



Announcement of Completion of Capital Alliance Procedures and Adjustment of Conversion Price of Preferred Stock pertaining to the Issuance of New Shares through Allocation to a Third Party

March 18, 2005

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Kenwood Corporation (President & CEO: Haruo Kawahara; Head Office: Hachioji, Tokyo) has announced that it completed on March 18 the procedures pertaining to the issuance of new shares through allocation to a third party as resolved at its Board of Directors Meeting held on February 25, 2005.

In addition, Kenwood completed to acquire 445,500 shares outstanding of Icom Inc. ("Icom") as of the same date and entered into capital alliance to strengthen the technical alliance.

1. Completion of the procedures pertaining to capital alliance

With the completion of issuance of new shares through allocation to a third party and acquisition of shares of Icom on March 18, necessary procedures related to capital alliance were completed to further strengthen technical alliance involving joint research towards technical specification standardization of digital wireless communications technology with Icom.

(1) New share issuance through completion of allocation to a third party

With the completion of the remittance for allocation of new shares to a third party on March 18, Kenwood has newly issued 5,069,000 shares, which corresponds to about 1.5% of its total shares outstanding, to be allocated to Icom. The date of delivery is set for March 22, 2005.

With this, Kenwood will be able to execute a capital increase of about 1 billion yen. Increasing its capital and capital surplus by nearly 500 million yen each, it completed the procedures related to new share issuance.

(2) Acquisition of shares of Icom

Kenwood completed on March 18 the procedures pertaining to acquisition of 445,500 shares outstanding of Icom, which corresponds to 3% of its total shares outstanding, in the amount equivalent to the amount paid for the aforementioned allocation of new shares to a third party.

2. Future business prospects

With the completion of procedures related to issuance of new shares through allocation to a third party and acquisition of shares of Icom on March 18, Kenwood will establish capital alliance and further strengthen the future technical alliance with Icom. Kenwood is confident that this will promote practical applications of competitive digital wireless radio equipment and accelerate its growth strategy for wireless radio equipment business, opening up future business prospects in

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the wireless radio equipment field, where ongoing digitalization is expected to bring significant change.

3. Adjustment of price for conversion of preferred stock into ordinary shares

With the completion of new share issuance on March 18, Kenwood has conducted computation for adjustment of conversion price from preferred stock into ordinary shares pursuant to the provisions of the (already announced) prospectus for issuance of preferred stock as resolved at the Board of Directors Meetings held on October 7 and December 10, 2002. As a result, Kenwood determined that the price for conversion from preferred stock into ordinary shares will remain unchanged from 94.2 yen, as was adjusted on July 1, 2004.

This is a common treatment applied to preferred stock, and, pursuant to the provisions of the above-mentioned prospectus, the conversion price would drop if the average market price per share for the first 30 transaction days of the period starting 45 transaction days prior to March 19 (i.e., from January 14 to February 25) (¥217.4) was higher than the price of the newly issued share (¥211), or rise if lower.

(1) Adjustment of conversion price

Based on the above-mentioned computation basis, the adjusted conversion price will be the basic conversion price multiplied by a approximate factor of 0.99951. The upper limit of the conversion price (¥94.2) will remain unchanged at ¥94.2.

(2) Date of application of adjusted conversion price

March 19, 2005