

August 31, 2004

Corporate Name: Kenwood Corporation
Representative: Haruo Kawahara, President & CEO
(Code No.: 6765; TSE Section 1, OSE Section 1)
Inquiries: Masanobu Waku, Senior Manager
Equity Affairs Office
(TEL: 81-426-46-6724)

**Kenwood Completes Refinancing through New Syndicated Loan Contract
—Autonomous New Financial Strategy Following Elimination of Cumulative Loss and
Redemption of First Tranche of Class-A Preferred Stock—**

Following Kenwood Corporation's (CEO: Haruo Kawahara; Head Office: Hachioji, Tokyo) capital increase through public offering of newly issued shares on July 1 (press release of June 30) and the completion of a capital reduction phase without compensation as well as one with compensation (via redemption of First Tranche of Class-A Preferred Stock) effective August 6 (press release of August 6), the company announced that it concluded a new syndicated loan contract for ¥40 billion effective August 23 and completed the refinancing of the existing bank borrowings through a new syndicated loan executed August 31, thereby completing, as initially scheduled, all schemes in its "New Financial Strategy" announced on May 21 with the aim of rebuilding the financial base of the company.

1. Refinancing through Execution of the New Syndicated Loan and Termination of the Existing Financial Accord

(1) Effects of Execution of the New Syndicated Loan

Kenwood eliminated its cumulative loss that had posed a major challenge and redeemed half of its convertible preferred stock issued, by way of public share offering effective July 1 and the capital reduction with and without compensation effective August 6. As a result, it became possible to organize a new syndicated loan (with lines of credit extended by a number of financial institutions), and the Company concluded a new syndicated loan agreement of ¥40 billion on August 23 with Resona Bank and Mitsubishi Trust and Banking Corp. acting as co-arrangers.

With the funds made available from this new syndicated loan and the utilization of its own funds, Kenwood completed the refinancing of the existing bank borrowings effective August 31, became self-reliant in terms of its financial strategy by terminating the existing financial accord with various financial institutions in a constructive manner one year ahead of schedule, made a major step towards realizing "Zero Net Debt Management" targeted under the medium-term "Excellent Kenwood Plan" by substantially reducing interest-bearing debts, and thus completed

TRANSLATION - FOR REFERENCE ONLY -

a series of “New Financial Strategies.”

(2) Overview of Syndicated Loan

Arrangers: Resona Bank, Ltd., The Mitsubishi Trust and Banking Corporation

Participating Financial Institutions: 17

Total Loan Amount: ¥40 billion

(¥34 billion as revolving lines of credit and ¥6 billion as term loan)

Loan Execution Date: August 23, 2004

Loan Term: One year (scheduled to be renewed on maturity date)

2. Reduction of Interest-Bearing Debts through Refinancing

As a result of the latest refinancing, Kenwood’s consolidated and non-consolidated interest-bearing debts that stood at ¥67.3 billion and ¥55.7 billion, respectively as of March 31, 2004, were reduced to ¥35 billion and ¥30 billion, respectively, as of the said refinancing date. Consequently, the amount of consolidated real interest-bearing debt (Net Debt) is expected to drop sharply to around ¥20 billion.