

"Reaching out to discover, inspire and enhance the enjoyment of life"

Corporate Profile **Aiming to become a Global Excellent Company with our core competencies in audio and wireless radio communication technologies.**

Kenwood, which was established in 1946 in Akaho, Nagano Prefecture as a company specializing in radio assembly and repair, produced an advanced high-frequency coil by taking advantage of its location surrounded by mountains, where radio waves were weak. Based on the high-frequency technology, the Company developed high-grade FM tuners and radio equipment. Since then, it has expanded its business domains steadily to include radio equipment and home-use as well as car-mounted audio systems. Its business areas have also expanded into North America, Europe, Asia, particularly China, East Europe, particularly Russia, Latin America and the Middle East.

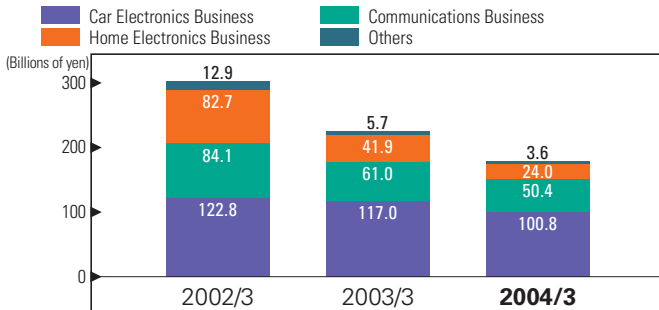
However, the Company's earnings weakened, because profitability in the home audio business, a mature field, deteriorated amid the harsh business environment caused by the economic slump, fierce competition with peers and fluctuations in exchange rates. On top of this, new businesses such as CD-ROM drive and GSM did not get off the ground, against the Company's initial expectation. To cope with this, the Company did its utmost effort to rebuild financial footing by implementing drastic restructuring measures under the "Revitalization Action Plan," which was formulated in July 2002.

The restructuring measures were completed only a mere nine months later, and the Company posted a record-high consolidated net income in fiscal 2002 (the year ending March 2003). Then, in May 2003, the Company devised its midterm business plan, the "Excellent Kenwood Plan," taking its first step as reborn Kenwood towards a new leap forward. As a result of concentrating management resources on varied measures for strengthening the operational capabilities, the Company registered an all-time high in consolidated net income in fiscal 2003 for the second consecutive year, achieving a V-shaped recovery.

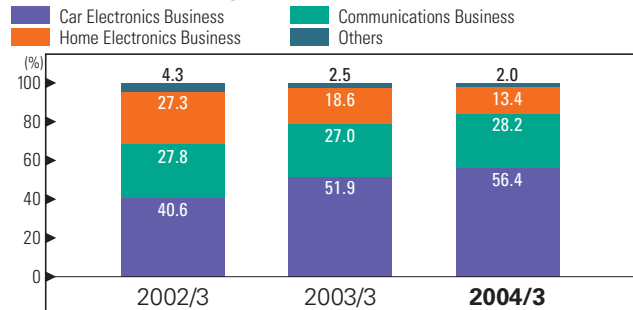
At present, the Company is implementing a growth strategy in the businesses of automotive electronics, communications and home electronics under the new corporate vision-"Reaching out to discover, inspire and enhance the enjoyment of life" by leveraging its assets such as technical prowess, products planning capability, global networks and the brand. We will continue our utmost effort to establish the business of "Mobile & Home Multimedia Systems" by combining audio and radio communications technologies, our core competences, and become the dominant company in the world.



Consolidated sales by business segment



Consolidated sales composition by business segment



**Business
Bases**

"KENWOOD" brand is enhanced at 17 nations and 53 sites in the world.



Head Office / Hachioji Office



Yokohama Office



Yamagata Factory



Nagano Factory



Malaysia Factory



Singapore Factory



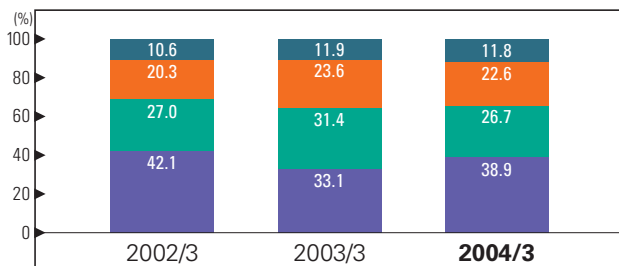
Shanghai Factory



France Factory

Consolidated sales composition by geographic area

Japan Americas Europe Asia, others



Three core businesses

In pursuit of further value creation by integrality our three core business segments and establish "Mobile & Home Multimedia System" business

Car Electronics Business



Development of digital and network technologies for automobiles has opened remarkable possibilities in the fields of car audio and navigation systems. Since its entry into the automotive electronics market in 1980, the Company has built a high brand presence worldwide, utilizing the capability to cultivate potential needs of the market and the ability to plan and develop products, while emphasizing a consumer business based on the high fidelity technology it has accumulated over the years.

In the consumer business, we are selling new proposal-oriented products that combine high tone quality technique with advanced technology, in the car multimedia field, which continues to grow. Among others there is an audio-visual hard disc navigation system that focuses on entertainment and convenience, tuners for digital satellite broadcasting and the first civilian use of tuners for terrestrial digital broadcasting. To further solidify its global presence in the traditional automotive audio field, the Company is increasing its product lineups by commercializing flagship models bringing together the essence of the most advanced tone quality technologies, while raising its presence in emerging regions through the use of global networks.

As for the OEM business, the Company is rapidly expanding operations not only in Japan but also in north America, Europe and elsewhere in Asia, by taking advantage of its high grade technologies, which consistently receive high marks for the consumer business, the ability to plan and develop products, as well as reliability and brand presence. In April 2004, the OEM section became independent of the Car Electronics Division and has been increasing its presence in components for automotive electronics as well as in car multimedia and audio systems.

Currently, the Company is launching large projects and proactively investing in them to commercialize car multimedia products that are more attractive and competitive, aiming to enhance competitiveness in the field of car navigation systems, the use of which is expected to fully spread in Europe and China. The Company is also working hard to boost business competitiveness and profitability, by vertically integrating plants at home and abroad in the consumer and OEM businesses, separately.



Communications Business



Since its foundation, the Company has operated the radio equipment business using the high-frequency technology, developing proprietary techniques and high know-how in the field of wireless communications, which is not included in the Car Electronics and Home Electronics businesses. The Company has increased its market share of commercial communications systems, becoming the world's second largest supplier. To achieve this, the Company has speedily complied not only with various countries' laws and regulations on radio waves but also with digitalization of radio equipment, which requires cutting-edge technologies. The Company has supplied radio systems that require extremely high reliability, privacy and security, durability and operability to the West McLaren-Mercedes Formula One (F1) auto-racing team-referred to "Olympic Games of technologies"-as an official supplier, for more than 10 years. This is indicative of our equipment's high performance and reliability.

In recent years, the Company has entered the mobile communications field, introducing PDC, PHS and GSM terminals in the domestic market. However, we pulled out of this sector in November 2002, as profitability weakened due to the maturing of the market and heightened competition in development. Against this backdrop, the Company endeavored to strengthen operations and improve profitability by focusing on the businesses of radio equipment, including commercial radio systems, amateur radios and specially-designated low power transceivers, from which stable profits are expected.

The Company has moved the division headquarters to the U.S., the largest market for Kenwood, where it is enhancing the cooperative system of marketing, sales, development and production, digital radio equipment and further shifting from being a terminal manufacturer to becoming a system provider.

Kenwood is expanding operations in Asia, particularly China, where spectacular growth is forecasted, and the regions, in which growth is projected, including East Europe, particularly Russia, the Middle East, Latin America and Africa. Meanwhile, in mature markets, the Company is carrying out a growth strategy for expanding the size of operations by increasing its presence through strategic M&As. As part of this strategy, the Company acquired the radio operations of Toyo Communication Equipment Co., Ltd. in June 2004. With this acquisition, the Company now can supply a large number of products to public agencies and power utilities, as well as utilize networks and huge resources or technologies relating to radio equipment operations. It is now expanding its radio equipment business in Japan.



Home Electronics Business



The Home Electronics Business is another of our longstanding operations like the radio equipment business. Since our commercialization of a high-class FM tuner using advanced high-frequency technology, Kenwood has steadily expanded the business under the concept of "high fidelity" and expanded its presence as an audio system manufacturer around the world. At the same time, the Company has produced many proprietary sound technologies that significantly improve quality, and continued to offer fresh, attractive sound entertainment for the market, at a time when media technology shifted from analog to digital.

However, profitability of the business deteriorated as the market matured and trends changed. To turn around the situation, the Company implemented drastic restructuring in fiscal 2002 (ending March 2003), integrating product lineups into the three categories that are profitable and promising while reducing sales areas by changing sales strategy. Furthermore, the Company strengthened operational capabilities and earnings power by advancing the production innovation project. As a result, profitability improved remarkably in the year ended March 31, 2004, although sales declined sharply.

The Company now focuses on the development of digital amplifiers with high fidelity and high power, the features meeting the needs of the digital era, and products compatible with networks, which match with the Company's concept of providing sound entertainment in every living scene. As part of this effort, the Company in May 2004 launched a hard-disc audio system that can handle music distribution services offered by Any Music Inc., in which the Company has a stake. This was followed by the release of a network-based theater system, which reads music and videos stored on a PC through wireless networks and reproduces them with at high quality.

From now on, the Company will continue to position home electronics as the core in the world of sound entertainment, and evolve them while putting emphasis on the high fidelity sound reproduction that the Company has traditionally pursued. We will also integrate home electronics with portable audio equipment and car electronics to further make our products seamless. Through these efforts, we will establish the "Mobile & Home Multimedia Systems" business that offers higher quality and a high degree of entertainment value.



Speaker System Business

The Company has been enhancing its audio operations while focusing on high fidelity and increased its presence as an audio manufacturer. Despite the widespread progress of digital media, speaker systems remain a sensitive field as they rely on the physical phenomenon of air oscillation to convey sound. The Company has accumulated extensive proprietary analog technologies and relevant know-how through a painstaking process of trial and error in its high fidelity design as well as development of new materials for speaker systems.

In April 2004, the Company created the Speaker System Division by integrating the speaker operations of the Car Electronics Division and the Home Electronics Division, aiming at offering attractive, value-added products with high-fidelity sound reproduction based on the above-mentioned technologies and know-how.

The Speaker System Division, as an important division for the Consumer Business Sector, is expected to contribute to the Car Electronics and the Home Electronics divisions and establish a business centering on speaker systems, through which it plays a part in further enhancement of the audio sector.



Consumer Business Development Center

The Company conducts research and development for advanced technologies on the cutting edge in anticipation of the full-scale arrival of the fully digitalized and networked society. In April 2004, the Company established the Consumer Business Development Center, aiming to develop new, competitive technologies and products that match our vision as well as design platforms, in the consumer electronics field where technical innovation is remarkable.

This new R&D organization is proactively engaged in development of basic technologies common to every business, advanced development and strategic development, while combining core technologies, optimizing the use of resources and devising common strategic development themes for the entire company.

We strive to explore new possibilities in the multimedia era, while implementing R&D activities dynamically, aiming to establish the "Mobile & Home Multimedia System" business and create new businesses. To this end, the Company will commercialize an agent function that combines voice recognition/synthesis techniques with dialogue control technology and new functions that utilize digital and network technologies.