

Investment and Strategic Business Alliance in/with Victor Company of Japan, Limited

Joint Conference

Haruo Kawahara
Chairman
Kenwood Corporation

July 24, 2007

Background and Vision:

Specialized Japanese Manufacturers Poised for Survival

- * **Intensifying global competition** amid waves of digital convergence
- * **Declining visibility of Japanese consumer electronics industry, especially specialized manufacturers**
- * Last major event in structural reform of mature industry lies in **reform of specialized manufacturers.**

First step

Investment in Victor Company of Japan
(JPY20 billion)

Second step

Starting consideration of management integration

A historic first step toward realignment of
specialized Japanese manufacturers

Step 1: Equity Investment in Victor Company of Japan (JPY20 billion)

Investment of JPY35 billion committed jointly with Sparx Group

JVC will be a non-consolidated affiliate as Kenwood's stake represents less than an equity-method position.

World's No. 1 position in Car Audio Consumer Business

*** Strategic business alliance - to be advanced in Car Electronics and Home/Portable Audio businesses**

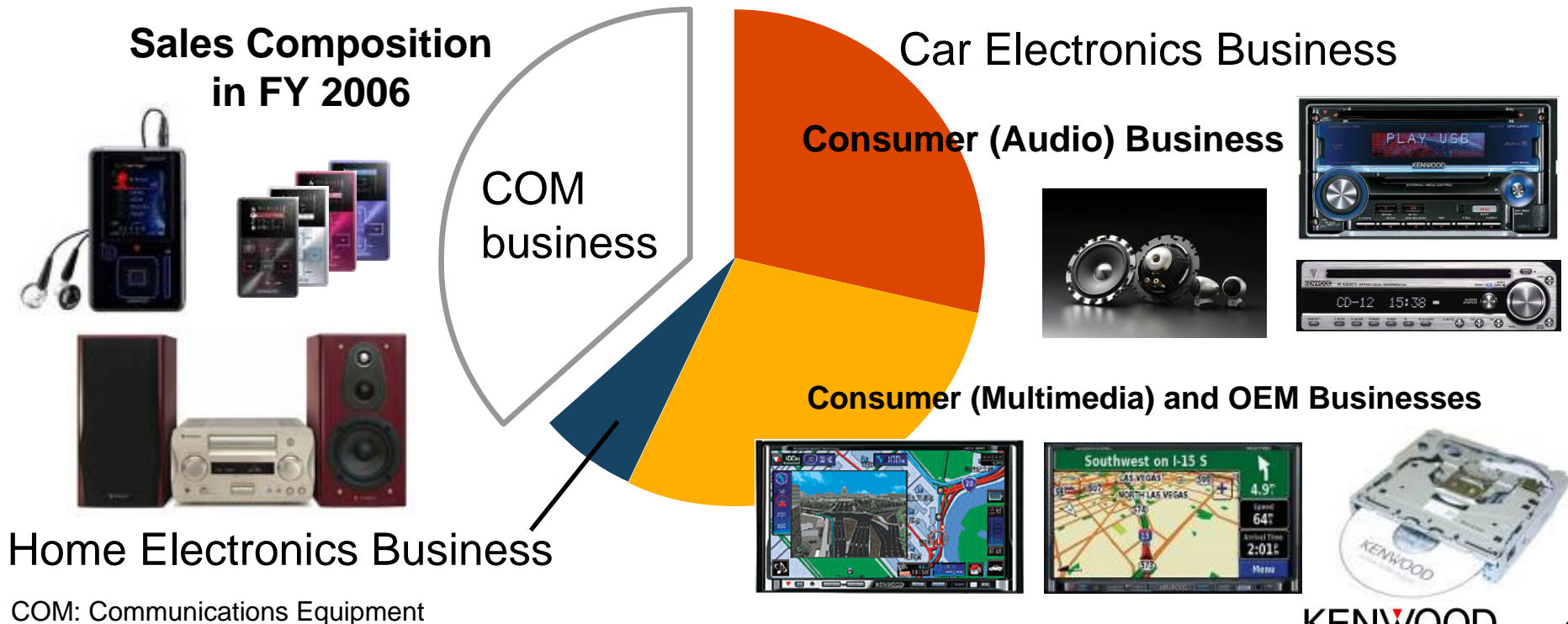
Supporting Victor's structural reform

*** Funding (equity investment) for structural reform**

*** Advice drawn on Kenwood's experiences in corporate reconstruction**

Step 1 Both Companies Will Derive Synergistic Effects From Strategic Business Alliance

- * **Toward World's No. 1**
Car Electronics Consumer (Audio) business will double to a JPY100 billion scale; a JPY160 billion scale including Consumer Multimedia and OEM
- * **Alliance in 2/3 of Kenwood's business fields** - including Home/Portable Audio business
- * **Two companies' significant synergistic effects** - Joint development through JV, etc., joint materials procurement, mutual manufacturing outsourcing, cross licensing

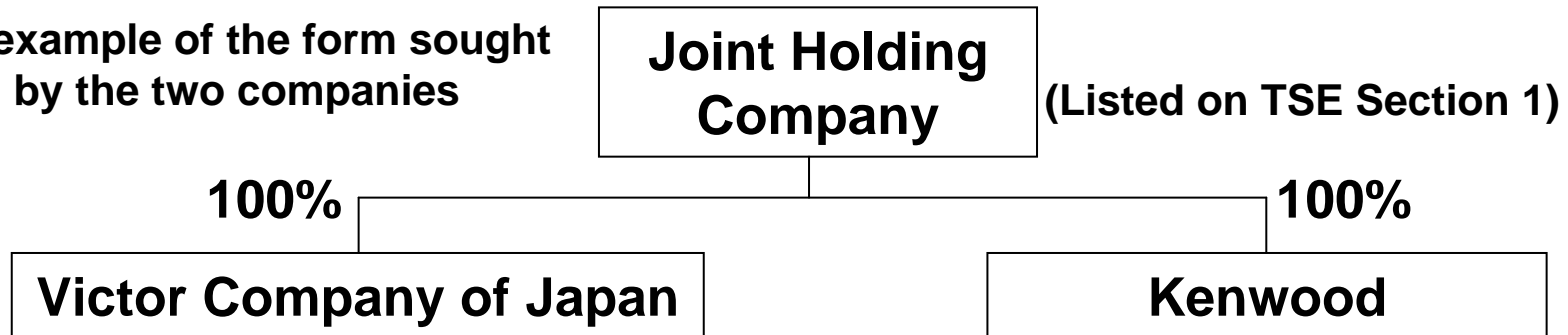


Step 2: Starting Consideration of Management Integration

- * Aiming for **management integration on an equal footing** - while ensuring business stability of both companies
- * Strengthening market initiatives under two representative Japanese brands, and **creating/expanding medium- and long-term corporate value**

Specialized Japanese manufacturers poised for survival through industry realignment

An example of the form sought by the two companies



Conclusion

- * Reassuring partnership with **Sparx Group**
- * Support from **Matsushita Electric Industrial Co., Ltd.** as Victor Company of Japan's leading shareholder



The spirit and vision of
all interested parties are
indeed monolithically united.

We feel highly confident, and thank you.



KENWOOD

Listen to the Future

Disclaimer

Forward-looking statements and charts contained in our documents are based on information currently available to the Kenwood Group. Actual results may significantly differ from projected figures depending various factors.