

**TRANSLATION - FOR REFERENCE ONLY -**

April 9, 2004

Company Name: Kenwood Corporation (Code No.: 6765, TSE/OSE, Section 1)  
Representative: Haruo Kawahara, President & CEO  
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**Formal Contract for the Transfer of the Wireless Operations of  
Toyo Communication Equipment Co. Ltd**  
Strengthening our Domestic Business and  
Ensuring the Further Development of our Wireless Operations

Kenwood Corp. (Head Office: Hachioji-shi Tokyo, President: Haruo Kawahara) announces that following an extraordinary meeting of the Board of Directors on April 9<sup>th</sup> 2004, it has concluded a formal contract to receive the wireless business of Toyo Communication Equipment Co. Ltd (Head Office: Kawasaki-shi Kanagawa-ken, President: Eiichi Yoshikawa) on June 1<sup>st</sup> 2004.

**1. Details of Transfer of Part of Business**

**Object of Transfer:** The wireless operations of Toyocom Network Systems, an internal operating company of Toyo Communication Equipment Co. Ltd, and the wireless maintenance operations of Toyocom Engineering, a maintenance subsidiary of Toyo Communication Equipment Co. Ltd. (Total employees for both operations: about 50).

**Method of Transfer:** Having debated the most advantageous method of transfer and receipt of operations, the two parties have agreed on a transfer of operations.

**Value of Transfer:** Slightly less than ¥500 million (the value of assets will be adjusted on the date of transfer).

**Effect of Transfer:** The transfer will have no major effect on the financial results of Kenwood Corp. in the financial year ending March 2005.

**2. Purpose of Business Transfer/Succession Activities**

Kenwood Corporation is broadly comprised of three business units; car electronics, home electronics and communications (wireless communications equipment). The communications business has the longest history in that the Company was founded on products in this field. Today, the business unit contributes a significant portion of the Company's overall financial performance by commercial, amateur and application-specific low-power wireless communications equipment (radios). Business is especially strong in the commercial market where the Company made efforts to digitalize its products before most other competitors. As a result, the Company now has a leading global presence (No. 2) in the marketplace. The concern, however, is that only approximately 10% of revenues are generated from the domestic market\*. Therefore, the Company saw a need to expand this market and reached a

basic agreement to acquire the wireless communications equipment business of Toyo Communication Equipment Co., Ltd. on February 6<sup>th</sup> of this year.

By executing this agreement, Kenwood Corporation will be acquiring the strong presence of Toyo Communication Equipment in the field of wireless communications. In addition the Company will be able to effectively utilize the networks that Toyo Communication Equipment has established over the years with governmental authorities and power companies. Moreover, the Company will be able to take advantage of the vast resources of the acquired entities. With its newfound presence, Kenwood Corporation plans to further expand its domestic wireless communications equipment business. In addition, the current shift to digital products in the domestic wireless communications equipment market is a huge business opportunity for the Company. With this in mind, the Company plans to carry out activities that will further the development of the market domestically.

NOTE\*: In the domestic market, Kenwood Corporation's wireless communications equipment are currently utilized in the areas of regional development, taxis, GPS-based taxi dispatch centers, and golf cart management systems. All of these uses require a permit. Other relatively small organizations such as schools and stores also use simplified wireless communication equipment at the individual level. These uses do not require a permit.

### 3. Schedule of Transfer Activities

February 6, 2003:	Finalize basic agreement
April 9, 2003:	Official signing of the agreement
June 1, 2003:	Transfer/succession of business operations (scheduled)

### 4. Profile of Acquired Entities' Parent Company

Company Name:	Toyo Communication Equipment Co., Ltd.
President and CEO:	Eiichi Yoshikawa
Location:	484, Tsukagoshi 3-chome, Saiwai-ku, Kawasaki-shi, Kanagawa 212-8513, Japan
Established:	November 15, 1938
Capital:	¥9.56 billion (as of March 2003)
	Majority Shareholder: NEC Corporation (20%)
Consolidated Net Sales:	¥55.907 billion (for fiscal year ending March 2003)
No. of Employees:	1,613 (as of March 2003)
Fiscal Term:	Ends March 31 (First Section of Tokyo Stock Exchange)

### 5. Profile of Acquired Entities

Operations:	Development, manufacturing, sales, and servicing/maintenance of wireless communications equipment (mobile/car handsets and base stations), mobile terminals, satellite and marine equipment, wireless LAN devices, etc.
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Sales Potential:	Approximately ¥1.8 billion (for period ending March 2003)
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## 6. Profile of Kenwood Corporation and its Communication (Wireless) Business

### [Company Profile]

Company Name:	Kenwood Corporation
President and CEO:	Haruo Kawahara
Location:	3-2967 Ishikawa-machi, Hachioji-shi, Tokyo 192-8525, Japan
Established:	December 21, 1946
Operations:	Manufacturing and sales of car electronics, communications equipment, home electronics, etc.
Capital:	¥39.469 billion (as of March 2003)
Consolidated Net Sales:	¥225.579 billion (as of March 2003)
No. of Employees:	1,603 on a non-consolidated basis/4,855 on a consolidated basis (as of March 2003)

### [Profile of Communications (Wireless) Business]

Operations:	Development, manufacturing and sales of commercial wireless communications equipment (radios), amateur wireless communications equipment, application-specific low-power wireless communications equipment.
Location:	Yokohama Branch Office (Midori-ku, Yokohama-shi, Kanagawa Prefecture)
Consolidated Net Sales:	¥61.015 billion (for fiscal year ending March 2003)
Manufacturing Facilities:	Singapore / Tsuruoka-shi (Yamagata Prefecture)
Sales Offices:	Japan, North America (US and Canada), Europe (Germany, Belgium, France, UK, Italy, Spain), and Asia, the Middle East & Oceania (Hong Kong, Singapore, United Arab Emirates, Australia).