TRANSLATION – FOR REFERENCE ONLY –

July 15, 2011

Company	JVC KENWOOD Holdings, Inc.
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Notice of Bondholders Meeting on Term Modification (Extension of Due Date, etc.) of Subsidiary's No. 7 Unsecured Bond, and Shelf Registration For Issue of Stock Acquisition Rights In Relation To Term Modification

At its Board of Directors meeting held today, JVC KENWOOD Holdings, Inc. ("JVC Kenwood") resolved to convene a bondholder meeting to modify the terms that are stipulated in the Terms and Conditions of the No. 7 Unsecured Bond (remaining balance: ¥12.0 billion) (the "Bond") which is a part of ¥20 billion unsecured bonds issued by the subsidiary Victor Company of Japan, Limited ("JVC") in August 2007, and the modification includes extending their maturity date (the "Term Modification"). JVC Kenwood also will hold this meeting to make a shelf registration of stock acquisition right certificates (the "Stock Acquisition Rights") to be allocated to holders of the Bond in relation to the Term Modification (the "Shelf Registration"), on condition that the Term Modification is approved at the bondholders meeting.

Through the above-mentioned development, the JVC Kenwood Group will establish a scheme to spread out the maturity of the Bond over the four-year period without increasing the Bond's interest rate. It will do so at this time when one year is left until the Bond matures, while setting a course to redeem the ¥20 billion unsecured bonds.

1. Background and reasons for the Term Modification and the Shelf Registration

(1) Current status of the JVC Kenwood Group

After the management integration on October 1, 2008, we at the JVC Kenwood Group were affected by the worldwide economic crisis and were forced to make adjustments to our previous earnings results. Against this backdrop, we implemented structural reforms and focused on businesses with a competitive advantage, in order to survive. In the fiscal year ended March 2011, we completed the planned structural reforms and saw earnings results recover sharply. As a result, we achieved the target for the initial year of the Mid-term Business Plan: "to post an ordinary income."

Financially, cash flows picked up due to an improvement in earnings as mentioned above, and cash increased as a result of reducing inventories and selling assets. We also procured capital worth about ¥13.9

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billion by issuing new shares and disposing of treasury stock. Furthermore, we changed refinancing terms and such like through negotiations with our main correspondent financial institutions. Consequently, we excluded the notes to financial statements regarding going concern.

These achievements are entirely due to the warm support we received from our shareholders, investors, financial institutions, business partners, and many other parties concerned. We would like to thank all of them.

(2) Background and reasons for the Term Modification

As the remaining financial issue, to redeem them most effectively JVC Kenwood has been working on determining the redemption method and period of the ¥20 billion unsecured bonds (remaining balance of the Bond: ¥12.0 billion; remaining balance of No. 8 Unsecured Bond: ¥8.0 billion). These are bonds of JVC that were issued in August 2007 and will mature in August 2012.

Options for the redemption method could be narrowed down at a time when less than one year is left until the ¥20 billion unsecured bonds mature. Hence, we have decided to set a course to redeem the unsecured bonds at this time when one year is left until they mature.

We have concluded that, for the following reasons, the best redemption method is to spread out the maturity of the Bond over the four-year period. We will redeem the Bond with operating cash flows to be accumulated during the period and amounts to be paid for the exercise of stock acquisition rights, which is described later, as underlying funds. The reasons are: (1) JVC Kenwood and its subsidiary Kenwood Corporation have not acquired any rating, while the rating on JVC has decreased compared with the time when JVC issued the unsecured bonds in August 2007, and hence, it is difficult to issue new bonds at the moment; (2) to increase financial soundness and stability, we plan to extend the maturities of interest-bearing debts while avoiding concentrating on borrowings; and (3) to maintain profitable growth over the medium to long term, it is desirable to extend the maturity date of the Bond in advance so that we can flexibly use future cash flows. Specifically, we will redeem the No. 8 Unsecured Bond (remaining balance: ¥8.0 billion) in August 2012 as scheduled. We have decided to hold a bondholders meeting for approving the Bond's Term Modification, including the extension of its maturity date by one year for 50% (totaling ¥6.0 billion) of the principal and by three years for the remaining 50% (¥6.0 billion).

Even if the maturity date is extended, we will not change the interest rate of the Bond, leaving it at the current 2.66%. The modification of the Bond's terms will take effect for each certificate of the Bond through approval of the bondholders meeting, in accordance with the Terms and Conditions of the Bond, the Companies Act and other applied laws and regulations.

(3) Reason for the Shelf Registration

On the occasion of proposing the above modification of terms to holders of the Bond, JVC Kenwood has decided to allocate the Stock Acquisition Rights gratis to holders of the Bond in relation to the Term

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Modification. This is on condition that a resolution is obtained at the bondholders meeting and the court approves the Term Modification. The Shelf Registration will be made to establish a structure for flexibly issuing the Stock Acquisition Rights.

JVC Kenwood believes that the holders of the Bond will accept the Term Modification if they are allocated the Stock Acquisition Rights, which have option value corresponding to economic value that is obtained by JVC Kenwood due to the Term Modification, gratis in relation to the above-mentioned Term Modification of the Bond. Here, the economic value, for the bondholders, is equivalent to the present discount value of cash flows of the principal and interest that decreases following the postponement of the Bond's maturity date. In August 2011, we will seek a resolution approving the issue of the Stock Acquisition Rights.

(4) Effects of the Term Modification and the Shelf Registration

As mentioned above, the JVC Kenwood Group will establish a scheme to spread out the maturity of the Bond over the four-year period without increasing the Bond's interest rate. It will do so at this time when one year is left until the Bond matures, setting a course to redeem the ¥20 billion unsecured bonds.

While increasing its financial soundness and stability under the scheme, the Group will steadily implement strategic investments for new growth as stated in the "Notice on Revision of Mid-term Business Plan and Implementation of Strategic Investments" released on April 27, 2011. It will also further accelerate the growth strategy to achieve the mid-term targets, including the booking of a net income for the fiscal year ending March 2012, and pursue continued growth after the Mid-term Business Plan.

If the Stock Acquisition Rights are exercised, we will be able to secure funds for repaying the bonds outstanding by receiving payment of the exercise price, and further strengthen the financial base through a capital increase. On the other hand, we will devise a scheme in which a considerable increase in stock price is required to exercise stock acquisition rights, with the exercise price of stock acquisition rights set at 120% or higher of the relevant stock's market value. In addition, we are considering attaching various acquisition clauses, including a net share settlement clause (see Note), to the Stock Acquisition Rights. Under this clause, even if the stock price exceeds the exercise price, the dilution of JVC Kenwood's stock can be reduced substantially by considerably decreasing the number of shares to be offered as the value of acquisition, without offering shares corresponding to the amount (¥12.0 billion at the maximum) paid in the exercise of stock acquisition rights.

Note: The net share settlement clause operates by assuming that the amount obtained by dividing the market value of JVC Kenwood's common stock by per-share exercise price of the Stock Acquisition Rights and multiplying the result by 100 (the "parity") exceeds 100 (so-called in the money). The clause enables the Stock Acquisition Rights to be acquired, with JVC Kenwood's shares equivalent to the amount obtained by subtracting the value of assets to be financed in the exercise from the total

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number of shares subject to each of the Stock Acquisition Rights multiplied by the market value of JVC Kenwood's common stock (portion of in the money) as offered assets.

2. Bondholders meeting on the Bond

The modification of terms for the Bond will be submitted for deliberation at the bondholders meeting to be held on August 8, 2011.

(1) Date of the bondholders meeting

August 8, 2011 (Monday)

(2) Venue for the bondholders meeting

Chiyoda-ku, Tokyo

(3) Purpose of the bondholders meeting

Partial modification of the Terms and Conditions of the Bond

The Terms and Conditions of the Bond (amount of each bond certificate: ¥100 million) shall be modified as follows.

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(The underlined parts indicate the portions to be modified.)

Current terms and conditions	Proposed modification
8. Redemption method and maturity (1) With regard to the principal of the Bond, the total amount shall be redeemed on August 2, 2012 ("redemption date"). (2) Advanced redemption *The rest is omitted.	8. Redemption method and maturity (1) With regard to the principal of the Bond, ¥50.0 million shall be redeemed for each certificate of the Bond on August 2, 2013 and ¥50.0 million for each certificate of the Bond on July 31, 2015. (Deleted)

(4) Others

The modification of the Bond's terms will take effect on August 25, 2011. This is on condition that JVC Kenwood will not have resolved to cancel the issuance of the stock acquisition rights that JVC Kenwood decides to issue for the holders of the Bond prior to the meeting of the holders of the Bond. The resolution by the said bondholders meeting will take effect only after the court's approval.

3. Shelf registration for the issue of stock acquisition rights

(1) Type of offered securities:	Stock acquisition right certificate
(2) Issue period:	Within one year from the expected effective date of the shelf registration (July 23, 2011 to July 22, 2012)
(3) Issue amount:	¥12.0 billion (The figure is the expected sum of the total issue price of stock acquisition rights (gratis) and the total amount of payment required to exercise stock acquisition rights.)
(4) Offering method:	The offering will be made to holders of the Bond (general offering). Specifically, stock acquisition rights will be allotted to the holders of the Bond who are recoded as of a certain day prior to the effective date of the modification of the Bond's terms, only when the application is completed no later than the application deadline, in proportion to the amount of the Bond held.
(5) Underwriter:	Not applicable.

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(6) Exercise price:	The exercise price will be set taking into account market trends and such like, but with a lower limit, regarding the amount that is calculated by multiplying 1.2 by the price reasonably determined by the Board of Directors of JVC Kenwood as the market value of JVC Kenwood's common stock on the day when terms of stock acquisition rights are determined (calculated to the first decimal point and then rounded up).
(7) Exercise period:	Undetermined (see Note)
(8) Acquisition clause:	Undetermined (see Note)
(9) Others:	The issuance of the Stock Acquisition Rights is subject to resolution by the bondholders of the proposal for the modification of terms for the Bond as proposed and the court's approval for the resolution.

Note: The exercise period will be three to five years from the issue date, and is scheduled to be determined at a time when the issuance of stock acquisition rights is resolved. We are also considering attaching an acquisition clause that permits JVC Kenwood to acquire all (not part) of stock acquisition rights outstanding on either day of the period designated by the Board of Directors of JVC Kenwood when the issuance of the Stock Acquisition Rights is resolved. The Board of Directors of JVC Kenwood will determine whether or not to attach an acquisition clause, consideration in case the acquisition clause is attached, the acquisition period, and conditions for acquisition and contents of the conditions. The acquisition period in case an acquisition clause is attached will be three to five years from the issue date, and will be determined when the issuance of stock acquisition rights is resolved.

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