

Company: JVC KENWOOD Corporation
 Representative: Haruo Kawahara, Representative
 Director, Chairman and CEO
 (Code: 6632; First Section of the Tokyo
 Stock Exchange)
 Contact: Seiichi Tamura, Director and CSO
 (Tel: +81-45-444-5232)

Notice on Elimination of Loss Carried Forward by Transfer of Other Capital Surplus to Retained Earnings

JVC KENWOOD Corporation (The Company) announces that at a meeting of its Board of Directors held today, it has resolved on the unconsolidated appropriation of its surplus and the transfer of other capital surplus to retained earnings carried forward as of May 15, 2014 in order to eliminate the cumulated loss. The details are as follows.

1. Purpose of Appropriation of Surplus

As of March 31, 2014, unconsolidated capital surplus of the Company was approximately 46,899 million yen, while retained earnings were negative at approximately 301 million yen (loss carried forward).

The Company has decided to appropriate its surplus, transferring other capital surplus to retained earnings to be carried forward to cover and eliminate the cumulated loss by the resolution of the Board of Directors pursuant to Articles 452 and 459 of the Company Act in order to rebalance the Company's capital structure and improve its financial soundness, as well as to prepare the company for an early distribution of dividends.

2. Summary of Appropriation of Surplus

The Company decreases other capital surplus amounting to 46,899,104,285 yen on an unconsolidated basis as of March 31, 2014 by 301,033,360 yen as of May 15, 2014, and transfers the decrease in other capital surplus to retained earnings carried forward.

- (1) Item and amount of surplus to be decreased
 Other capital surplus: 301,033,360 yen
- (2) Item and amount of surplus to be increased
 Retained earnings carried forward: 301,033,360 yen
- (3) Date of entry into force
 May 15, 2014

The Company's Articles of Incorporation stipulates on matters determined in Article 459, Paragraph 1 of the Company Act with respect to dividends, etc. of surplus that they are to be resolved by the Board of Directors except where otherwise provided in laws and regulations.

(For your reference)

(Unconsolidated Net Assets)

	As of March 31, 2014		(JPY) After appropriation on May 15, 2014
Capital	10,000,000,000		10,000,000,000
Capital reserve	10,000,000,000		10,000,000,000
Other capital surplus	46,899,104,285		46,598,070,925
Retained earnings brought forward	(301,033,360)		0
Equity	(537,336,900)		(537,336,900)
Valuation and translation adjustments	3,344,962,436		3,344,962,436
Stock acquisition right	806,678,872		806,678,872
Total net assets	70,212,375,333		70,212,375,333

Note: Increases and decreases in retained earnings and equity due to loss or profit during the current term after April 1, 2014 are not included in the above.

3. Future Outlook

This elimination of the loss carried forward by transferring other capital surplus to retained earnings is a change between items of account under “Net Assets,” therefore it is not a change in total equity, net assets, or total assets of the Company and will not affect the Company’s business performance.