

JVCKENWOOD



December 25, 2015

Company	JVC KENWOOD Corporation
Representative	Haruo Kawahara, Chairman and CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
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Notice Regarding Merger of JVCKENWOOD and its Subsidiary

At its Board of Directors' meeting held today, JVC KENWOOD Corporation (JVCKENWOOD) resolved to approve an absorption-type merger (hereinafter, the "merger") of its consolidated subsidiary, JVCKENWOOD Optical Components Corporation (hereinafter "JKOC") effective April 1, 2016 (scheduled).

This merger is a short-form merger targeting a wholly-owned subsidiary, and thus some matters and details are omitted from the disclosure below.

1. Purpose of the merger

JKOC was established in August 2009 with the aim of expanding the sales through the existing distribution channels and tapping into new customers in the automotive pickup business. However, JVCKENWOOD has decided to implement an absorption-type merger of JKOC from the viewpoint of improving the operational efficiency within the Group, and will conduct JKOC's business after the merger.

2. Summary of the merger

(1) Schedule of the absorption-type merger

Date of Meeting of the Board of Directors (the Company and JKOC)	December 25, 2015
Date of conclusion of the merger agreement	December 25, 2015
Effective date of the merger	April 1, 2016 (scheduled)

Note: Because this merger is a short-form merger, as specified in Article 796, Paragraph 2 of the Companies Act, for JVCKENWOOD, and in Article 784, Paragraph 1 of the Companies Act, for JKOC, it will be implemented without obtaining the approval of a general meeting of shareholders of each company.

(2) Method of the merger

The merger is a short-form merger in which JVCKENWOOD will be the surviving company and JKOC will be the absorbed company.

(3) Details of allocation relating to the merger

JVCKENWOOD owns all of the shares of JKOC. Accordingly, the merger will not be accompanied by an allocation of shares or other monetary benefits.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights of the company absorbed by the merger

JKOC does not issue stock acquisition rights or bonds with stock acquisition rights.

3. Outlines of the Parties Concerned in the Merger (as of September 30, 2015)

	Company surviving the merger	Company absorbed in the merger
(1) Corporate Name	JVC KENWOOD Corporation	JVCKENWOOD Optical Components Corporation
(2) Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa
(3) Name and Title of Representative	Haruo Kawahara, Chairman and CEO	Akihiko Kaneko, President
(4) Principal Business	Operating business in the Automotive Sector, Public Service Sector and Media Service Sector, and managing the business activities of the companies which run businesses equivalent to those businesses by owning shares or interest in relevant companies.	Development, manufacturing and sale of optical pickups and optical-related components
(5) Capital	¥10,000 million	¥1 million
(6) Date of Incorporation	October 1, 2008	August 24, 2009
(7) Total Number of Shares Issued	139,000,201	1
(8) Fiscal Year End	March 31	March 31
(9) Number of Employees	18,619 (consolidated base)	7 (all the employees are on loan from JVCKENWOOD)
(10) Major Shareholders and Percentage of Shareholding	Denso Corporation 3.00% Japan Trustee Services Bank, Ltd. (Trust Account 9) 2.71% Japan Trustee Services Bank, Ltd. (Trust Account) 2.71% J. P. MORGAN SECURITIES PLC (Standing proxy: JP Morgan Securities Co., Ltd.) 2.68% CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Co., Ltd.) 2.00%	JVC KENWOOD Corporation 100.00%
(11) Relationship between the Parties Concerned		
Capital Relationship	JVCKENWOOD owns 100.00% of the outstanding shares of JKOC.	
Personnel Relationship	The position of four directors of JKOC is served concurrently by employees of JVCKENWOOD, and all the seven employees of JKOC are workers on loan from JVCKENWOOD.	
Business Relationship	JVCKENWOOD conducts business transactions with JKOC based on the outsourcing agreement, etc., and JKOC conducts business transactions, such as the sale of products to JVCKENWOOD.	

Applicability to Related Parties	JKOC is a consolidated subsidiary of JVCKENWOOD and is thus applicable to related parties of the Company.					
(12) Operating Results and Financial Position for Past Three Years						
Fiscal year	JVC KENWOOD Corporation			JVCKENWOOD Optical Components Corporation		
	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2013	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015
Net assets	67,240	59,824	79,221	108	88	197
Total assets	246,614	267,152	278,669	896	802	968
Net sales	306,580	316,343	285,010	7,168	7,465	5,044
Operating income	9,603	4,421	6,570	142	137	202
Ordinary income	3,106	(70)	3,176	142	137	202
Net income	1,146	(6,571)	4,654	88	85	185
Net assets per share (yen)	473.18	373.01	517.67	108,332,862	88,841,989	197,664,389
Net income per share (yen)	8.27	(47.39)	33.56	88,516,231	85,109,127	185,322,400

Notes: 1. Figures are in millions of yen unless otherwise indicated.

2. Figures in brackets represent loss.

3. All figures for the Company in “Operating Results and Financial Position for Past Three Years” are taken from the consolidated financial statements for the relevant fiscal years.

4. Status after the Merger

(1) Corporate Name	JVC KENWOOD Corporation
(2) Location of Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa
(3) Name and Title of Representative	Haruo Kawahara, Chairman and CEO
(4) Principal Business	Operating business in the Automotive Sector, Public Service Sector and Media Service Sector, and managing the business activities of the companies which run businesses equivalent to those businesses by owning shares or interest in relevant companies.
(5) Capital	¥10,000 million
(6) Fiscal Year End	March 31

5. Prospects

We expect that the impact of the merger on JVCKENWOOD’s consolidated operating results for the fiscal year ending March 2016 will be insignificant. The Company will promptly announce matters requiring disclosure if they arise as a result of change in the impact of the merger on the consolidated operating results.

(Reference) JVCKENWOOD's Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2016 (announced on October 30, 2015) and the Consolidated Results for the Previous Period

(Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent (Fiscal Year Ending March 31, 2016) Net Income (Fiscal Year Ended March 31, 2015)
Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2016	295,000	4,500	1,000	1,500
Consolidated Results for the Fiscal Year Ended March 31, 2015	285,010	6,570	3,176	4,654