

June 30, 2004

Corporate Name: Kenwood Corporation  
Representative: Haruo Kawahara, President & CEO  
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**Announcement of Completion of Public Share Offering  
and Adjustment of Conversion Price of Preferred Stock  
Payments for Public Share Offering Completed and Fund Procurement Including  
Redemption of First Tranche Class-A Preferred Stock to be Completed**

Kenwood Corporation (President: Haruo Kawahara; Head Office: Hachioji, Tokyo) has announced that it will today complete the remittance procedures pertaining to the issuance of new shares for domestic as well as international offering as resolved and scheduled at its Board Meetings held on May 21 and June 7, 2004. The new shares are to be issued on July 1, thereby completing all of the necessary procedures related to the relevant public share offering.

The company will thus complete its procurement of about ¥22 billion in funds which will be applied towards the retirement for value of the First Tranche of Class-A Preferred Stock.

**1. Retirement for Value of the First Tranche of Class-A Preferred Stock through Completion of Public Share Offering**

With the completion today of the remittance for the public share offering, the capital increase of about ¥22 billion through the issuance of new shares will take effect on July 1, as announced in the Notice of Number of Shares to be Newly Issued (June 11), all of the necessary procedures related to the public share offering will be completed as both the equity capital and capital surplus of the company increase by ¥11 billion.

The company will thus be able to complete the procurement of funds to be applied towards the capital reduction via equity retirement of the First Tranche of Class-A Preferred Stock as authorized at the 75<sup>th</sup> General Meeting of Shareholders on June 29, and will be able to retire said shares on August 6, the effective date of the capital reduction.

**2. Financial Outlook of the Company**

With the completion of the remittance procedures for the public share offering on July 1, the company will be able to execute the capital reduction by remitting ¥16.1 billion to the shareholders of First Tranche of Class-A Preferred Stock on August 6. The capital reduction via the equity retirement for the Preferred Stock will thereby take effect. As a result, the

company will retire the First Tranche of Class-A Preferred Stock representing almost half of all Preferred Stock of the company issued so as to realize an above-par redemption for Resona Bank as the holder of First Tranche Class-A Preferred Stock.

Moreover the company will reduce capital of ¥20 billion without reducing the aggregate outstanding number of its issued shares, thereby eliminating any loss carryovers which had posed a financial obstacle to it.

As a result of the foregoing, the company expects its financial structure to improve substantially, and will proceed to refinance the existing borrowings during the month of August by a fresh ¥40 billion syndicated loan (including contracts for credit lines from multiple financial institutions) to be organized by Resona Bank and Mitsubishi Trust and Banking Co. as co-arrangers, and by also utilizing cash and deposits as well as the remainder of the funds procured via the public share offering for the purpose of retiring First Tranche of Class-A Preferred Stock. The company will thus progressively terminate, the existing financial accords concluded with the supporting financial institutions, reverting to normal banking transactions with them, achieving independence of its financial strategy, and complete the “New Financial Strategy” series.

The public share offering, capital reductions with and without compensation to shareholders, formation of the syndicated loan, as well as the refinancing and termination of the existing financial accords with supporting financial institutions were made possible by the strong support of our shareholders, the firm understanding and support of the concerned financial institutions including the Resona Bank, and the provision of financial advisory services by Lehman Brothers. The company takes this opportunity to express its deep gratitude to all the parties concerned, and vows to do its best to promote its growth strategy for further advancement to meet their expectations.

### **3. Adjustment of Price for Conversion of Preferred Stock into Ordinary Shares**

With the completion of the public share offering on July 1, the price for conversion from Preferred Stock into Ordinary Shares will be changed from that date onwards, pursuant to the provisions of the (already announced) Prospectus for Issuance of Preferred Stock as resolved at the Board Meetings held on October 7 and December 10, 2002, provided that, as stated above, the First Tranche of Class-A Preferred Stock will be retired on August 6.

This is a common treatment applied to Preferred Stock, and pursuant to the relevant computation basis, the conversion price would drop if the average market price per share for the first 30 days of the period starting 45 days prior to July 1, i.e. from April 23 to June 9 were higher than the price of the newly issued share (¥239.375), or rise if lower.

#### **(1) Adjustment of Conversion Price**

Based on the abovementioned computation basis, the adjusted conversion price will be the basic conversion price multiplied by a factor of about 0.96074. The upper limit (¥98) of the

conversion price will therefore be ¥94.2. This reflects the fact that the share price of the company has remained resilient.

(2) Date of Application of Adjusted Conversion Price

July 1, 2004

Notice:

This press release has been prepared for announcement to the general public, and not for the purpose of soliciting investments.