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The 79th Ordinary General Meeting of Shareholders

**Reference Documents for the General Meeting of Shareholders
Supplementary Volume 2**

“Explanatory Material on the Management Integration”

Kenwood Corporation

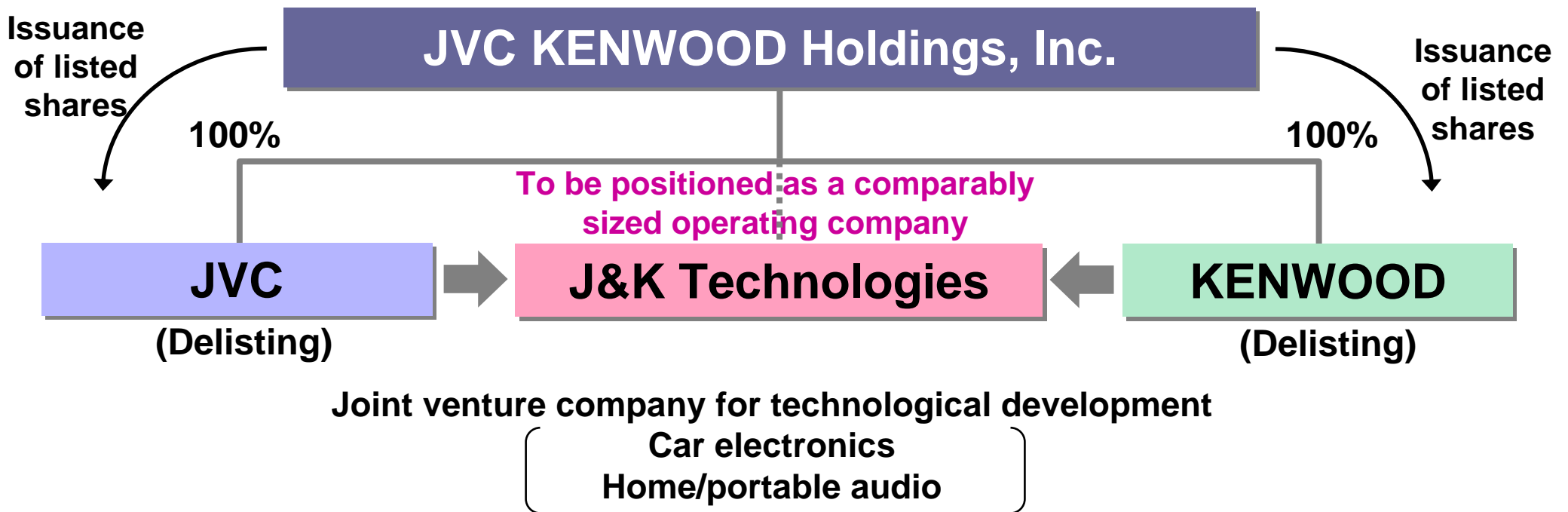
Management Integration Process

Second Step - Management Integration

Management integration plan: Based on structural reform in both companies

* Upon its establishment, the Joint Holding Company will own a 100% stake of the shares of JVC and KENWOOD through the Share Transfer
(The Joint Holding Company will issue listed shares in exchange for shares of JVC and KENWOOD at the recommended share transfer ratios)

Joint holding company (Expected to be listed on the first section of Tokyo Stock Exchange)



Purpose of the Management Integration

1. Expansion of Alliance

Prior to integration;

Limited to certain R&D, manufacturing and procurement activities in common business areas (Car Electronics and Home Video)

Following integration;

Expansion to other business areas (new and existing businesses) and other areas (marketing and sales)

2. Expansion of corporate role of J&K Technologies to procurement and manufacturing

- * To establish the car electronics business as a strong profit center
- * To establish the home audio equipment business as a profitable business



By optimizing synergy effects, we aim to strengthen our competitiveness and profitability. We will strive to become a world-leading manufacturer specializing in AV products, while enhancing and creating corporate value

Purpose of Management Integration

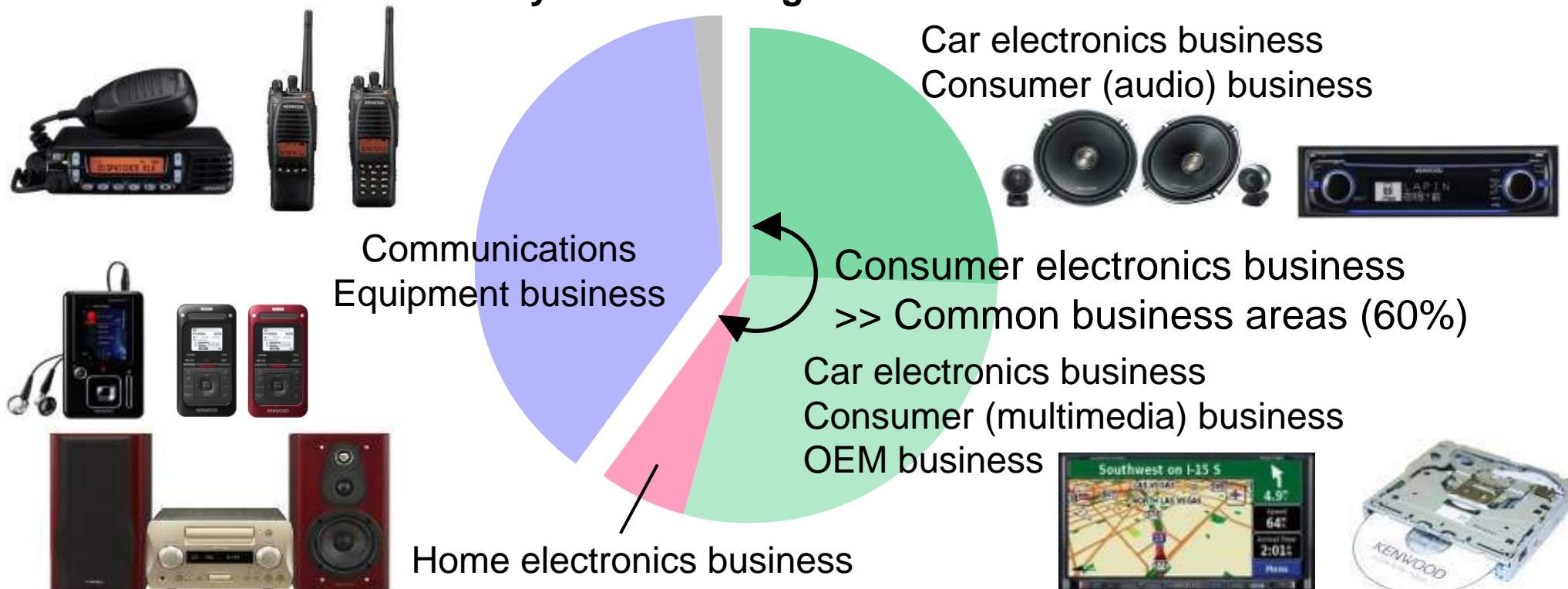
Expected Advantages for KENWOOD

Restoring profitability in the consumer electronics business (CE/HE), which accounts for 60% of sales

Advancement of digitization and conversion to multimedia (incorporation of data, sounds, images and text) in the market

Strengthen multimedia businesses by taking advantage of JVC's media imaging technologies

Sales by Business Segment for FY '08



Sales synergy of ¥30.0 billion + profit contribution

- * Increase of sales in the car electronics business
- * Additional sales source from new businesses

Cost synergy of ¥10.0 billion

- * Reduction of development costs resulting from joint development efforts
- * Reduction of procurement costs resulting from joint procurement efforts
- * Reduction of subcontract processing and logistics costs through mutual subcontracting and sharing of infrastructure
- * Reduction of patent-related fees through mutual use of intellectual property rights, etc.

Financial/accounting benefits

- * Prospect of an increase in non-operating income from depreciation of **negative goodwill**
- * Optimization of **tax benefits** through adoption of consolidated tax system

Synergy effects on cash flow and balance sheet

- * **Improvements in cash flow** of each operating company through mutual subcontracting and increased economies of scale in common business areas
- * **Net debt reduction** expected from improved cash flows
- * **Decrease in inventories and accounts receivable** through the enhancement of production innovations and sales reforms



Goal of increasing net income and ROE

- * **First chapter of the new corporate growth strategy**
Management integration based on structural reforms
 - * **Creation of new basis for added-value**
Creation of revolutionary products and services through the utilization of both companies' highest-standard technologies and resources
 - * **Joint Holding Company**
 - >> **Maximization of synergy effects from management integration and promotion of new business development**
- Both operating companies (JVC and KENWOOD)**
- >> **Continuation of current operations**

Integration vision

**“Realize the unconventional
(*Katayaburi wo katachi ni*)”**

Course of action

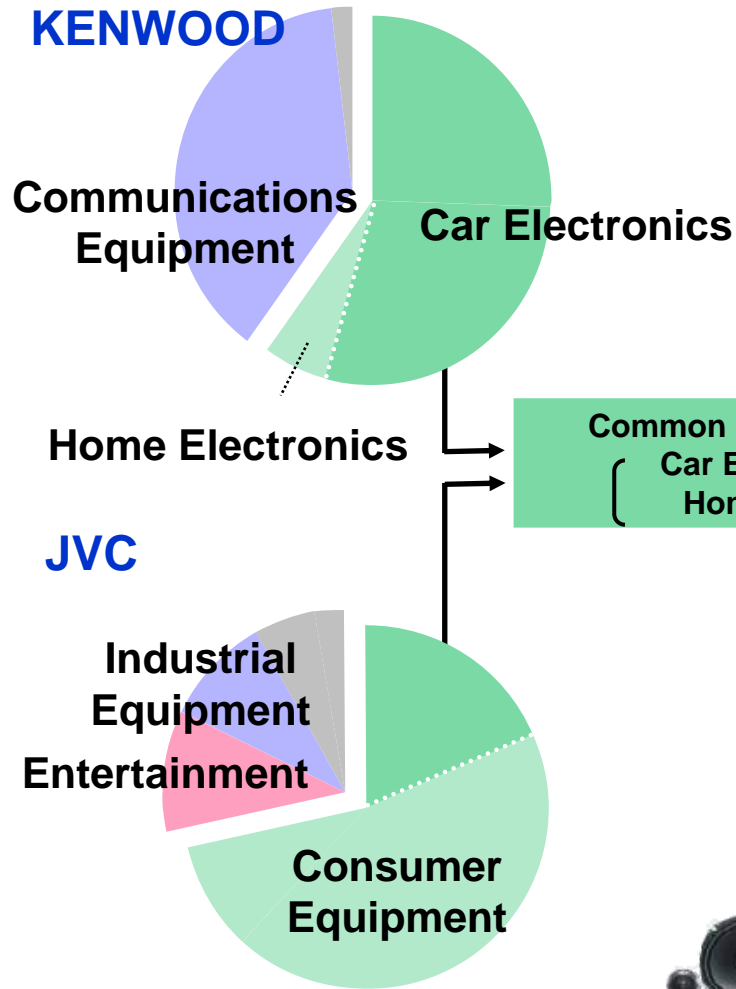
**“Perpetual reform centered on
each and every individual”**

Based on this integration vision and course of action, both companies hope to develop into a corporate group that creates new (unconventional) added value to give customers an experience like never before.

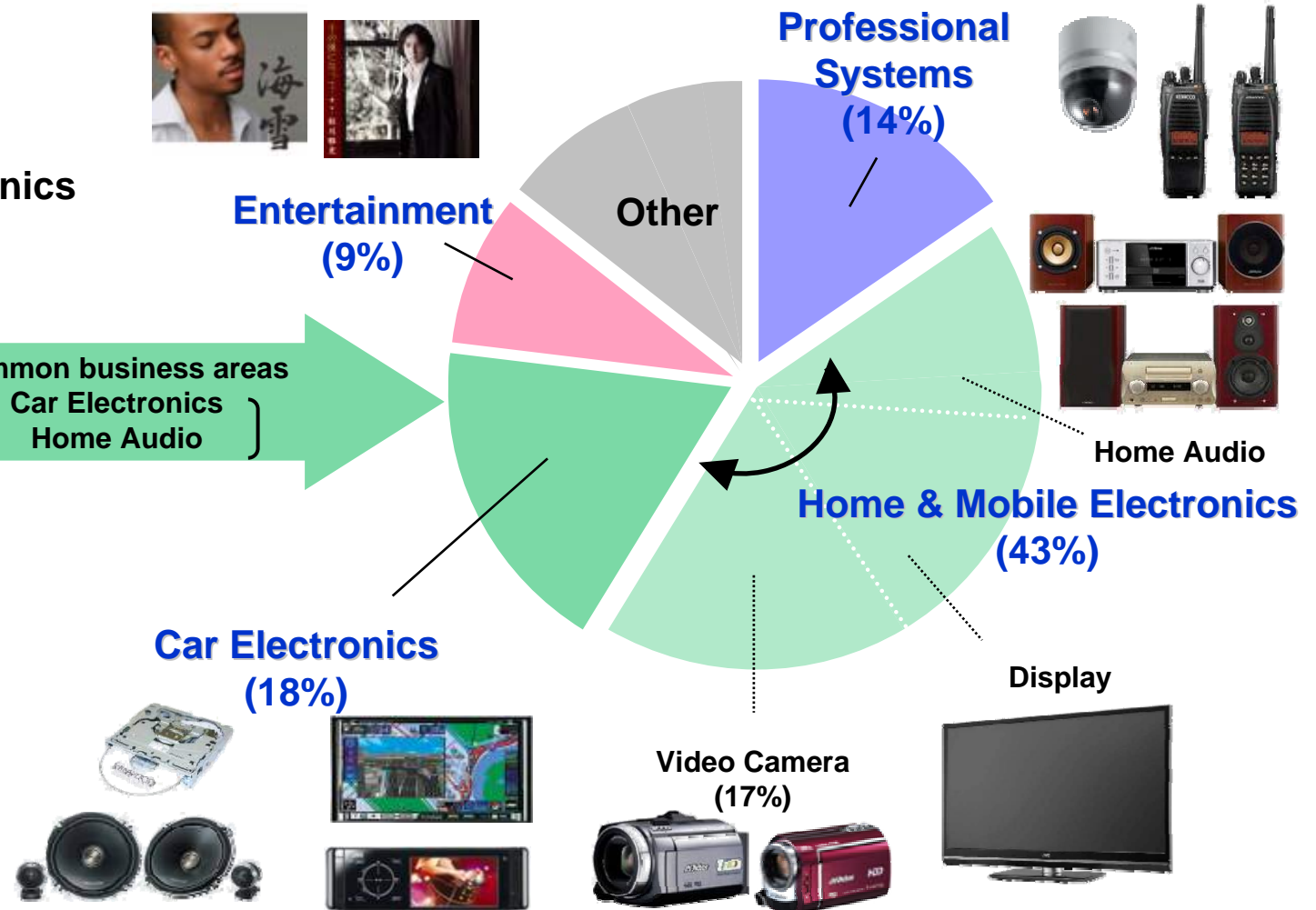
Management Policies of the Joint Holding Company

Four Business Segments

Sales Composition (FY '08)



Sales composition of the Joint Holding Company (Expected total of both companies for FY '09)

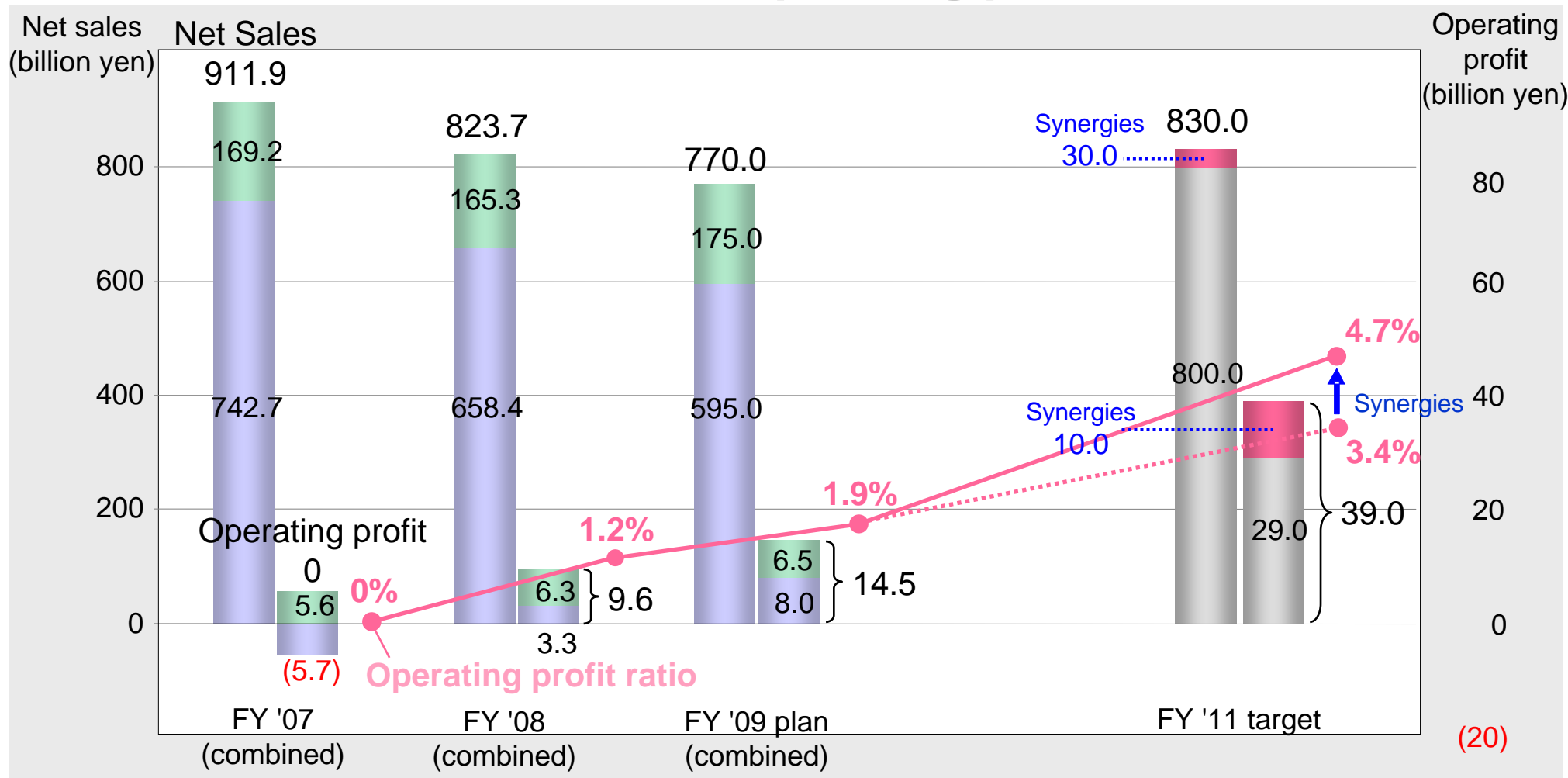


Management Objectives

Earnings Target - Quadruple operating profit from FY '08 to FY '11

Target for FY '11

Net sales: ¥830 billion, Operating profit ratio: 4.7%



Forward-looking Statements

When included in this presentation, the words “will,” “should,” “expects,” “intends,” “anticipates,” “estimates,” and similar expressions, among others, identify forward-looking statements. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in this presentation. These forward-looking statements are made only as of the date of this presentation. JVC and KENWOOD expressly disclaim any obligations or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. Actual results may vary widely from forecasts due to the following factors: 1) drastic changes in economic conditions and product supply and demand in major markets (Japan, Europe, The Americas, Asia etc.), 2) changes in trade regulations and other regulatory changes in major domestic and international markets, 3) drastic changes in foreign exchange rates (yen-dollar, yen-euro etc.), 4) sharp moves in the capital markets, and 5) changes in social infrastructure caused by drastic changes in technology etc. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

All references herein to a “fiscal year” or “FY” are references to the fiscal year ended of ending on March 31 of such year.



KENWOOD

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