Translation for Reference Only

JVC KENWOOD Group's Results and Forecast Briefing

First Quarter of Fiscal Year Ending March 2012

JVC KENWOOD Corporation

JVC KENWOOD Holdings, Inc. changed its trade name to JVC KENWOOD Corporation effective August 1, 2011.

August 2, 2011

[Abbreviations]

CE: Car Electronics (Business)

PS: Professional Systems (Business)

- COM: Communications Equipment (Segment)
- BS: Business Solutions (Segment)

HM: Home & Mobile Electronics (Business)

- CAM: Camcorders (Segment)
- HAV: Home Audio-Visual Equipment (Segment)
- AVC: AV Accessories (Segment)

SE: Entertainment (Business)

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1. Financial Results Overview for 1Q of Fiscal Year Ending March 2012

Financial Results for 1Q FYE3/'12 - Summary

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* Net sales declined due to the impact of the strong yen, the Great East Japan Earthquake (hereinafter, the "Earthquake"), and structural reforms implemented in the previous fiscal year.
* Operating profit and ordinary income increased as a result of the favorable performance of CE and PS mainly in overseas markets and the larger-than-anticipated effect of structural reforms.
* The Group's bottom line returned to profitability due to decreases in extraordinary loss as a result of the completion of structural reforms.

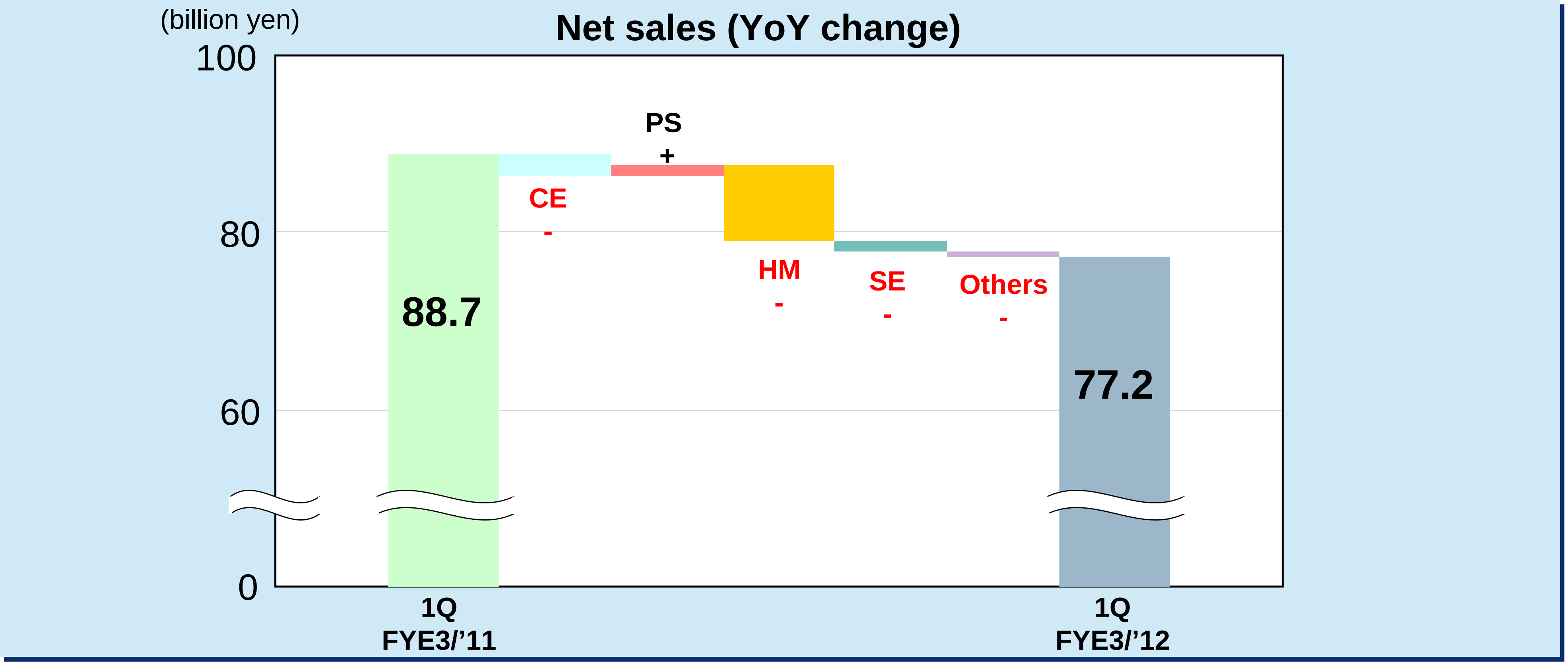
(billion yen)

	Net sales	Operating profit	Ordinary income	Net income	Exchange rate
1QFYE3/'12	77.2	3.0	2.7	1.5	USD: JPY82 Euro: JPY117
1QFYE3/'11	88.7	2.4	1.8	-0.4	USD: JPY92 Euro: JPY117
YoY change	-11.6	+0.6	+0.9	+2.0	

Financial Results for 1Q FYE3/'12 - Net Sales

1Q FYE3/'12 results: JPY77.2B (down 13.0% YoY)

* Factors behind the decrease in net sales: the strong yen, the Earthquake, narrowing down of product lineups / sales areas of HM, and the transfer of SE's subsidiary.
* Meanwhile, the decrease in net sales was smaller than anticipated as CE maintained a high share in After-market in Europe and U.S. and PS enjoyed strong sales mainly in overseas markets.



Financial Results for 1Q FYE3/'12 - Operating Profit

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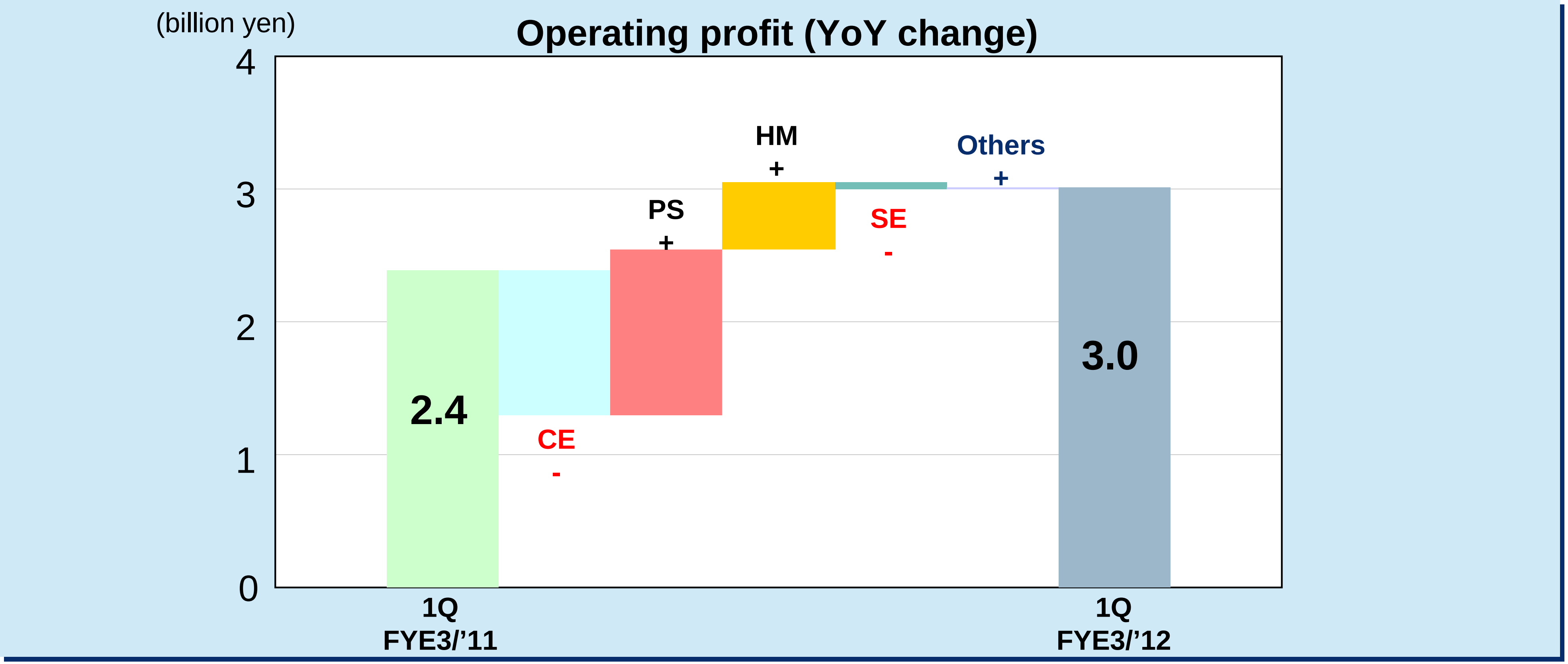
1Q FYE3/'12 Results: JPY3B (Up 26.6% YoY)

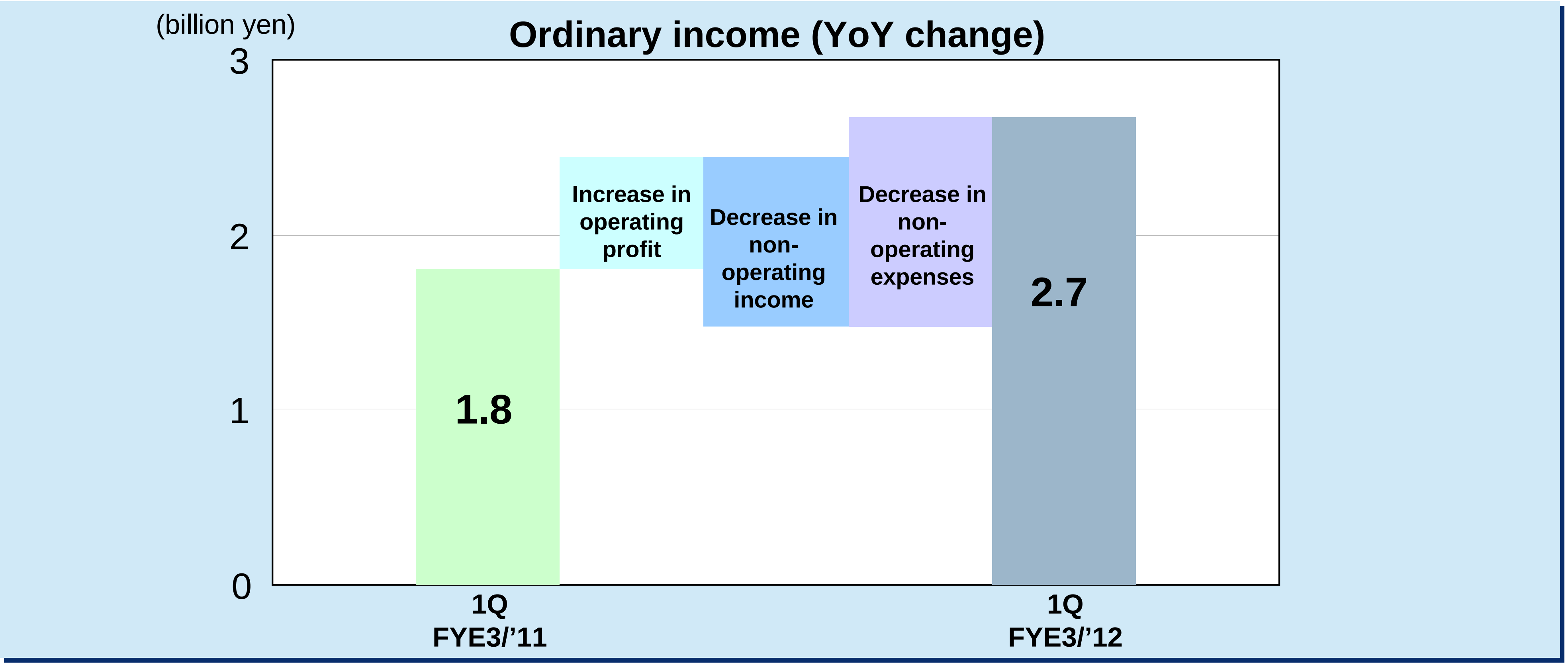
* The positive effect of the structural reforms implemented in the previous fiscal year absorbed the negative impact of the Earthquake. As a result, all of the Group's four business segments were in the black at operating levels.
* The impact of the Earthquake was smaller than anticipated, and CE maintained profitability at operating level.
* PS returned to operating profitability due to the earnings growth of CM and improvement of BS.
* HM returned to operating profitability due to the effect of structural reforms, and SE remained in the black at operating level.



Financial Results for 1Q FYE3/'12 - Ordinary Income

1Q FYE3/'12 Results: JPY2.7B (up 47.8% YoY)

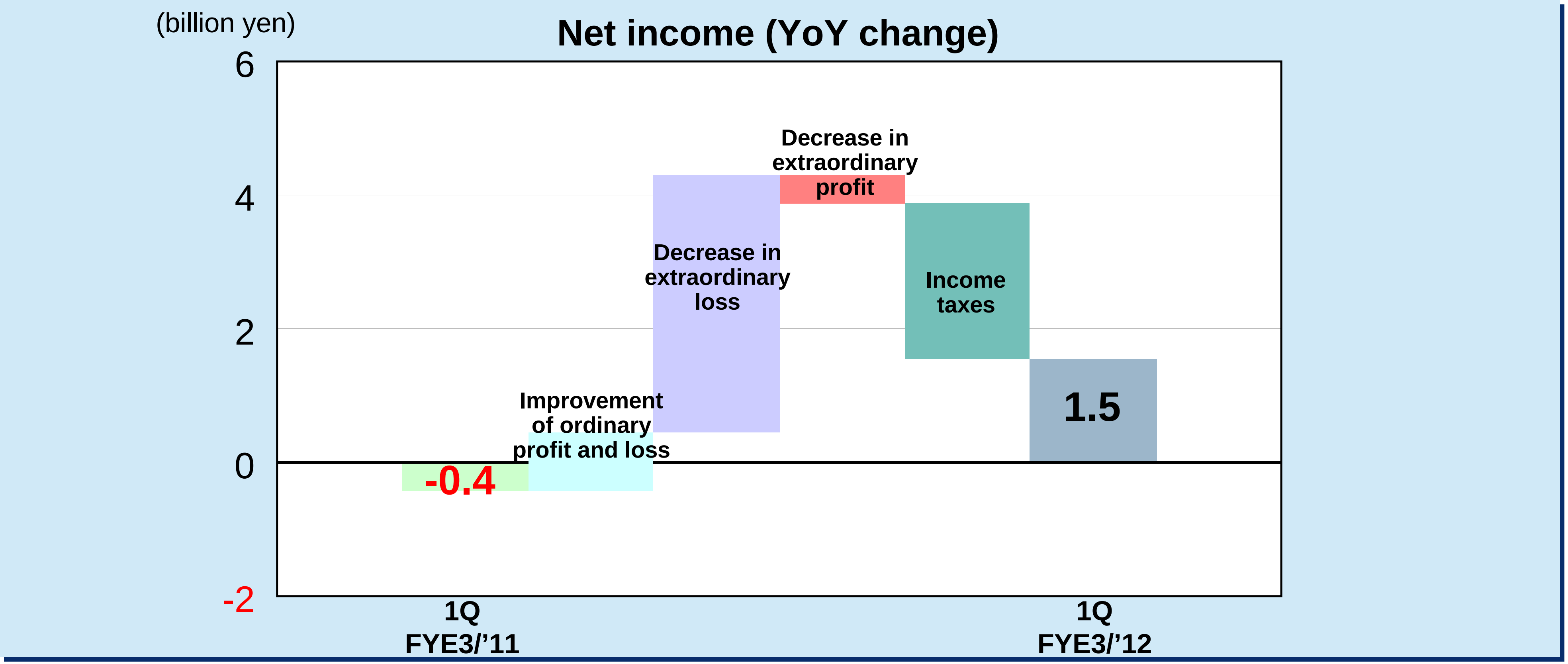
* Non-operating income declined by 1 billion yen YoY due to factors including a decrease in foreign exchange gain.
* Non-operating expenses dropped by 1.2 billion yen YoY due to factors including decreases in interest expenses and borrowing fees.



Financial Results for 1Q FYE3/'12 - Net Income

1Q FYE3/'12 Results: JPY1.5B (improved by JPY2B YoY)

* Extraordinary loss declined by JPY3.8B YoY.
* Extraordinary profit dropped by JPY0.4B YoY.
* Income before income taxes increased by 2.4 billion YoY because there was no income taxes – deferred posted in the previous fiscal year.



Financial Results for 1Q FYE3/’12 - Analysis of factors behind YoY increases/decreases

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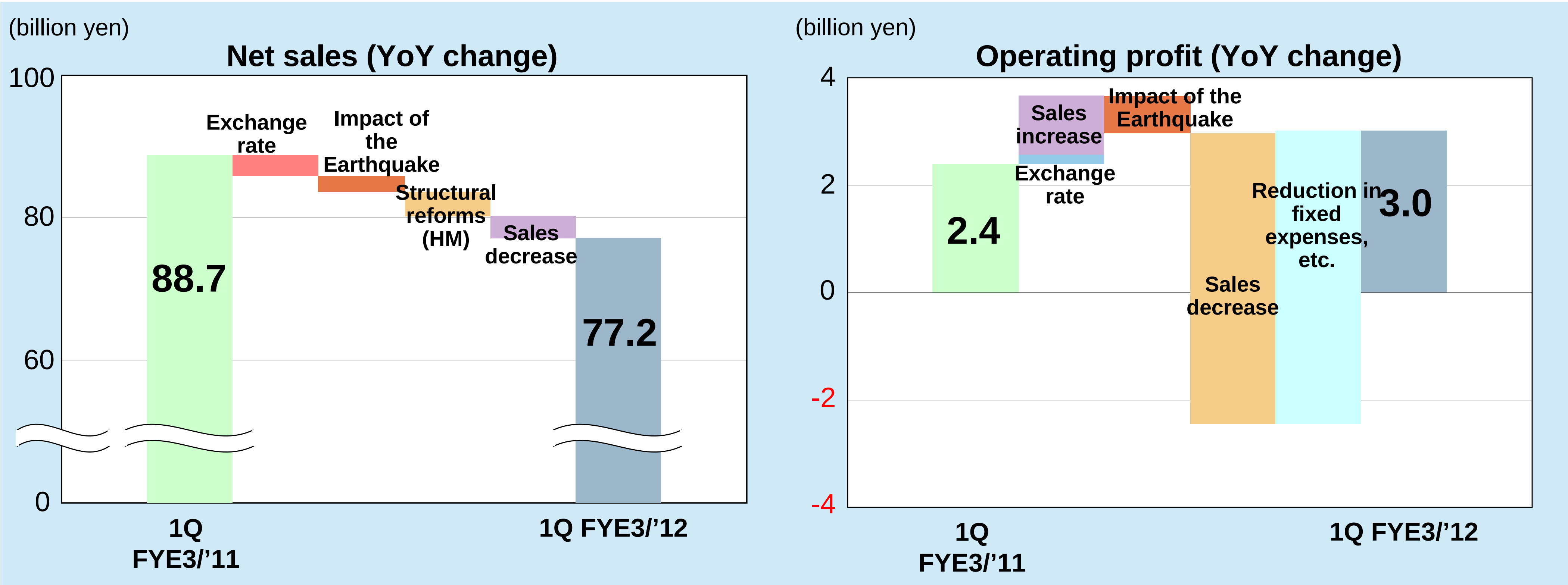
* Factors behind decreases in net sales: the impact of unfavorable exchange rates (strong yen), the Earthquake and the decrease in sales in HM.
* Factors behind increases in profits: the sales increase in PS and improvement of profit and loss due to the reduction of fixed expenses (in HM and SE).



Information by Business Segment

Net sale, Profits and Losses by Business Segment

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* All the Group's four business segments recorded positive operating profits.
* Both sales and profits decreased in CE and SE due to factors including the impact of the Earthquake and the strong yen.
* Both sales and profits increased in PS due to the strong performance in COM.
* Profits and losses improved substantially in HM despite a decrease in sales.

(million yen)

Segment		1QFYE3/'12	1QFYE3/'11	YoY change
Car Electronics Business (CE)	Net sales	26,600	28,962	-2,362
	Operating profit	1,745	2,776	-1,031
Professional Systems Business (PS)	Net sales	21,563	20,343	+1,220
	Operating profit	517	-714	+1,231
Home & Mobile Entertainment Business (HM)	Net sales	18,701	27,141	-8,440
	Operating profit	186	-288	+474
Entertainment Business (SE)	Net sales	8,993	10,255	-1,262
	Operating profit	462	530	-68
Others	Net sales	1,335	2,045	-710
	Operating profit	107	82	+25
Total	Net sales	77,194	88,749	-11,555
	Operating profit	3,019	2,385	+634

Financial Results for 1Q FYE3/'12 - Car Electronics Business

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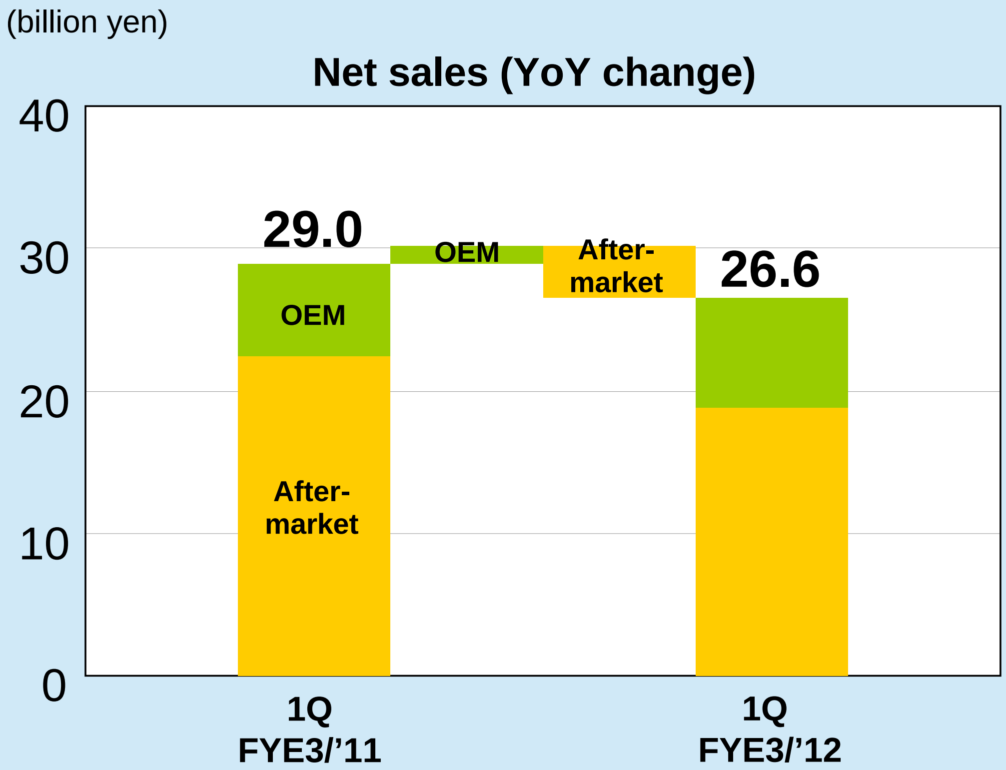
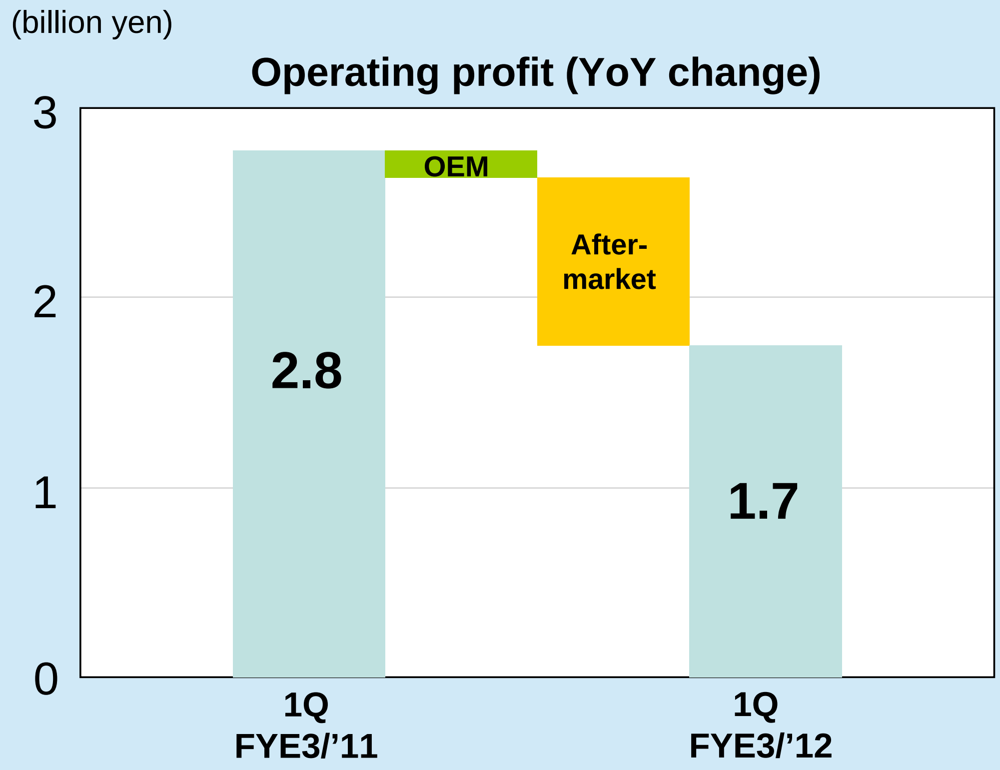
Net sales: JPY26.6B (down 8.2% YoY)

Operating profit: JPY1.7B (down 37.1% YoY)

* Net sales declined by 4.2% YoY excluding the effect of exchange rate fluctuations – Impact of the Earthquake
* Operating profit decreased by JPY1B – Effects of the Earthquake and an increase in fixed expenses due to the relaxation of emergency measures
* After-market: A high-share was maintained mainly in the U.S. market, and the introduction of "Saisoku-Navi," an SSD-type of AV car navigation system progressed smoothly within the Japanese market.
* OEM: Shipments recovered in June. Shipments of CD/DVD mechanisms for vehicles remained strong.

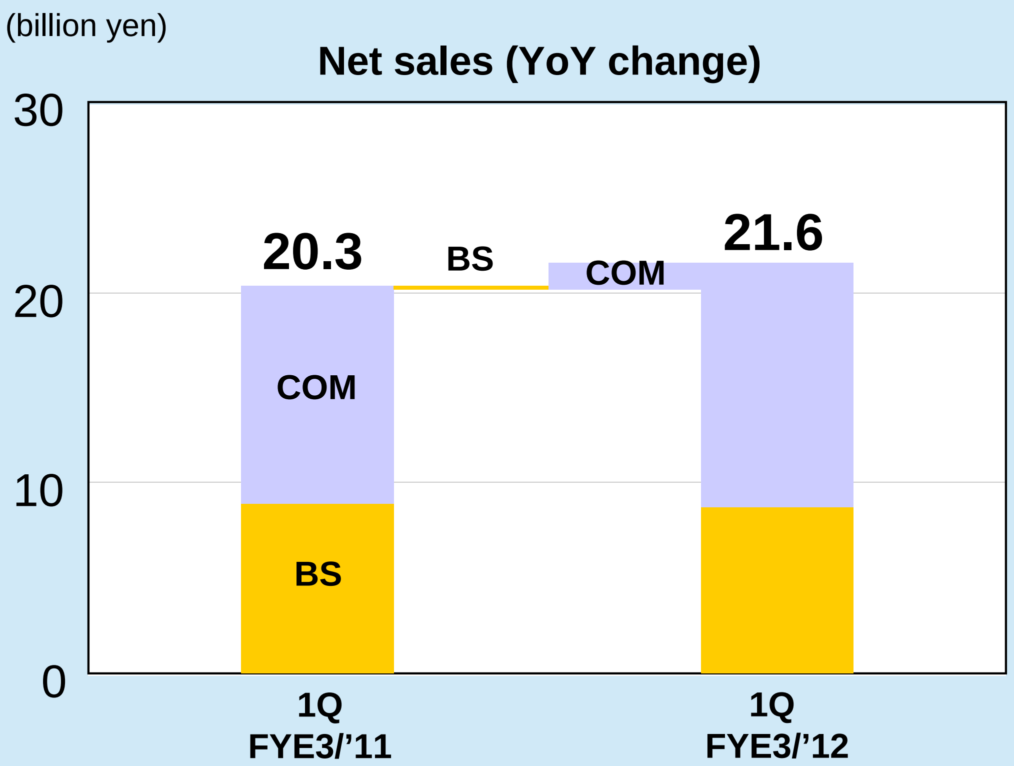


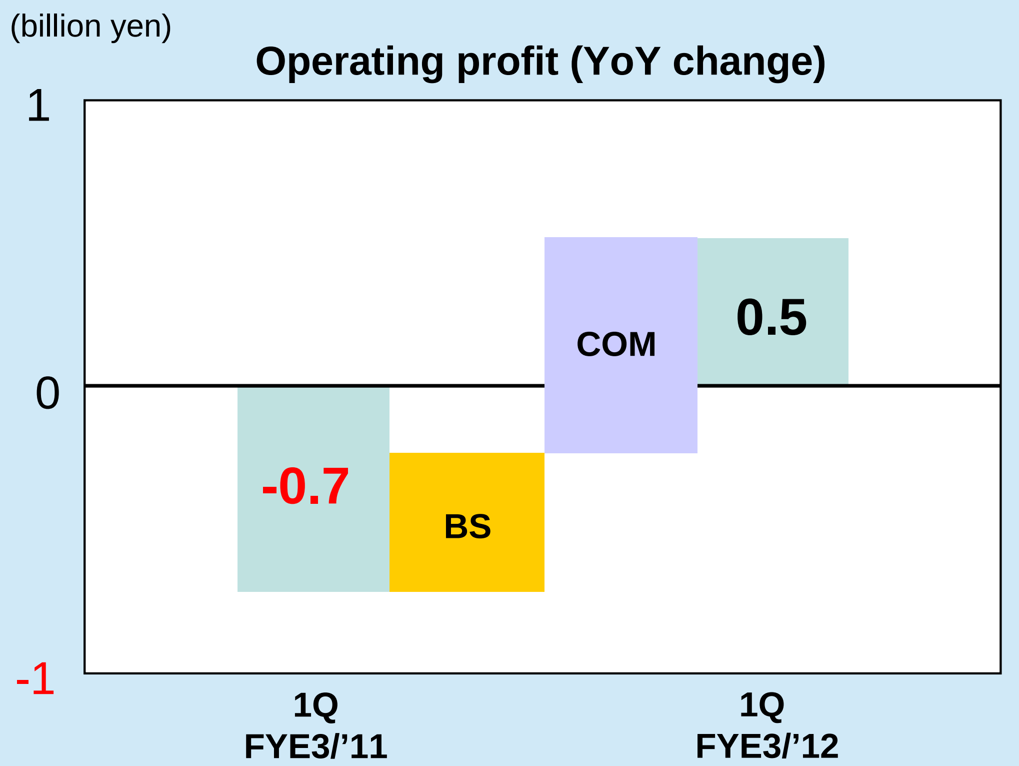


Financial Results for 1Q FYE3/’12 – Professional Systems Business

Net sales: JPY21.6B (up 6.0% YoY)
Operating profit: JPY0.5B (improvement of JPY1.2B YoY)

- COM: Maintained strong performance and net sales/operating profit grew substantially YoY.
- BS: Sales remained unchanged YoY due to strong sales of professional video cameras, etc. Operating loss declined YoY due to the improvement of profit and loss as a result of the reduction of fixed expenses.





Financial Results for 1Q FYE3/’12 – Home & Mobile Electronics Business

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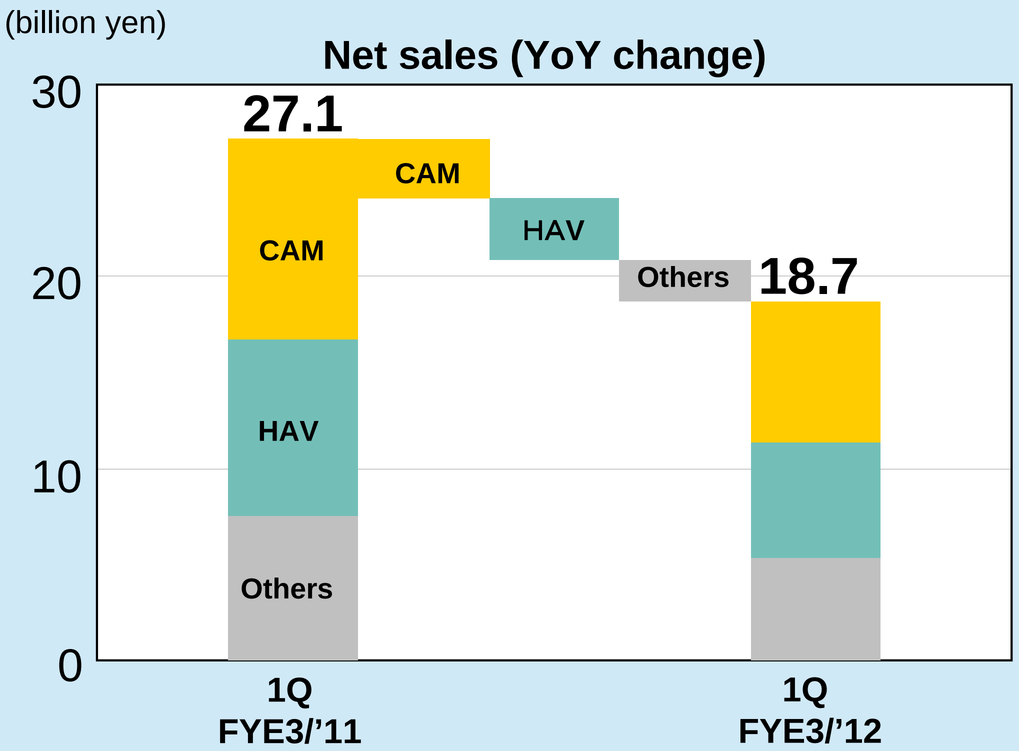
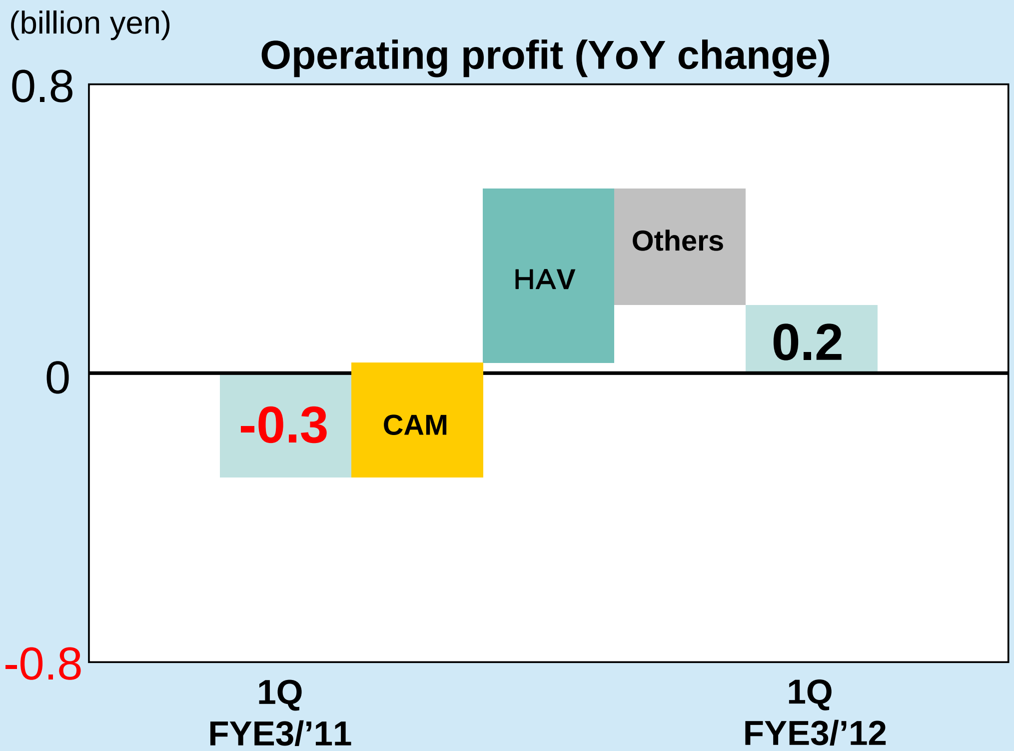
Net sales: JPY18.7B (down 31.1% YoY)
Operating profit: JPY0.2B (improvement of JPY0.5B)

* CAM: Returned to profitability due to the effect of structural reforms. Although net sales decreased due to the introduction of a group of new products with enhanced added values, the income and expenditure were breakeven.
* HAV: Although sales declined YoY, profit and loss improved substantially due to a shift in business model of display systems and progress in fabless production structures.
* Others: AVC sustained high profitability, and sales of projectors (PJ) that can handle 3D images grew.

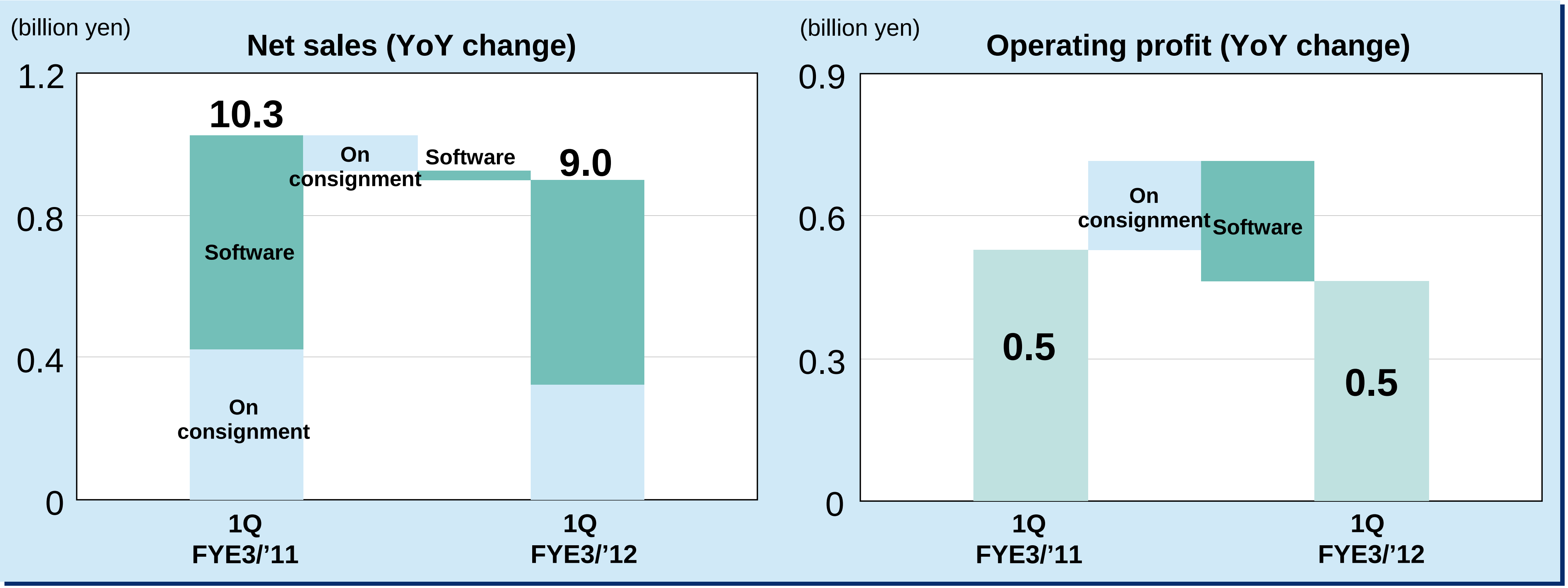




Financial Results for 1Q FYE3/'12 – Entertainment Business

Net sales: JPY9B (down 12.3% YoY)
Operating profit: JPY0.5B (down 12.8% YoY)

* Software: Net sales remained robust as a result of smash-hit music and animation works, and earnings from music related rights. Internal reforms also made progress.
* On consignment (e.g. optical disk manufacturing): Although net sales declined substantially due to the transfer of the subsidiary, consistent order-receiving for consignment of optical disk manufacturing was strong, and earnings improved due to the effect of reduction of fixed expenses.



Financial Results for 1Q FYE3/'12 – Sales by Region (Reference)

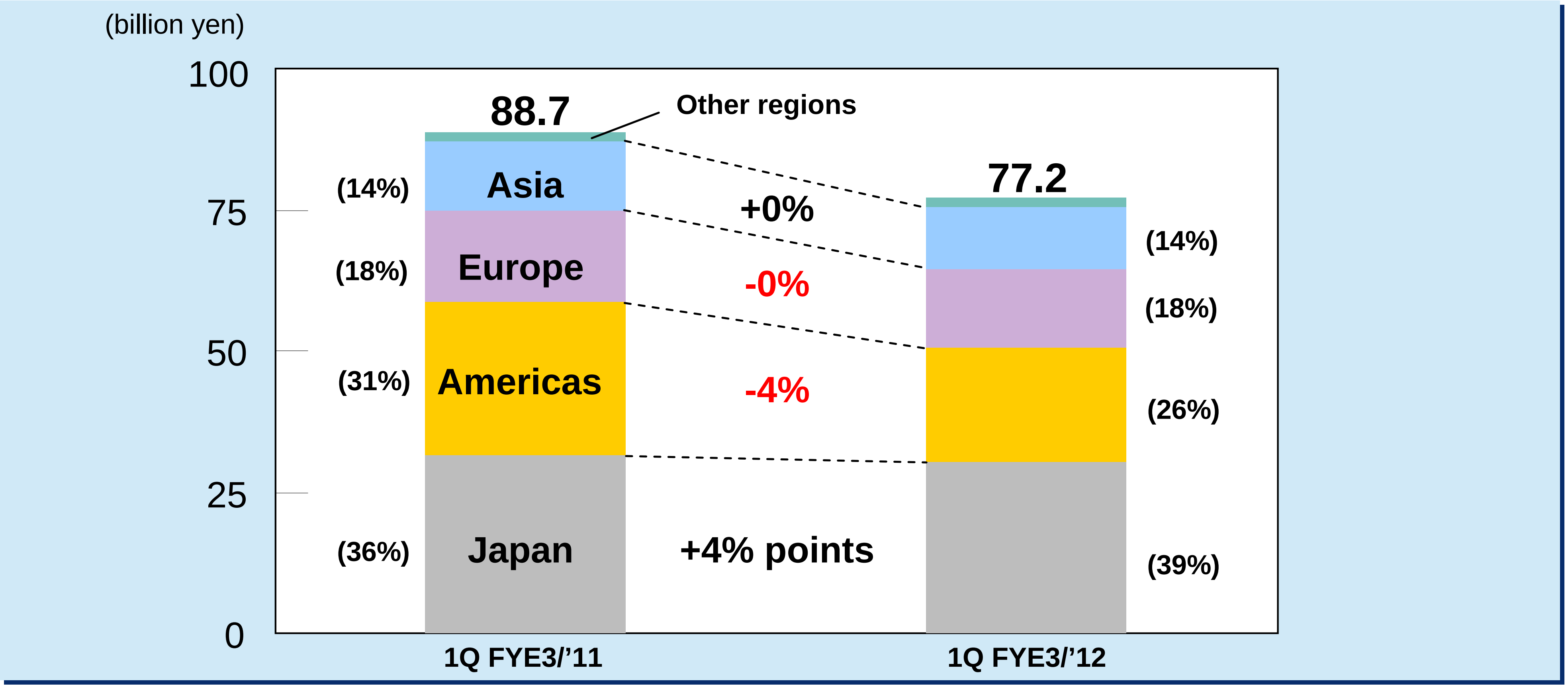
* **The strong yen caused a decrease of JPY2.9B in overseas sales.**

[Japan] Sales in Japan remained unchanged despite the impact of the Earthquake, due to increases in sales in CE and PS.

[Americas] Sales in the Americas decreased due to the effect of the strong yen and reduction in sales in HM although sales in PS grew.

[Europe] Sales in Europe declined due to the fall in sales in HM although sales in PS increased.

[Asia] Sales in Asia decreased due to reduction in sales in CE.



Financial Results for 1Q FYE3/'12 - Financial Status

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Balance Sheets

* Total assets decreased by JPY22.6 B from the end of the previous fiscal year due to decreases in items such as cash and deposits, and trade notes and accounts receivable.
* Liabilities decreased by JPY21.6 B from the end of the previous fiscal year mainly owing to decreases in other accounts payable and accrued expenses.
  Interest-bearing debts (sum of loans payable and bonds payable) decreased by JPY0.3 B from the end of the previous fiscal year. The net debt (amount obtained by subtracting cash and deposits from interest-bearing debt) increased by JPY9.8 B from the end of the previous fiscal year due to the decrease in cash and deposits.
* Retained earnings increased by JPY61.0 B from the end of the previous fiscal year due to the posting of positive net income and the elimination of loss that arose by transferring other capital surplus to retained earnings which was implemented in May 2011.
* Total net assets decreased by JPY1.1 B from the end of the previous fiscal year mainly due to the decrease in foreign currency translation adjustments, though total shareholders' equity increased by JPY1.5 B. Shareholders' ratio increased by 1.5 percentage points from the end of the previous fiscal year to 21.5%.

(billion yen)

	End of FYE3/'11	End of 1Q FYE3/'12	Change from End of FYE3/'11
Total assets	260.7	238.0	-22.6
Interest-bearing debt	93.1	92.8	-0.3
Net debt	28.1	37.9	+9.8
Capital surplus	105.3	45.9	-59.5
Retained earnings	-41.3	19.7	+61.0
Shareholders' equity	73.5	75.0	+1.5
Net assets	52.7	51.7	-1.1
Equity ratio(%)	20.0	21.5	+1.5

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Cash Flows

Cash flows from operating activities: Net cash used in operating activities was JPY7.5 B, up JPY10.6 B on YoY.

* This was primarily due to decreases in employment structural reform expenses and accrued expenses, despite an increase in income due to a rise in income before income taxes.

Cash flows from investing activities: Net cash used in investing activities was JPY1.6 B, down JPY6.5 B on YoY.

* This was mainly due to a decrease in income of JPY6.3 B in connection with the sale of tangible fixed assets.

Cash flows from financing activities: Net cash used in financing activities was JPY0.4 B, down JPY5.3 B on YoY.

* This was mainly due to a decrease of JPY4.8 B in repayment expenses for long-term loans payable.

As of the end of the first quarter under review, cash and cash equivalents totaled: JPY54.8 B.

2. Earnings Forecast for Fiscal Year Ending March 2012

Earnings Forecast for FYE3/’12

Outlook for the fist half period

* The earnings forecast for the first-half period, which had been deemed indefinite, was determined by taking into account the actual results in the first quarter, assuming the management environment and impact of the Earthquake in 2Q to the extent possible, and by incorporating merger expenses.
* The impact of the Earthquake for the full fiscal year is expected to be smaller than anticipated and structural reforms produced larger-than-expected effects in 1Q. In the meantime, the Group will closely examine the earnings forecast for the full fiscal year by the time it will announce financial results for 2Q.

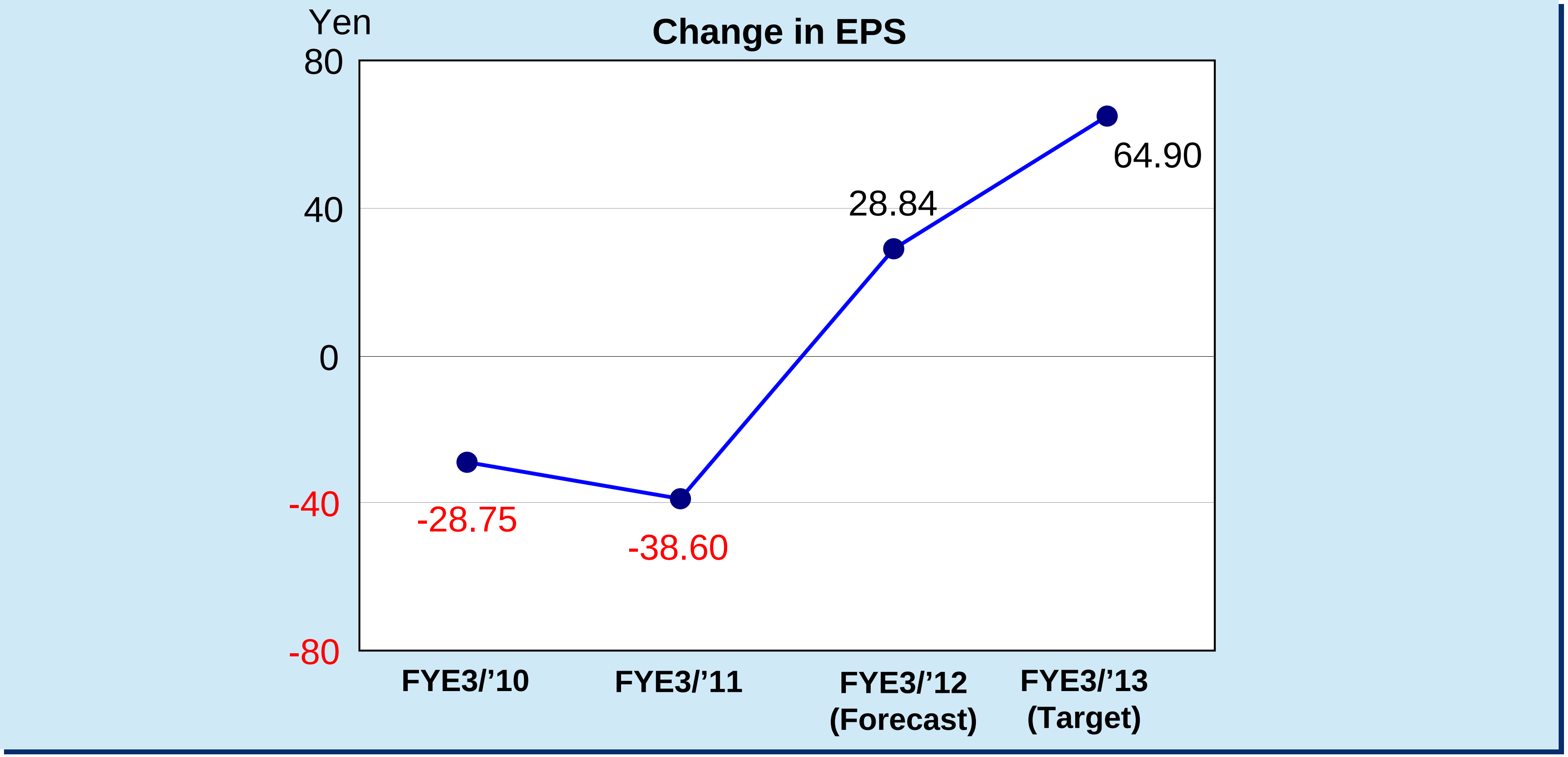
(billion yen)

<First-half period>	Net sales	Operating profit	Ordinary income	Net income	Exchange rate
FYE3/’12	162.0	6.0	3.5	1.6	
FYE3/’11	176.6	5.4	2.1	-3.2	USD: JPY89 Euro: JPY114
<Full fiscal year>					
FYE3/’12	360.0	13.5	8.0	4.0	
FYE3/’11	352.7	13.0	7.6	-4.0	USD: JPY86 Euro: JPY113

* Forecasted exchange rate is JPY80 to the USD and JPY113 to the Euro.

Earnings per share (EPS)

* Planned structural reforms were completed at the end of the previous fiscal year.
* The Group is targeting the achievement of net income of JPY4 B for FYE3/'12 and JPY9 B for FYE3/'13.



* The Company carried out share consolidation of one share for every 10 shares effective August 1, 2010. In addition, the Company issued new shares and disposed treasury stocks effective January 25, 2011.
* EPS for FYE3/'10 does not reflect the change in the number of stocks through the above-mentioned share consolidation. EPS assuming that the share consolidation was conducted at the beginning of FYE3/'10 is -287.48 yen.
* EPS for FYE3/'12 and FYE3/'13 is calculated based on the number of shares outstanding as of the end of 1Q FYE3/'12.

3. Efforts Undertaken during Fiscal Year Ending March 2012

(1) Issue of stock acquisition rights in relation to term modification (extension of maturity date, etc.) of unsecured bonds issued by the subsidiary, Victor Company of Japan, Limited

(2) Resolution on merger

(1) Issue of stock acquisition rights in relation to term modification of unsecured bonds

Outline of the term modification

(a plan to spread out the maturity of the bonds)

Of the JPY20 B unsecured bonds, issued by Victor Company of Japan, Limited and maturing in August 2012, the No.8 Unsecured Bonds (the remaining balance: JPY8 B) will be redeemed in about a year as scheduled and the No.7 Unsecured Bonds (the remaining balance: JPY12 B) will be redeemed over a four-year period. This will significantly alleviate fiscal burden within the Group and enable it to use future cash flows responsively.

- * May be acquired without consideration after three years from the date of issue.
- * May be acquired in accordance with the Net Share Settlement Clause by giving prior notice or public notice after three years from the date of issue.
- * Exercise price will be the amount obtained by multiplying the average of the volume weighted average prices of common stocks of JVC KENWOOD reported by the Tokyo Stock Exchange during the period from August 3, 2011 to August 8, 2011 by 120%.

(1) Issue of stock acquisition rights in relation to term modification of unsecured bonds

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* Provide for the Net Share Settlement (NSS) Clause which will substantially reduce dilution of the value of the stocks.

Estimated future stock price (Estimated future parity)	**Dilution ratio when NSS is exercised** The number of shares delivered in accordance with NSS	**Dilution ratio when stock acquisition rights are exercised ordinarily** Number of latent shares
JPY437 (Base price)	—	—
JPY525 (Exercise price)	**0.0%**	**16.4%**
JPY656 (Parity: 125%)	**3.3%**	**16.4%**
JPY788 (Parity: 150%)	**5.5%**	**16.4%**
JPY1,050 (Parity: 200%)	**8.2%** 11.5 (million shares)	**16.4%** 22.9 (million shares)

Provisional preconditions

* Base price: JPY437 (closing price on July 29) * Rate of increase: 20%

Notes:

1. Estimated stock price will be the average of the volume weighted average prices of common stocks of JVC KENWOOD reported by the Tokyo Stock Exchange during the 40-day period that starts from the fifth business day of the following day after the Company has notified acquisition of stocks.
2. Above-mentioned base price is a tentative value. Actual exercise price will be the amount obtained by multiplying the average of the volume weighted average prices of common stocks of JVC KENWOOD reported by the Tokyo Stock Exchange during the period from August 3, 2011 to August 8, 2011 by 120%, and actual base price, exercise price, dilution ratio, and the number of shares will be different from the those in the above figure.
3. JVC KENWOOD has the right to exercise NSS after a certain period (about three years after the issue) by giving prior notice or public notice. Please pay due notice that NSS is strictly a "clause that may reduce dilution of the value of the stock substantially" as it does not reduce dilution of the value of the stock on the occasion of the voluntary conversion by the holders of the Stock Acquisition Rights before exercise of rights by the Company .

(1) Issue of stock acquisition rights in relation to term modification of unsecured bonds

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Schedule

Schedule	Offering of the stock Acquisition Rights	Term Modification of the Bond
August 1 (Monday)	Resolution for the issuance of the Stock Acquisition Rights	
August 8 (Monday)	Determination of the exercise price, etc. of the Stock Acquisition Rights	The Bondholders Meeting
August 8 (Monday) to August 24 (Wednesday)		Court approval on the resolution of the Bondholders Meeting (scheduled)
August 22 (Monday)	Record date of the holders of the Bond who are allottees of the Stock Acquisition Rights	
August 24 (Wednesday)	Application date of subscription for the Stock Acquisition Right	
August 25 (Thursday)	Allotment date of the Stock Acquisition Rights	Effective date of the Term Modification of the Bonds

(2) Resolution on Merger

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Effective October 1, 2011, JVC KENWOOD will execute an absorption-type merger of its three subsidiaries, Victor Company of Japan, Limited, KENWOOD Corporation, and J&K Car Electronics Corporation.

Purposes of the merger

The Group will increase the trust placed in it and the effect of integration through the management integration after the merger, in addition to the promotion of the integrated management system with focus on business operations, to accelerate profitable growth.

Effects of the merger

1. Consolidation of corporate management
   - Transparency, reliability, business reform
2. Consolidation of fund operation
   - Degree of freedom and efficiency of fund management
3. Consolidation of internal systems
   - Vigor of the organization and employees

(2) Resolution on Merger

Corporate logo

JVC KENWOOD

Corporate vision

Creating excitement and peace of mind for the people of the world.

Management policy

(1) Create excitement and peace of mind as a global manufacturer specializing in electronics and entertainment products.
(2) Realize profitable growth by concentrating on strong business.
(3) Being a company widely trusted by society.

Conduct guide

Every individual to take charge and strive for never ending reform.

4. Business Strategy

1. Efforts Undertaken in the Car Electronics Business

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Parts shortage in the after-market will be eliminated in the latter half of 2Q, and the Group will introduce the new 2012 models in 4Q.
Orders received in OEM has recovered, and new orders will contribute to earnings.

* Expand market share in the after-market
  Capture demand in the global after-market, including in Japan, by pursuing sales expansion strategy for "memory navi."
  - Maintain overseas after-market share of 40% or more for "Garmin Navi" and promote market creation.
  - Target an after-market share of 10% for "Saisoku-Navi" in Japan.
* Enhance the OEM segment
  - Strive to expand business in 2Q and beyond by securing new orders from leading manufacturers in Japan.
  - Further strengthen the device business, which was expanded in the previous fiscal year.

Garmin-Navi
After-market share of 40% or more in Europe and the U.S.

Saisoku-Navi
Received Division Award in the Nikkan Jidosha Shimbun Car Accessory Award

New orders received for DOP-Navi

Received awards from Bosch and Delphi for CD/DVD mechanisms for vehicles

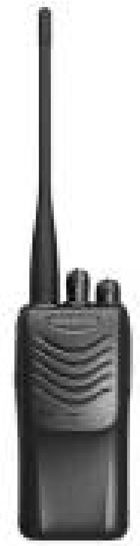
2. Efforts Undertaken in the Professional Systems Business

Aim to achieve operating margin of 10% in COM by expanding sales of digital radio equipment and systems.
Expand sales of camera recorders by capturing demand triggered by reconstruction efforts in the quake-stricken areas.

Growth Strategy for COM — Make use of our strengths in the public safety sector.

* Expand sales of digital radio equipment
* Expand scope of business of wireless communications systems
* Expand sales in emerging markets

Digital radio system



Land mobile radio equipment for emerging markets

Growth strategy for BS — Make use of global presence

* Implement growth strategy with security-related products as a driver of growth
* Implement growth strategies through integrated operations and partnerships

Security camera system

Camera recorders for CNN

3. Efforts Undertaken in the Entertainment Business

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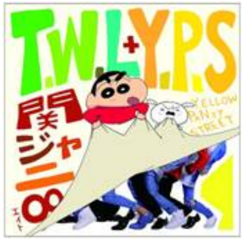
Evolve the Entertainment Business into a “total entertainment” business by enhancing strong contents and the OEM business.

* Produce business effect by operating Victor Entertainment, Inc., Teichiku Entertainment, Inc. and Victor Creative Media Co., Ltd., etc. as one business group.
* Enhance existing businesses by getting smash hits with new artists and creating hit songs with artists of medium standing and making them the mainstay.
* Aggressively capture businesses related to music.
* Enhance business by expanding sales in OEM business.












4. Efforts Undertaken in the Home & Mobile Electronics Business

Press on with the shift of focus to niche and professional markets and change of product mix.
Generate synergistic effects in the fields in which the Groups shares core technologies with the Professional Systems Business.

* Accommodate CAM to niche and professional markets through the use of FALCONBRID (3D, hybrid, 4K2K).
* Change product mix by introducing new-type image and communications products.

5. Efforts Undertaken for Entering New Business Domains

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Establish a new R&D system based on the concept of "market-in" toward commercialization of medical / health care, education, aging population, eco-business, and personal safety and security.

* Technology Development Center in Strategic Research & Development Division will focus on the development of advanced element technologies.
* New Business Development Center will be renamed New Business Incubation Center, transferred to Strategic Research & Development Division, and promote commercialization of new businesses under a project-based system.
* Expand the "Software Innovation Plant," which was under Global Production & Procurement Department, and transfer it to Strategic Research & Development Division as a company-wide function for software development.

8K4K super hi-vision jointly developed with NHK

Hi-definition 3D image system for remote medical treatment

Photo source: NICT

Wide-screen unaided 3D display jointly developed with the National Institute of Communications Technology (NICT)

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