



March 27, 2015

Company Representative	JVC KENWOOD Corporation Haruo Kawahara, Chairman & CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
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Notice Regarding Transfer of Shares of a Subsidiary

JVC KENWOOD Corporation (“JVCKENWOOD”) hereby announces that it has reached an agreement with XING Inc. (hereinafter referred to as “XING”) regarding the transfer of shares of TEICHIKU ENTERTAINMENT, INC. (hereinafter referred to as “TEICHIKU”), a consolidated subsidiary of JVCKENWOOD, which engages in the planning, production, and sale of music and video software. JVCKENWOOD and XING concluded a share transfer contract as of today.

1. Reason for Transfer of Shares

TEICHIKU’s domestic sales of music and video software are shrinking gradually due to changes such as transformation of recording media and artists. Under such circumstances, shifting to new businesses that go beyond sales of software will be critical if TEICHIKU is to be competitive in the future. In view of the changing environment surrounding the industry, JVCKENWOOD concluded that it would be beneficial for TEICHIKU to build a new partnership with XING, a Karaoke service provider, so that TEICHIKU can pursue its future growth, from the viewpoint of promoting collaborations in the field of J-Pop and Enka (traditional Japanese ballad).

The share transfer will enable TEICHIKU to achieve further growth and increase its enterprise value by developing a new business model, which differs from the existing one centered on packaged media, by creating synergies with the on-line karaoke business, which is the core business of XING.

TEICHIKU will head to a new development stage, but they have made contributions until now as one of the subsidiaries in the software and entertainment segment of JVCKENWOOD.

In addition, JVCKENWOOD Victor Entertainment Corporation will continue to aim to grow as a subsidiary responsible for an important business of JVCKENWOOD.

2. Overview of Subsidiary whose shares will be transferred (As of March 31, 2014)

(1) Company Name	TEICHIKU ENTERTAINMENT, INC.		
(2) Address	6-27-8 Jingumae, Shibuya-ku, Tokyo		
(3) Representative's name and title	Seiichi Ishibashi, President		
(4) Established	February 11, 1934		
(5) Business	Planning, production, and sale of music and video software		
(6) Sales	7,020 million yen (Fiscal Year Ended March 2014)		
(7) Capital	23,552,000 yen		
(8) Major shareholders and holding ratio	JVCKENWOOD Corporation : 96.08%		
(9) Relationship between JVCKENWOOD	Capital relationship	JVCKENWOOD owns 96.08% of the issued shares of the Company.	
	Personnel relationship	The Representative of this company is also a Director of JVCKENWOOD's affiliated company. One of the Directors of this company is also Representative of JVCKENWOOD's affiliated company.	
	Transactional relationship	JVCKENWOOD has concluded a business consignment agreement with this company. In addition, JVCKENWOOD and this company enter into financial transactions (lending/borrowing of funds).	
(10) Operating results and financial conditions for the past three years			
Fiscal Year	Fiscal Year-ended March 2012	Fiscal Year-ended March 2013	Fiscal Year-ended March 2014
Net assets	1,977 million yen	2,135 million yen	1,109 million yen
Total assets	4,866 million yen	4,695 million yen	3,290 million yen
Net assets per share	800.19 yen	864.15 yen	449.05 yen
Net sales	7,496 million yen	8,015 million yen	7,020 million yen
Operating income	257 million yen	440 million yen	231 million yen
Ordinary income	287 million yen	479 million yen	267 million yen
Net income	305 million yen	383 million yen	25 million yen
Net income per share	123.73 yen	155.04 yen	10.39 yen
Dividend per share	92 yen	425 yen	9 yen

3. Overview of Transferee (As of March 31, 2014)

(1) Company Name	XING, INC.	
(2) Address	3-8 Momozono-cho, Mizuho-ku, Nagoya, Aichi	
(3) Representative's name and title	Jun Kamiya, Chairman Tokuji Yoshida, President	
(4) Established	May 6, 1992	
(5) Business	Planning, R&D, selling, and leasing of on-line karaoke systems, store administration etc. Content distribution services for home and mobile phone terminals	
(6) Capital	7,122,648,000 yen	
(7) Major shareholders and holding ratio	Brother Industries, Ltd. : 99.97%	
(8) Relationship between JVCKENWOOD	Capital relationship	There is no significant capital relationship between JVCKENWOOD and this company. In addition, there is no noteworthy capital relationship between the interested parties and affiliated companies of JVCKENWOOD and those of this company.
	Personnel relationship	There is no significant personnel relationship between JVCKENWOOD and this company. In addition, there is no noteworthy personnel relationship between the interested parties and affiliated companies of JVCKENWOOD and those of this company.
	Transactional relationship	There is no significant transactional relationship between JVCKENWOOD and this company. In addition, there is no noteworthy transactional relationship between the interested parties and affiliated companies of JVCKENWOOD and those of this company.
	Related party relationship	This company does not fall under the category of related parties of JVCKENWOOD. In addition, interested parties and affiliated companies of JVCKENWOOD do not fall under the category of related parties of this company.

4. Number of shares to be transferred, transfer price, and status of shares held before and after transfer

(1) Number of shares held before transfer	2,374,275 shares (Number of voting rights: 2,374,275 units) (Holding ratio: 96.08%)
(2) Number of shares to be transferred	2,374,275 shares (Number of voting rights: 2,374,275 units)
(3) Transfer price	Transfer price is not disclosed due to a non-disclosure agreement signed with XING.
(4) Number of shares held after transfer	– shares (Number of voting rights: – shares) (Holding ratio: –%)

5. Schedule

- (1) Date of resolution of the Board of Directors : March 27, 2015
- (2) Contract date of the share transfer agreement : March 27, 2015
- (3) Date of execution of share transfer : Late April 2015 (scheduled)

6. Outlook

As described in 5. Schedule above, JVCKENWOOD and XING will initiate various procedures towards implementation of the share transfer in late April 2015.

JVCKENWOOD expects to post an extraordinary profit on a consolidated basis of approximately 380 million yen due to implementation of the share transfer. The effect of the extraordinary profit on the operating results of JVCKENWOOD for Fiscal Year ending March 2016 will be incorporated in its consolidated earnings forecast for the Fiscal Year ending March 2016, which will be announced along with its financial results for the Fiscal Year ending March 2015.