



November 14, 2008

Company	JVC KENWOOD Holdings, Inc.
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Notice on Company Split of the Home Electronics Business in Kenwood Corporation (Simplified Establishment-Type Split)

JVC KENWOOD Holdings, Inc. (“the company”) and Kenwood Corporation (“KENWOOD”), a wholly-owned subsidiary of JVC KENWOOD Holdings, Inc, announced that they resolved at the Board of Directors meeting held on December 14, 2008 to establish Kenwood Home Electronics Corporation (“Kenwood Home Electronics”) as of December 1, 2008 through a company split (simplified establishment-type split or *kani-shinsetsu-bunkatsu*).

Kenwood Home Electronics will succeed part of the rights and obligations in the Home Electronics business of KENWOOD regarding business operated by the Sales & Marketing Department and business related to product planning and product purchasing. Details are described in the following.

In implementing this Establishment-Type Split, the company aims to boost competitiveness by making Kenwood Home Electronics a fables company specializing in product planning and sales & marketing, and establishing a system capable of flexibly responding to the market environment. In this way the company aims to turn profitable the Home Electronics business of KENWOOD, which has been shifting to a high-value-added business structure.

As this Establishment-Type Split is an independent one by KENWOOD as a wholly-owned subsidiary of the company, part of the description are omitted from the disclosure below.

1. Summary of the Establishment-Type Split

(1) Background to and Purpose of the Establishment-Type Split

Since the fiscal year ended March, 2003, KENWOOD focused on a drastic structural reform of the loss-making Home Electronics business (Home Audio business). It finished narrowing down unprofitable models and sales regions in the fiscal year ended March, 2007 and changed to a high-value-added business structure by moving to the stage of enhancing line-up by high-value-added products in the fiscal year ended March, 2008.

To further boost earnings, in April this year, KENWOOD reinforced responsiveness to market and technological changes and cost competitiveness by shifting to an organizational structure under which agile and low-cost operations are possible. KENWOOD is centering on product planning and design, and on sales & marketing in existing domains.

In J&K Technologies Corp. (“J&K Technologies”) which was established on October 1, 2007 as a 50-50 joint venture by Victor Company of Japan, Limited (“Victor”) and KENWOOD with eyes on integrating their management, they pushed forward joint development of home audio-related platforms and modules, in conjunction with joint development related to car electronics to strengthen product competitiveness.

Results of these efforts became evident in the current fiscal year ending March 2009, and performance remained robust in the first quarter. The business environment began deteriorating, however, in the latter half of the second quarter because of various factors, including concerns originating in the U.S. about the health of the financial system.

To further accelerate its structural reform under these conditions, the company aims by implementing this Establishment-Type Split to realize a product manufacturing structure capable of flexibly responding to the

market environment, and make the Home Electronics business of KENWOOD profitable. With joint development and production collaboration with the Home Audio business of Victor already underway, by this structural change the company will speed up establishing a new Home Audio business as JVC KENWOOD Group.

(2) The Plan for an Establishment-Type Split

As of December 1, 2008, KENWOOD will establish Kenwood Home Electronics, which will become a wholly-owned subsidiary of KENWOOD. Kenwood Home Electronics will succeed part of the rights and obligations in the Home Electronics business of KENWOOD regarding business operated by the Sales & Marketing Department and business related to product planning and product purchasing.

The company will further reinforce its competitiveness while enhancing the KENWOOD brand by making Kenwood Home Electronics a fables company, specializing in product planning and sales & marketing, and by setting up a system under which design, production and materials procurement will be commissioned to Group affiliated companies or firms outside the Group.

2. Outline of the Establishment-Type Split

(1) Split schedule

November 14, 2008	Approval of the Establishment-Type Split plan by the Board of Directors (KENWOOD)
December 1, 2008	Date of registration of establishment of new company

Note: The company will implement the Establishment-Type Split without obtaining approval at a general meeting of shareholders of pursuant to Article 805 of the Corporate Law.

(2) Split method

The Establishment-Type Split is a physical split-up, establishment-type split (*bunsha-gata shinsetsu-bunkatsu*). KENWOOD will be the split company and the company to be established, Kenwood Home Electronics, will become a wholly-owned subsidiary of KENWOOD.

(3) Change in capital because of the Split

There will be no change in KENWOOD's capital amount.

(4) Rights and obligations for stock acquisition rights / bonds with stock acquisition rights of split company
KENWOOD does not issue either stock acquisition rights or bonds with stock acquisition rights.

(5) Rights and obligations to be succeeded by established company

Kenwood Home Electronics will succeed part of rights and obligations in the Home Electronics business of KENWOOD regarding business operated by the Sales & Marketing Department and business related to product planning and product purchasing. KENWOOD will conduct cumulative taking of obligations regarding the obligations Kenwood Home Electronics will succeed from KENWOOD.

(6) Presumption of obligation fulfillment

KENWOOD and Kenwood Home Electronics presume that all respective obligations will be fulfilled for which the maturity date will come on and after the Establishment-Type Split.

3. Outline of the Parties Concerned in the Split

Split Company

(1) Corporate Name	Kenwood Corporation
(2) Principal Business	Manufacturing and sales of products related to car electronics, communications equipment and home electronics, and other related businesses

(3) Date of Incorporation	December 21, 1946
(4) Location of Head Office	2967-3, Ishikawa-machi, Hachioji-shi, Tokyo
(5) Name and Title of Representative	Kazuo Shiohata, President & CEO
(6) Capital	¥11,059 million
(7) Major Shareholder and Shareholding Ratios	JVC KENWOOD Holdings, Inc.: 100%

Company to Be Established

(1) Corporate Name	Kenwood Home Electronics Corporation
(2) Principal Business	Manufacturing, sales and installation work of audio equipment, video equipment and communications equipment, manufacturing and sales of electrical and electronic equipment, manufacturing, sales and import/export of related goods, and other related businesses
(3) Date of Incorporation	December 1, 2008
(4) Location of Head Office	2967-3, Ishikawa-machi, Hachioji-shi, Tokyo
(5) Name and Title of Representative	Yasuyuki Nakajima, President
(6) Capital	¥19 million
(7) Major Shareholder and Shareholding Ratios	KENWOOD: 100%

4. Outline of Business Segments to be Split

(1) Principal business of the segments to be split

- Part of the rights and obligations in the Home Electronics business of KENWOOD regarding businesses operated by the Sales & Marketing Department
- Business related to product planning and product purchasing

(2) Operating results of segments to be split (results for the fiscal year ended March 2008)

	Split company (consolidated)	Segments to be split (consolidated)	Ratio
Net sales	¥165,262 million	¥9,680 million	5.9%
Operating income	¥6,259 million	- ¥545 million	—

5. Status of Listed Company after the Establishment-Type Split

The corporate name, principal business, location of head office, name and title of representative, capital and fiscal year-end of the company will not change because of the Establishment-Type Split. For details, refer to section 1. "Summary of the Establishment-Type Split."

6. Prospects

The Establishment-Type Split will be conducted as an intragroup restructuring targeting KENWOOD and Kenwood Home Electronics, which will directly or indirectly become wholly-owned subsidiaries of JVC KENWOOD Holdings, Inc. There is no impact on the consolidated operating results of the company when the Establishment-Type Split is implemented. KENWOOD and Kenwood Home Electronics plan to make the Home Electronics business profitable and accelerate establishing a new Home Audio business as JVC KENWOOD Group along with the previously mentioned purpose of the Establishment-Type Split.