sector capital spending as well as the accompanying price declines.
* Net sales decreased JPY2.5B (or 10.5%) from the previous period, and Operating profit declined JPY0.6B, falling into the red.



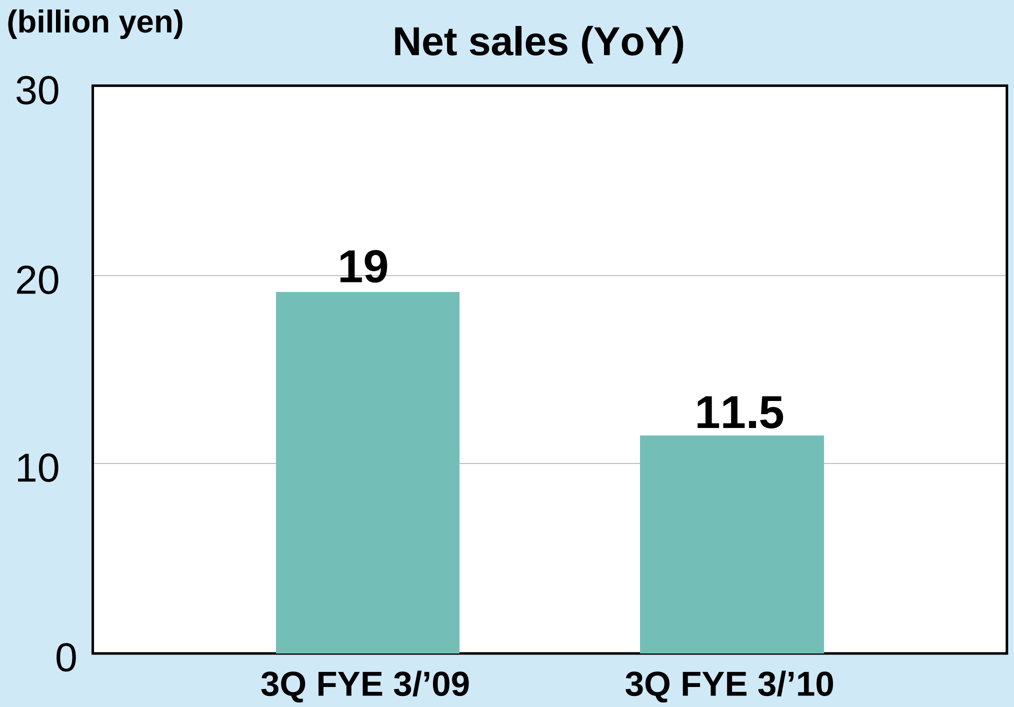


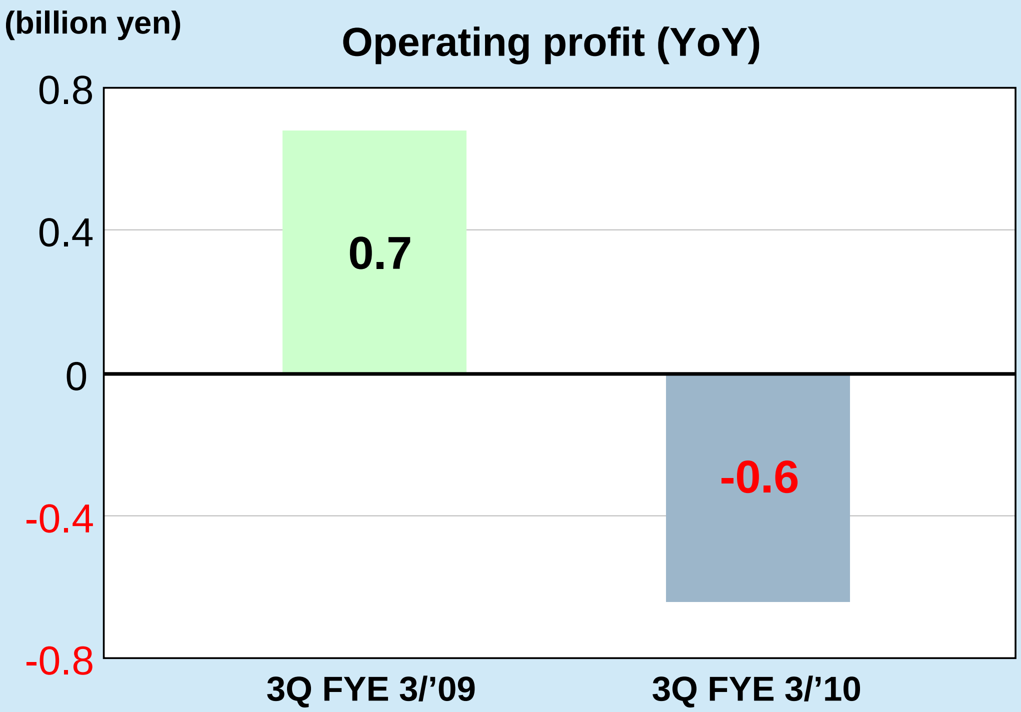
3Q - Entertainment Business

JVC KENWOOD HOLDINGS

Net sales: JPY 11.5B (1-3Q: JPY 35.0B)
Operating profit: JPY -0.6B (nine months: JPY -0.9 B)

* **Contents:** Anime-related products fared well, but sales of blockbusters decreased and sales of old albums weakened.
* **Consignment:** The quantity of consignments fell because we were consigned less music software.
* Net sales decreased JPY7.6B (or 39.7%) from the previous period, and Operating profit declined JPY1.3B, sinking into the red.





3Q - Financial Results - Financial Status

Balance Sheets

* Total assets decreased by JPY52.4B from the end of FYE 3/'09 due to a declines in trades receivable and inventory assets and sale of tangible fixed assets.

* Interest-bearing debt (total of borrowings and corporate bonds) decreased by JPY15.9B due to a redemption of bonds (by JVC) and the repayment of short-term borrowing.
  Total debt declined JPY29.4B and net debt decreased by JPY6.8B.

* Shareholders' equity fell by JPY22.0B due to a net loss for 1-3Q, and total net assets fell by JPY23.0B.

(billion yen)

	End of FYE 3/'09	End of 2Q	End of 3Q	Change from end of FYE 3/'09
Total assets	344.1	305.3	291.7	-52.4
Interest-bearing debt	134.1	118.6	118.2	-15.9
Net debt	81.7	74.9	74.9	-6.8
Capital stock	10	10	10	0
Shareholders' equity	90.1	73.5	68.1	-22.0
Net assets	74.4	55.1	51.4	-23.0
Equity ratio (%)	21.1	17.7	17.3	-3.8
Net assets per share (yen)	75.08	56.05	52.21	-22.87

* The figures above are those posted after the adjustments.

3Q - Financial Results - Financial Status

JVC KENWOOD HOLDINGS

Cash Flow　Key measure "Increase of Cash"

In the consolidated 1-3Q, based on "Increase of Cash" as a key measure for the current period, we attempted to reduce assets such as accounts receivable, inventory assets, and properties, and redeemed corporate bonds. Consequently debt with interest decreased by JPY15.9B from the end of FYE3/'09 and while we recorded a net loss for 3Q, cash from operating activities was a net inflow of JPY11.9B.

Cash flows from operating activities

*** Although net income before tax was JPY-19.8B, the balance of necessary operating fund improved due to reductions of trades receivable and inventory assets and increase in accounts payable, and cash from operating activities was a net inflow of JPY12.0B.**

Cash flows from investing activities

*** Despite the income of JPY5.8B by the sales of fixed assets, cash flow from investing activities was a net outflow of JPY3.4B due to the acquisition of tangible and intangible fixed assets.**

Cash flows from financing activities

*** Cash flow from financing activities was a net outflow (decrease) of JPY17.6B due to a decrease in debt with interest through partial redemption of unsecured corporate bonds and the repayment of long-term borrowings.**

Cash and cash equivalents were JPY43.2B at the end of the 3Q.

Business Forecasts and Future Measures for Fiscal Year Ending March 2010

Haruo Kawahara, Chairman, President and CEO

Earnings Forecast for FYE3/'10

JVC KENWOOD HOLDINGS

* Operating profit for the current fiscal year was affected by the adjustments to previous earnings results, and Operating profit for the first quarter was the lowest so far in the current fiscal year.

* Operating profit for the third quarter under review remained unchanged from the second quarter, a significant improvement from the previous fiscal year, despite seasonal factors weighing down profitability.

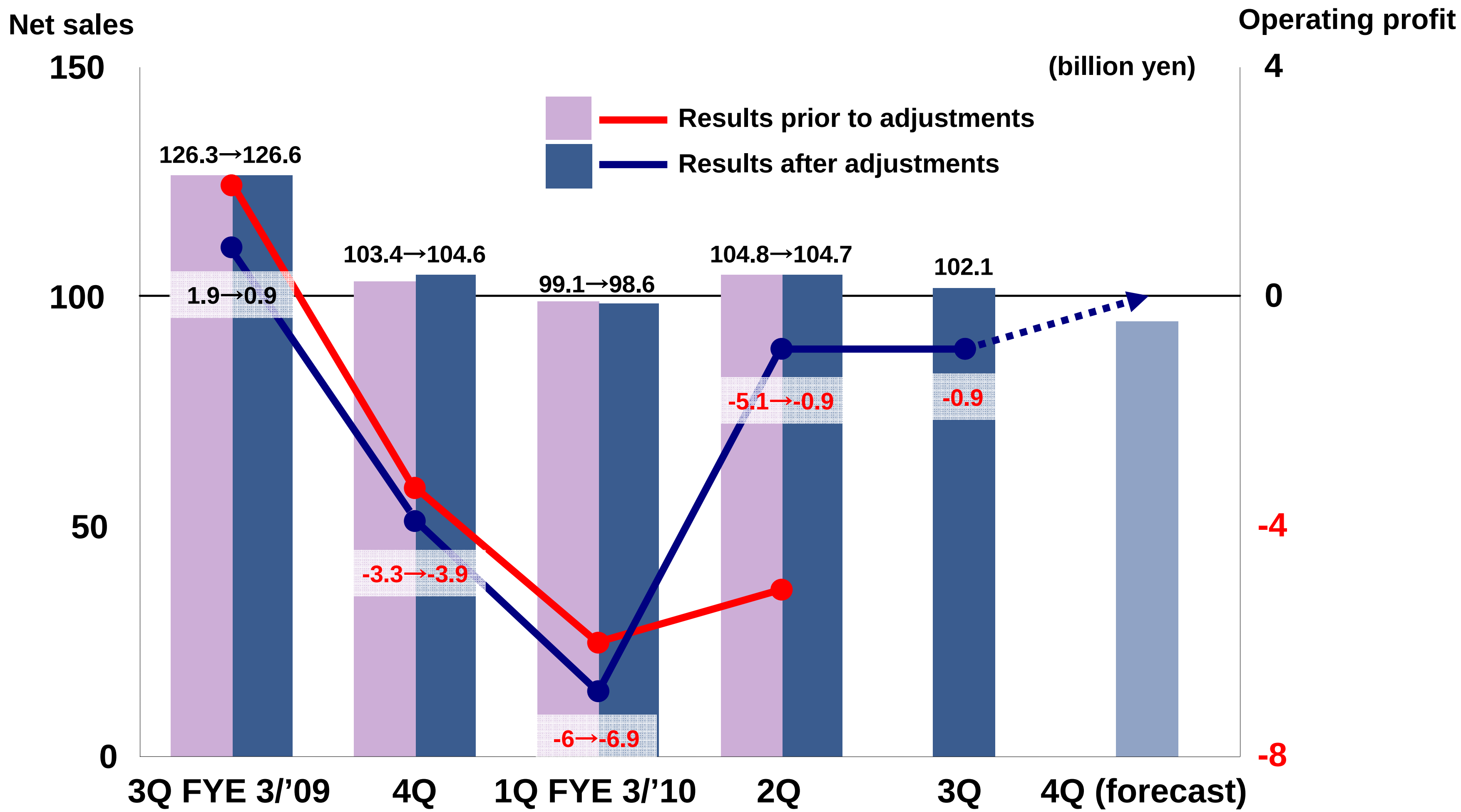
* We expect our earnings to rebound steadily in the fourth quarter backed by the effects of structural reforms in Europe and plant reforms as well as the effects of launching new products.

(billion yen)

	Net sales	Operating profit	Ordinary income	Net income
(Forecast, October 23, 2009)	430	-3.5	-10.5	-20
(Revised forecast , March 12, 2010)	400	-9.0	-17.5	-28.5
(Changes)	-30	-5.5	-7.0	-8.5
(Reference: 1-3Q of FYE 3/'10) (after the adjustments)	305.4	-8.7	-14.3	-22.3

Forecast for FYE 3/'10 - Quarterly Trends

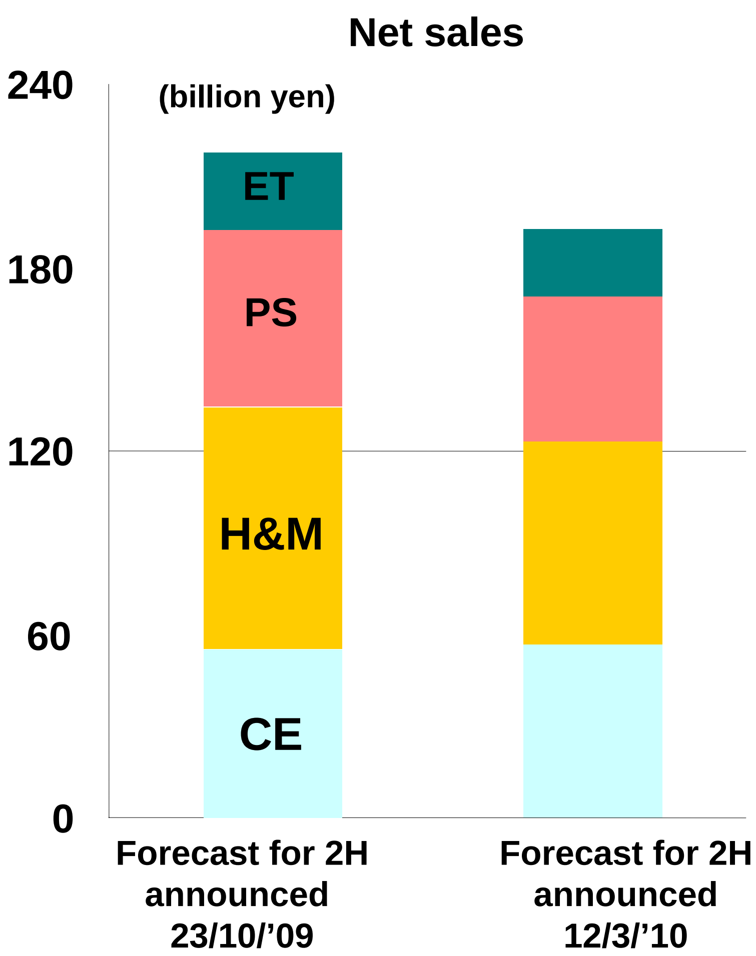
* The Car Electronics business and the home audio sector moved into the black, and earnings of the LMR sector recovered. Thus, our intrinsically strong businesses were revived.
* In the display sector, earnings stopped declining due to the apparent effects of various measures.
* We expect earnings of the camcorder sector to recover steadily thanks to the effects of structural reforms and new products.

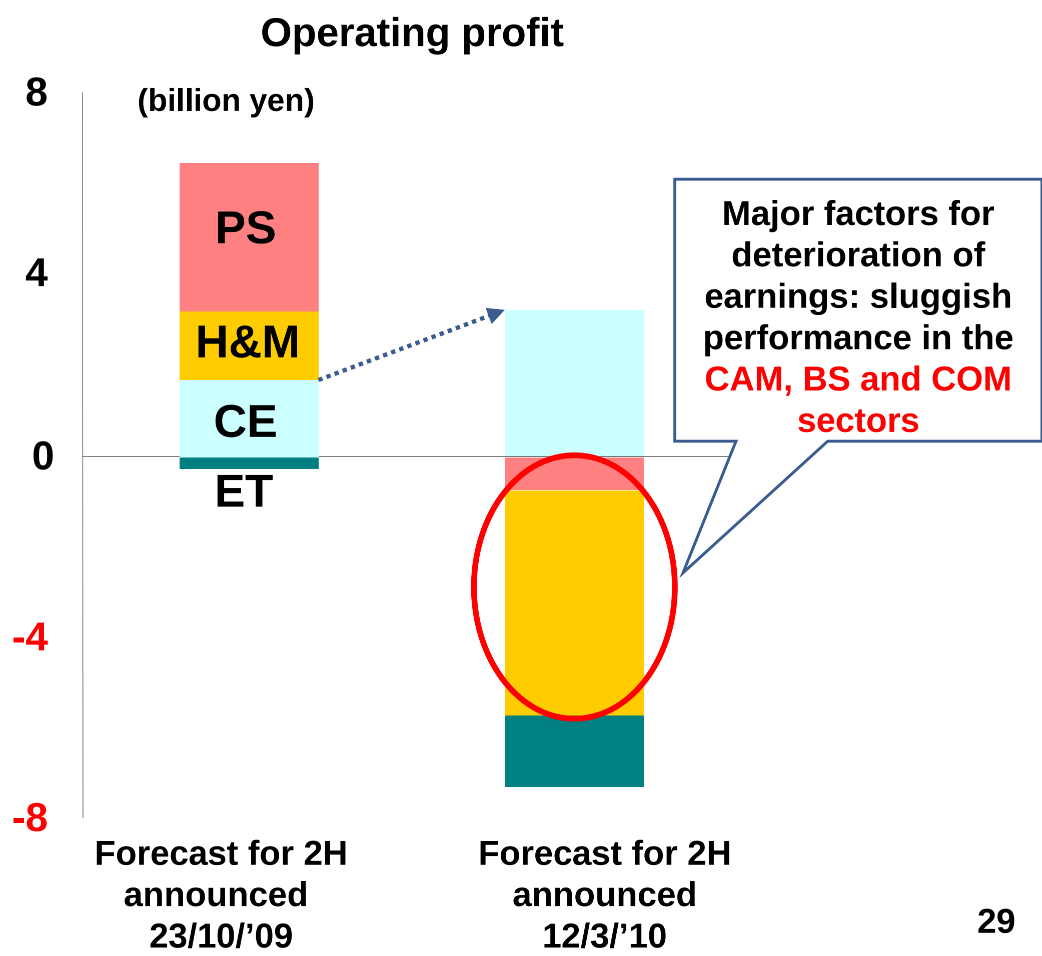


Earnings Forecast for FYE 3/’10
- Earnings by Business Segment

Factors for deterioration of earnings

* Earnings at the **Camcorder (CAM) sector** were substantially lower (particularly in Europe), hurt by lower competitiveness of models for 2009, price declines and a delay in the introduction of new products.
* Earnings of the **Professional System business (BS and COM)** worsened due to a delay in recovery of orders received for public safety-related equipment.





Accomplishment of Key Measures
- Business Structural Reform Action Plan

1. We expect the structural reform of the Home & Mobile Electronics business to be completed soon

(1) Structural reform in Europe - Slated to be completed at the end of 4Q (effects expected for the next fiscal year: 3.0 billion yen)

* Shift to the cost structure that matches the environment where the size of the display sector was reduced substantially and the markets for camcorders and other products contracted
* Reduction in the number of employees at sales companies in Europe to about 500 from the present 900
* Substantial reduction of fixed expenses through reorganization and scaling down of the sales, logistics and services systems
* Reinforcement of cooperation between Kenwood and JVC in the fields of sales, logistics and services

(2) Structural reform of the display sector - Slated to be completed by 3Q FYE 3/'10

* Structural reform in Europe
* End to production at the Mexican plant; use of EMS in the Americas following Europe
* Reduction in the number of employees at the Thai plant to around 700 from the present 1,000 in response to the reduced size of the display sector

(3) Structural reform of the camcorder sector

* Structural reform in Europe
* Reduction in the number of employees at the Malaysian plant to around 1,300 from the present 1,900 in accordance with product lineups and market prices
* Increase in the competition of models for 2010 (revival of competition expected in 4Q)

Accomplishment of Key Measures
- Business Structural Reform Action Plan

2. Structural reform of the Business Solution business

(1) Reorganization; consolidation to the JVC Head Office (Yokohama)

* Concentration of the Sales, Technology and Service Departments of JVC's Business Solution Division, which were scattered in various places such as the Hachioji Plant, and the B-to-B business team of the Business Incubation Division to the Head Office of JVC in Yokohama.
* Sales of the Hachioji Plant at the end of September 2009, after integrating the Digital Imaging Division into the Yokohama Plant

(2) Reinforcement of the solutions system

* Transfer of the Business Solution Division's engineers to the sales department to strengthen the efforts for increasing orders received
* Establishment of a new business solution company called J&K Business Solutions Corporation on December 1, 2009 through the integration of the maintenance, construction and repair departments of Victor Service & Engineering Co., Ltd. and Kenwood Core Corporation

3. Strengthening of consolidated management system

* Enhancement of a united and consolidated management system for JVC Kenwood and operating companies to further facilitate the recovery of earnings

4. Increase of cash through substantial reduction of assets

* Increase of cash through a further reduction of inventories and sales of real estate

Accomplishment of Key Measures - Outlook for 4Q

JVC KENWOOD HOLDINGS

Car Electronics business

* With the introduction of new products after the CES, we expect earnings of the Car Electronics business for the current fiscal year to peak in the 4Q with the year's largest profit.

Home & Mobile Electronics business

* We expect losses of the display sector to further decrease due to the effects of structural reforms.
* We project that the audio sector will turn a profit in the second half thanks to the effects of structural reforms and management integration.
* In the camcorder sector, we forecast earnings to improve significantly beginning in February owing to the introduction of competitive models for 2010.

Professional System business

* We expect profits at the LMR sector to expand because of an increase in orders received at the IWCE.
* We expect earnings of the business solution sector to pick up due primarily to a recovery in orders received backed by Fiscal year-end demand.

Sweeping Reforms in Next Fiscal Year

JVC Kenwood will aim to improve earnings and financial foundation at the earliest possible time through reconstructing the corporate structure that was damaged by the adjustments to previous earnings results.

Business reforms - Concentration of management resources on the strong businesses

* JVC Kenwood will put the emphasis on its forte fields: Car Electronics, radio equipment, professional AV equipment, services and solutions.

Cost reforms

* Reform of fixed costs
* Fundamental reform of the production system
* Reorganization of functional subsidiaries, etc.

Financial reforms

* Reconstruction of financial foundation

Reference

(millions of yen)

JVC Kenwood		FYE 3/'09			FYE 3/'10		
		3Q	4Q	Full fiscal year	1Q	2Q	3Q
Net sales		126,574	104,634	311,299	98,578	104,746	102,101
	Car Electronics	23,437	23,181	92,237	24,827	26,577	26,337
	Home & Mobile Electronics	58,645	43,093	105,412	39,343	38,504	39,784
	Professional System	23,809	25,343	78,758	19,993	24,582	21,316
	Entertainment	19,039	11,577	30,616	11,669	11,897	11,471
	Others (including patent fees)*	1,642	1,439	4,274	2,743	3,183	3,191
Operating profit		851	- 3,936	- 1,537	- 6,873	- 935	- 908
	Car Electronics	- 938	- 2,926	- 4,179	- 1,580	989	849
	Home & Mobile Electronics	951	- 1,588	- 1,345	- 3,841	- 2,718	- 1,561
	Professional System	403	1,521	4,506	- 1,616	298	- 158
	Entertainment	679	- 431	248	- 205	- 100	- 642
	Others (including patent fees)*	- 243	- 511	- 766	369	594	604
Ordinary income		- 2,942	- 7,925	- 9,760	- 8,564	- 2,391	- 3,312
Net income		- 11,140	- 19,669	- 30,734	- 9,543	- 7,305	- 5,430

*** The underlined figures have been adjusted.**

*** Patent fees and income/loss related to the business-fostering business were included in the figures of the "Others" segment beginning in the fiscal year ending March 2010 (previously, they were including in the figures of the Home & Mobile Electronics business segment).**

Reference

JVC KENWOOD HOLDINGS

(millions of yen)

JVC		Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	Fiscal year ended March 2008	Fiscal year ended March 2009
Net sales		840,581	806,884	742,647	658,286	459,668
	Consumer Electronics	627,277	600,381	543,215	469,337	331,245
	Professional Electronics	68,348	67,563	82,330	71,125	62,447
	Components & Devices	43,149	30,247	63,962	65,205	52,885
	Software and media	95,927	103,943	35,613	36,455	5,135
	Others	5,878	4,748	17,524	16,161	7,954
Operating profit		10,236	- 6,984	- 7,872	2,729	- 6,357
	Consumer Electronics	9,568	- 10,090	- 4,958	3,919	- 4,182
	Professional Electronics	286	720	27	488	- 78
	Components & Devices	- 1,753	107	977	2,350	- 243
	Software and media	2,377	2,565	- 1,059	- 2,322	- 781
	Others	325	470	- 1,387	- 733	- 138
	Subtotal	10,803	- 6,227	- 6,400	3,701	- 5,425
	Elimination or corporation	- 567	- 757	- 1,472	- 972	- 932
Ordinary income		7,148	- 15,132	- 13,910	- 8,708	- 16,520
Net income		- 3,412	- 30,870	- 12,531	- 46,662	- 33,336

*** All the figures have been adjusted.**