

Basic corporate governance philosophies

We consider the enhancement of corporate governance in our corporate group to be a means to increase transparency and raise efficiency in the decision-making of the management. Therefore, we consider it one of the most crucial management issues relating to the improvement of corporate value. Therefore, with the aim of substantiating and enhancing corporate governance as our basic policy, we have adopted a structure to improve the checking function enabled by the separation of management and administration, introduction of outside directors and auditors, and establishment of the Internal Audit Division, while promoting the establishment of an internal control system of the entire Group.

Our corporate group is promoting activities based on our “Kenwood Compliance Guidelines” to reinforce compliance with the law and internal regulations and to operate honest and precise business. These guidelines are to be shared by all executives and employees of the Kenwood Group in order to establish a corporation trusted by society and which also evolves with it. Under these guidelines we must mutually observe and denounce behaviors that might lead to illegal, corrupt and anti-societal conduct.

Status of implementation for corporate governance

The Board of Directors is a decision-making organization for management, while it is also positioned as the supervisory organization for the execution of operations. The Board meets once a month for scheduled meetings, while extraordinary meetings are held as needed, to deliberate and resolve basic policies of management and important matters, as well as to monitor and supervise the status of operational executions. In order to clarify the responsibilities of directors, and in order to make the management organization dynamic enough to respond in a speedy manner to the changing management environment, the term of office for directors was designated as one year in June 2000. As of the end of June 2007, nine directors, including three external directors, are fulfilling their roles as directors of the Board.

A new management organization involving the executive officer system at the core was implemented in June 2002 as part of the management structure reform based on the “Revitalization Plan.” Intellectuals with various values were invited to join the Board as external directors. Clarifications were made to distinguish between the responsibilities of management and the responsibilities of operational executions, while aiming for a high degree of transparency in decision-making and operational executions that are speedy and accurate.

Auditors participate in the meetings of the Board of Directors,

hold meetings of Board of Corporate Auditors, supervise the execution of duties by Directors, and execute operations at Kenwood and affiliates both inside and outside Japan. Five auditors, including three external auditors, are performing these duties as of the end of June 2007.

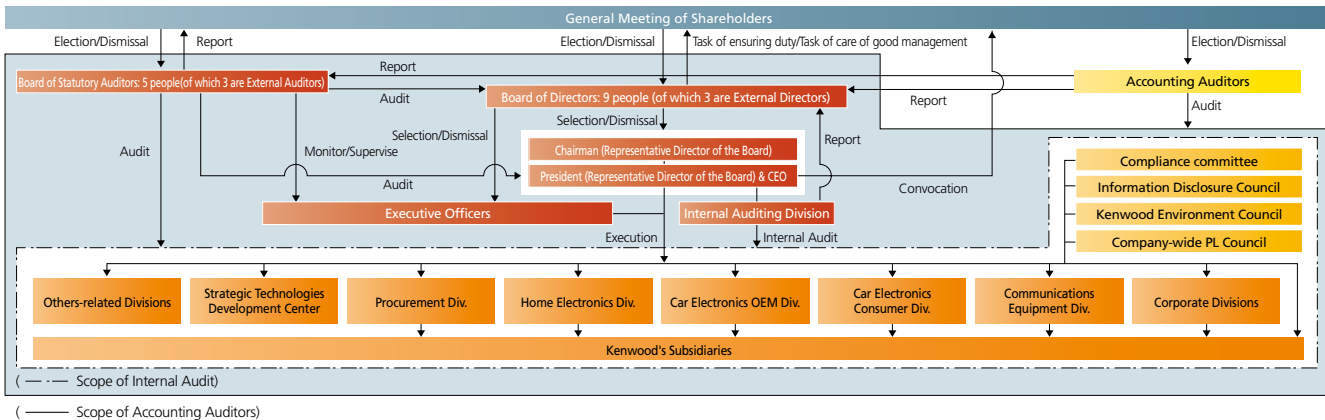
In March 2003 we established the Internal Auditing Division that is responsible for conducting internal audits on the overall execution of operations in the entire Kenwood Group and reporting to the Board of Directors.

The certified accountants who performed the duties of accounting audit for the Kenwood Group are Hiroshi Kawamura (representative partner; three years of continuous auditing), Yasunari Kunii (representative partner; six years of continuous auditing), and Hideo Shirata (employee; one year of continuous auditing) of Deloitte Touche Tohmatsu. The auxiliary members for auditing duties include 7 certified public accountants, 6 assistant accountants and 5 other assistants, numbering 18 in total.

Promoting CSR activities

Furthermore, we are aggressively promoting activities that emphasize the social responsibility of the corporation, or Corporate Social Responsibility (CSR). To this end, we established the “Kenwood Environmental Council,” chaired by the CEO, in order to enhance the countermeasures for risks relating to product sales and environmental measures. The “Environmental Protection Promotion Council” and “Green Products Promotion Council” have both been created, and the “Company-wide PL Council” was established for the purpose of enhancing our undertakings relating to product liability.

We submitted an affidavit declaring that we will be performing our duties in seriously regarding the provision of corporate information in a timely and appropriate manner at the time the regulations for the listing of securities were amended in January 2005. We also commenced to submit the “Confirmation Regarding the Appropriateness of the Financial Report” to the Tokyo Stock Exchange, to indicate that there is no falsified information in our financial report or semi-annual report. We formulated our regulation regarding the timely disclosure of corporate information in response to these developments and are working to ensure that the entire Kenwood Group understands these regulations. We established the “Information Disclosure Council,” which is chaired by the CFO, while auditing is conducted by our auditors and the Internal Auditing Division to improve our organization and ensure that the disclosure of information is timely and appropriate.



Management Team

Kenwood completed its revitalization on which all employees had acted together in unison since the fiscal year ended March 2003, and we have been accelerating the various activities to expand corporate value, along the second mid-term business plan, the "Value Creation Plan".

In the previous fiscal year Kenwood completed its preparations for investments in strategic development and advanced technology, sales expansion and earnings turnaround, and the time has finally come to put its existing businesses on track for new growth, focusing on its core business areas by managers of the next generation. At the same time Kenwood has started to accelerate its growth beyond the limit of its own with the Chairman being responsible for strategic initiatives aimed at the medium- and long-term creation and enhancement of the corporate value.

Directors and Auditors

Chairman (Representative Director of the Board) --- Haruo Kawahara	(Reelected)
President (Representative Director of the Board) --- Kazuo Shiohata	(Reelected)
Director of the Board Hiroshi Komatsuzaki	(Reelected)
Director of the Board Hiroyuki Taki	(Reelected)
Director of the Board Shuntaro Tanaka	(Reelected)
Director of the Board Akira Seida	(Reelected)
Director of the Board (Part-time, External) -- Nobuo Seo	(Reelected)
Director of the Board (Part-time, External) -- Takenori Kawafune	(Reelected)
Director of the Board (Part-time, External) -- Takeo Nagatomo	(Reelected)
Standing Statutory Auditor Hideaki Kato	(Reelected)
Standing Statutory Auditor Osamu Hamada	(Reelected)
Statutory Auditor (Part-time) Koichi Kurosaki	(Reelected)
Statutory Auditor (Part-time) Shojiro Asai	(Not eligible for reelection)
Statutory Auditor (Part-time) Akihiko Washida	(Not eligible for reelection)

Executive Officers ***means Director and the following position

* CEO	Kazuo Shiohata Chairman, Kenwood Environment Council
* Senior Executive Vice President & Executive Officer	Hiroshi Komatsuzaki Assistant to CEO, Communications Business Strategy
* Executive Vice President & Executive Officer	Hiroyuki Taki CFO General Manager, Financial & Accounting Division Senior Manager, Business Accounting Department, Financial & Accounting Division
Executive Vice President & Executive Officer	Shoichiro Eguchi Assistant to CEO, Car Electronics Overseas Sales Strategy Representative, Kenwood Americas Headquarters President, Kenwood U.S.A. Corporation
* Senior Vice President & Executive Officer	Shuntaro Tanaka Assistant to CEO, Strategic Business Development
* Senior Vice President & Executive Officer	Akira Seida General Executive, Car Electronic OEM Division
Senior Vice President & Executive Officer	Makoto Inukai General Executive, Car Electronics Consumer Division Senior Manager, Product Management Department, Car Electronics Consumer Division
Senior Vice President & Executive Officer	Masachika Komiyama Assistant to CEO, Corporate Technologies & Strategic Products Development General Executive, Home Electronics Division General Executive, Strategic Technologies Development Center Chief Engineer, Home Electronics Division
Senior Vice President & Executive Officer	Kazuhiro Aigami General Executive, Communications Equipment Division Senior Manager, Overseas Marketing Department, Communications Equipment Division General Manager, Yokohama Business Center
Senior Vice President & Executive Officer	Tomohiko Yoshimura Assistant to CEO, Corporate Production & Quality General Executive, Procurement Division Senior Manager, Global Procurement Department, Procurement Division Representative, Kenwood Asian Manufacturing Headquarters

(As of 28 June, 2007)

Directors ***means Executive Officer and Director



Haruo Kawahara



Kazuo Shiohata*



Hiroshi Komatsuzaki*



Hiroyuki Taki*



Shuntaro Tanaka*



Akira Seida*



Nobuo Seo



Takenori Kawafune



Takeo Nagatomo

Auditors



Hideaki Kato



Osamu Hamada



Koichi Kurosaki



Shojiro Asai



Akihiko Washida

Executive Officers



Shoichiro Eguchi



Makoto Inukai



Masachika Komiyama



Kazuhiro Aigami



Tomohiko Yoshimura