

Company Profile Section

# Annual Report 2013





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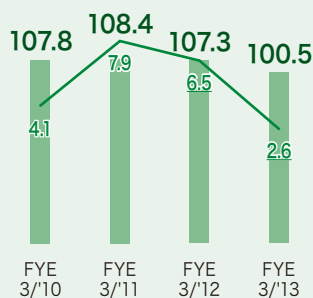
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## Corporate Visions

# Creating excitement and peace of mind for the people of the world.

## Business Composition (Graph number unit is based on billions of yen)

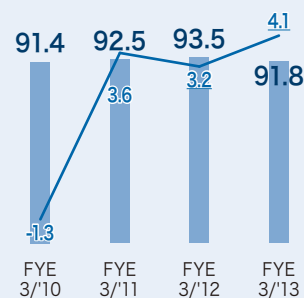
### Car Electronics Segment\*



#### Major Products

Car Audio, Car AV Systems, Car Navigation Systems, CD and DVD Mechanism for Car-mounted Equipment

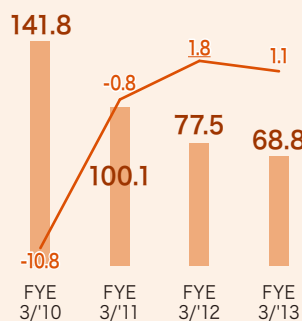
### Professional Systems Segment\*



#### Major Products

Land Mobile Radio Equipment, Video Surveillance Equipment, Audio Equipment, Video Equipment, Professional Display Equipment, Medical Display Equipment

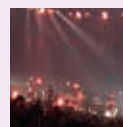
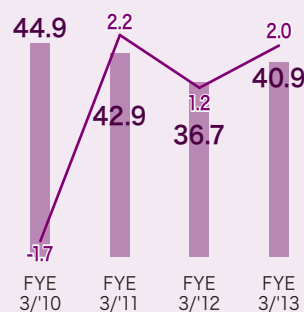
### Optical & Audio Segment\*



#### Major Products

Camcorders, Home Audio, AV Accessories, Projectors, Displays, Optical Pickups for Car-mounted Equipment

### Entertainment Software Segment\*



#### Major Products

Planning, Production and Sales of Audio and Video Content including CDs and DVDs, Production and Sales of CDs and DVDs (pre-recorded)

\* The Company shifted to a new segment system on June 25, 2013. The graphs provide details of results for the old segments. For detailed information, see page 8.

#### Disclaimer

Forward-looking statements and charts contained in our documents are based on currently available information and therefore actual results may significantly differ from projected figures depending on various factors. Please do not make any material judgments based on the projections contained herein alone. Our core businesses deal with the rapidly changing electronics sector and factors including technology, demand, price, competitive environment, changes in economic environment, exchange rate fluctuations and many other factors may adversely impact management results or the financial condition of the Company.

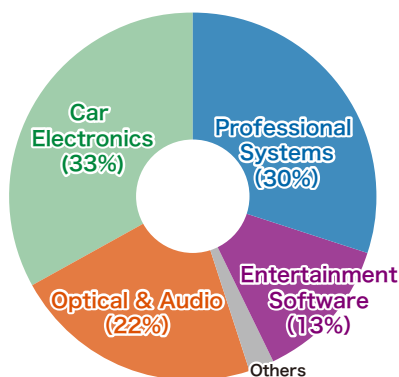
# Overview of the JVCKENWOOD Group

## Overview of the JVCKENWOOD Group

### Management policies:

- 1) Create excitement and peace of mind as a global manufacturer specializing in electronic and entertainment products.
- 2) Realize profitable growth by concentrating on strong business.
- 3) Be a company that is widely trusted by society.

Sales Composition for FYE 3/'13



\* The Company shifted to a new segment system on June 25, 2013. The graphs provide details of results for the old segments. For detailed information, see page 8.

Corporate Brand



Product/Business Brand



## Production and Sales System

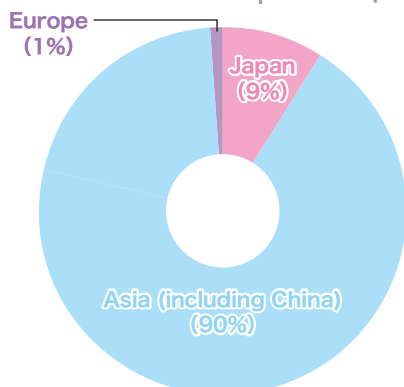
\*Production sites... 7 domestic sites, 12 overseas sites

**The overseas production ratio is 91%**

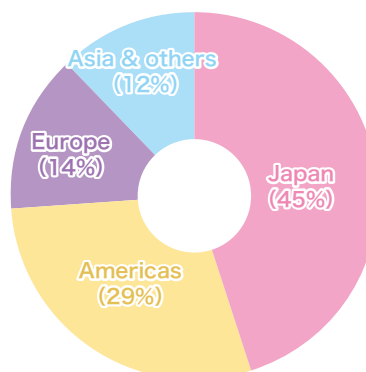
\*Overseas sales sites... 33 sites

**The overseas sales ratio is 55%**

Regional Production Composition (FYE 3/'13)



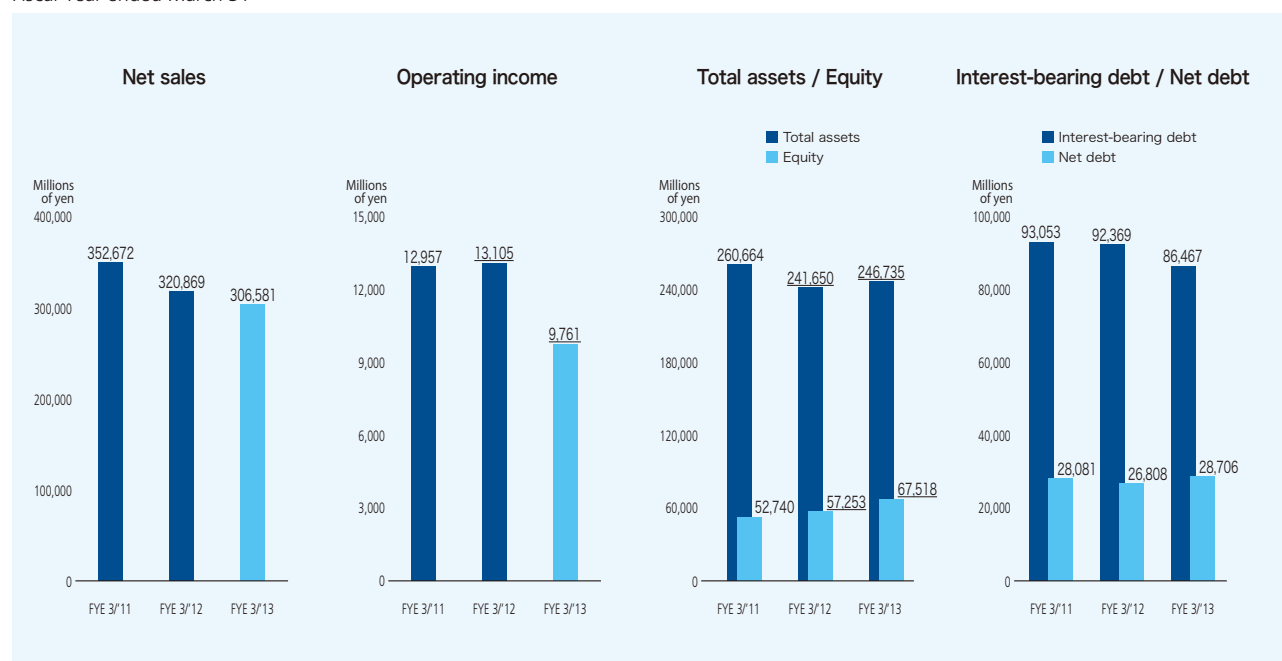
Regional Sales Composition (FYE 3/'13)



\* Production sites, overseas sales sites as of October 1, 2013. Overseas production ratio, overseas sales ratio are based on FYE 3'13.

# Financial Highlights

JVC KENWOOD Corporation and Consolidated Subsidiaries  
Fiscal Year ended March 31



(Millions of Yen)

	FYE 3/11	FYE 3/12	FYE 3/13
Net sales	352,672	320,869	306,581
Operating income	12,957	13,105	9,761
Ordinary income	7,579	6,712	3,263
Net income (loss)	(4,025)	6,213	1,243

(Millions of Yen)

	FYE 3/11	FYE 3/12	FYE 3/13
Total assets	260,664	241,650	246,735
Equity	52,740	57,253	67,518
Equity per share (Yen)	375.19 <sup>※1</sup>	401.07	475.19
Stockholders' equity ratio (%) <sup>※2</sup>	20.0	22.9	26.6
Retained earnings	(41,305)	24,188	24,687
Interest-bearing debt	93,053	92,369	86,467
Net debt	28,081	26,808	28,706
Cash flows from operating activities	19,987	8,883	9,772
Cash flows from investing activities	5,354	(6,498)	(13,357)
Cash flows from financing activities	(2,291)	(1,523)	(8,609)
Number of employees	17,271	13,594	12,781

※1. JVC KENWOOD conducted a 10-for-1 stock consolidation of its common shares effective August 1, 2010.

※2. (Equity – Minority interests) ÷ Total assets

## ■ Management Message



JVC KENWOOD is committed to  
**“Re Design”**  
— re-designing  
the lifestyles of  
people around  
the world

President, Representative Director and  
Chief Executive Officer (CEO)

Shoichiro Eguchi

Five years have already passed since the former Victor Company of Japan, Limited (“JVC”) and Kenwood Corporation (“Kenwood”) formed a capital and business alliance with an eye toward management integration and becoming a global leader in specialized manufacturing.

While simultaneously forming a capital and business partnership, we launched efforts to create synergies. Those efforts have produced significant results over the five-year period, and the presence of the Car Electronics Business has grown substantially. Following management integration in October 2008, we focused on undertaking a major restructure and concentrating management resources on businesses where we can demonstrate our strengths. As a result, the JVCKENWOOD Group’s earnings structure has changed radically. In addition, the Group executed a merger between the Group’s holding company and its operating companies to establish JVC KENWOOD Corporation, which operates in four business segments.

Thanks to your support, the Group has overcome various difficulties and set the stage for “Profitable Growth” over the past few years. I would like to express my heartfelt gratitude to you all.

**We will take up the challenge of achieving “Profitable Growth” as a global specialty manufacturer, creating excitement while providing peace of mind to people around the world**

The JVCKENWOOD Group, under its corporate vision of “Creating excitement and peace of mind for the people of the world,” will generate “excitement” and create “peace of mind” for its customers as a global specialty manufacturer, while working to achieve “Profitable Growth.”

The Japanese electronics industry is today experiencing its most significant change since WWII. Under these circumstances, the JVCKENWOOD Group, in its new Mid-term Business Plan formulated in November 2012, has defined the “smart AV field” and the “smart safety field” as two business areas in

which it can continue to apply its strengths and competencies in “sound,” “image,” “radio communications,” and “entertainment.” In addition, the Group has established the mid-term vision —“Re Design”— as a first step in its long-term strategy toward sustainable profitable growth. On top of this, the Group has launched efforts to enthusiastically and rapidly advance reforms on a Group-wide basis. This entails continuing to introduce products that deliver “excitement” and “peace of mind” to customers while re-designing the lifestyles of people around the world.

The JVCKENWOOD Group will use the profits generated through these efforts to invest in sustainable profitable growth, strengthen its financial base, and provide stable returns to shareholders.

**Shifting to the business-to-business (B-to-B) segment and speeding up decision-making under the new organizational structure**

Effective June 25, 2013, the Group reorganized its business segments into the “Car Electronics Segment,” “Professional Systems Segment,” “Optical & Audio Segment,” and “Entertainment Software Segment.” At the same time, steps were taken to integrate the audio and image development as well as production functions, which had previously been undertaken by the Professional Systems Business group and the Home & Mobile Electronics Business group, into the newly established Optical & Audio Segment. Through the centralization of management resources, the Group aims to increase efficiency and accelerate the shift from consumer-use AV equipment to professional-use radio systems, in order to enhance its strengths in the Optical Business and enter the Healthcare Business, a growth field.

In line with this change in business environment, we will identify four segment leaders. Each segment leader will manage the performance of his or her segment as well as the proper allocation of resources. CEO will give directions on cross-group business processes, multiple development, etc. from the group-

wide perspective.

Under this structure, JVCKENWOOD strengthens the assistance functions of corporate staff further to activate the entire group organization and promote the growth of businesses.

### **We aim to become a corporate group that is widely trusted by society**

We believe that in order for the Company to continuously develop and grow within society, it is important that the Company meet the expectations of various stakeholders, earn the trust of society, and continue contributing to society.

The JVCKENWOOD Group will continue to promote “Profitable Growth” and attain highly transparent and reliable management. To this end, through the 5th Ordinary General Meeting of Shareholders held on June 25, 2013, we have established a new business execution system led by active members of the Board of Directors, who are supported by internal experts with in-depth expertise in existing businesses and external experts with diverse experience in leading the transformation of the Group’s business and governance.



Under the new corporate structure, the Group will take on the challenge of achieving “Profitable Growth.” In addition, we will work to improve the quality not only of our products and services, but also every corporate activity so that we can be trusted and relied upon by all of our customers, corporate clients, and stakeholders. Furthermore, we will contribute to society through business activities that leverage our strengths. At the same time, we will step up community-based social contribution activities and environmental protection activities for the next generation.

The JVCKENWOOD Group will further enhance its crisis management system drawing on the experience gained following the Great East Japan Earthquake and floods in Thailand, and strengthen measures against various risks that could significantly affect management. Moreover, we will promote systematic steps to ensure business continuity.

I would like to ask for your continued understanding and support.

October 2013

A handwritten signature in black ink, appearing to read 'S. Eguichi'.

President, Representative Director and  
Chief Executive Officer (CEO)  
JVC KENWOOD Corporation



# ■ Management Policy and Business Strategy

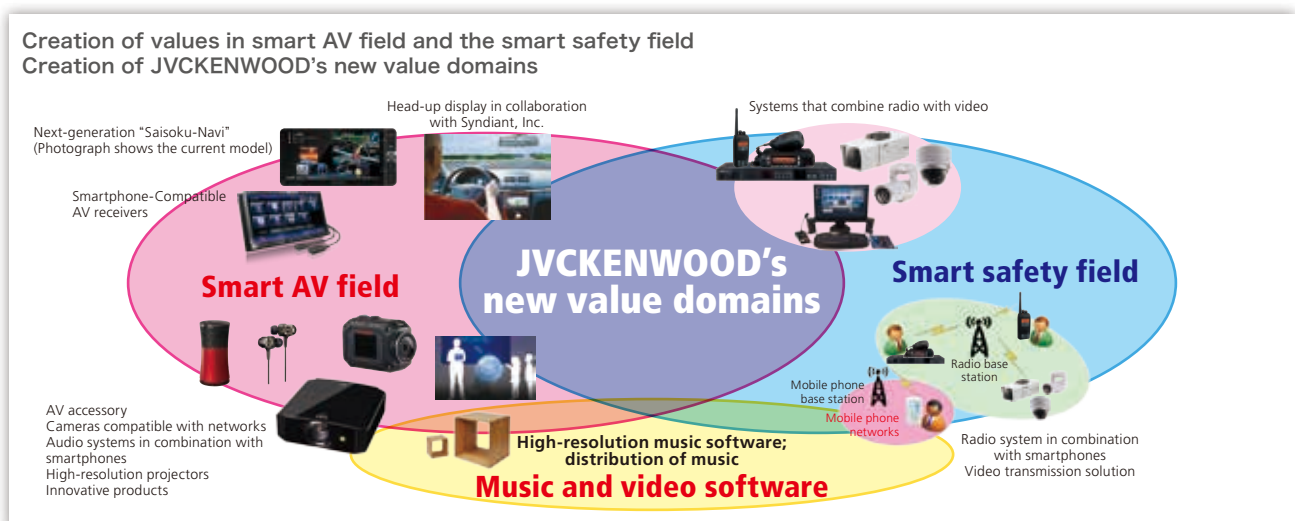
## Medium- to Long-term Business Strategies

The JVCKENWOOD Group reorganized its operations effective October 1, 2011 through an absorption-type merger between the former JVC KENWOOD Corporation and three companies that were consolidated subsidiaries at that time: Victor Company of Japan, Limited (“JVC”), Kenwood Corporation (“Kenwood”) and J&K Car Electronics Corporation. As a result, JVC KENWOOD Corporation was launched as an integrated company through the merger.

While facing revolutionary times in the electronics industry, the Group formulated a new mid-term business plan covering the period up to the fiscal year ending March 2016 with the aim of achieving sustainable and profitable growth, in November 2012.

In this new mid-term business plan, we define the business domains in which the Group can continue to apply its strengths in such areas as the “smart AV” and the “smart safety” fields with image, acoustic and radio technologies as well as music and visual software as its core competencies. As the first step in a long-term strategy centering on these two business fields, we have established the medium-term vision “Re Design.” We have also launched measures aimed at promoting self-reformation on a Group-wide basis with enthusiasm and a sense of speed, and re-designing the lifestyles of people around the world by introducing products that deliver excitement and peace of mind on a progressive basis.

The Group will use profits, generated through these measures, to invest in sustainable growth, strengthen its financial base, and provide stable returns to shareholders.



## Specific Actions for the Fiscal Year Ending March 2014

During the fiscal year ended March 2011, the JVCKENWOOD Group completed the structural reforms that had been underway since the launch of the Group in October 2008. Then, the Group began to implement a full-scale growth strategy by optimally leveraging the effects of the structural reforms and synergies of the integrated company through the merger in the fiscal year ended March 2012.

In the fiscal year under review, the Group carried out a growth strategy centering on the Car Electronics and Professional Systems Businesses. As a result, we achieved an increase in sales volume of consumer car navigation systems for the domestic market, an expansion in sales of professional radio systems for North America, and an improvement in the profit and loss of the Business Solution Segment (professional AV devices), whose performance recovered from the effects of the Thai floods amid a difficult business environment. In addition, the Entertainment Business achieved growth due to a series of hit releases.

However, sales of each business in Europe remained sluggish due mainly to the impact of economic deterioration, lowered prices of car navigation systems in the domestic market amid heightened competition, and a slow recovery in sales of professional radio systems. As a result of these factors, the Group’s sales on the whole failed to grow.

Against this backdrop, we will reclassify the business units of the four business segments into three groups according to their characteristics in the fiscal year ending March 2014. These three groups will comprise business that focus on “expanding profits,” “enhancing earnings,” and “strengthening strategies.”

The JVCKENWOOD Group changed the classification of its business segment effective June 25, 2013 as follows in an effort to centralize resources, adapt to the shift in focus of the market from consumer products to professional products, strengthen the Group's competitive advantage in the Optical Business and move into the Healthcare Business, a growing sector in the market.

### 1) Car Electronics Segment

(Former Car Electronics Business)

- Consumer Business
- OEM Business

### 2) Professional Systems Segment

(Former Professional Systems Business)

- Professional and Healthcare Business
- Communications Business

### 3) Optical & Audio Segment

(Former Home & Mobile Electronics Business)

- Audio Business (Home Audio Segment, AV Accessory Segment)
- Imaging Business (Camcorder Segment)
- Image & Optical Device Business (Projector Segment, Optical Pickups for Car-mounted Equipment Segment)

### 4) Entertainment Software Segment

(Former Entertainment Business)

## 1. Enhancement of the Business Portfolio

### 1) Business group that focuses on profit expansion

We will strive to increase group sales in the Professional Systems Segment's Communications System Business, the Entertainment Software Segment, the Optical & Audio Segment's AV Accessory Segment, the Projector Segment, and the Optical Pickups for Car-mounted Equipment Segment. We will also work to improve profits by taking advantage of high profitability, which results from high barriers to entry in the markets where these businesses and segments belong and from solid business structures.

- i) Communications Business (Professional Systems Segment)
  - Development and sales of professional digital radio equipment and systems that are compatible with communications protocols used in different regions of the world
  - Optimization of production systems and strengthening of sales networks
- ii) Entertainment Software Segment
  - Cultivate and nourish new and mid-catalog artists while promoting business innovation in comprehensive entertainment
  - Increase productivity in the OEM Business
- iii) AV Accessory Segment (Optical & Audio Segment Audio Business)
  - Expand product line-ups including flagship models and models exclusively for emerging countries while extending sales areas
- iv) Projector Segment (Optical & Audio Segment Image/Device Business)
  - Increase sales volumes and channels of 4K projector, in which we are ahead of rivals
- v) Optical Pickups for Car-mounted Equipment Segment (Optical & Audio Segment Image/Device Business)
  - Expand full-scale mass production of newly-developed pickups, while capturing new customers for the product

## 2) Business group that focuses on increasing profitability

Professional & Healthcare Business in the Professional Systems Segment, and the OEM Business in the Car Electronics Segment.

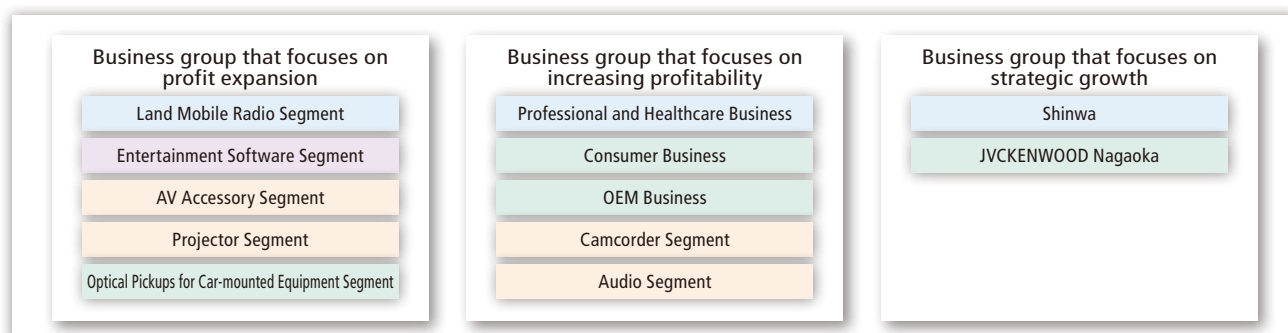
With regard to the group encompassing the Business Solution Segment of the Professional Systems Business, the Consumer Business, the OEM Business of the Car Electronics Business, and the Camcorder Segment of Imaging Business and Audio Business of the Optical & Audio Segment, we will strive to increase profitability by establishing a structure that is robust against seasonal factors and changes in the market environment.

- i) Professional & Healthcare Business (Professional Systems Segment)
  - Reinforce system development and design systems, and expand the solution business through partnerships
  - Increase sales of professional video cameras and security cameras
- ii) Consumer Business (Car Electronics Segment)
  - Enhance marketability of flash memory type car navigation systems for the domestic market, expand sales of the systems, and reduce relevant costs
  - Expand the line-up of display audio systems for overseas markets, and increase sales
  - Develop emerging markets through products exclusively for emerging countries
- iii) OEM Business (Car Electronics Segment)
  - Develop and mass-produce specially-designed car navigation systems and display audio systems, and win new orders received for new ensuing models
  - Increase orders received for car navigation systems to be converted for the after-market models as dealer option products
  - Commercialize such innovative products as head-up displays
- iv) Camcorder Segment (Optical & Audio Segment Imaging Business)
  - Further shift to proposal-based and high-value-added product line-ups, such as sports camcorders and live streaming cameras
- v) Home Audio Segment (Optical & Audio Segment Audio Business)
  - Realign sales areas and products, and further concentrate on high-value-added product line-ups through the use of outsourcing

## 3) Business group that focuses on strategic growth

We converted Shinwa International Holdings Limited (“Shinwa”) and JVCKENWOOD Nagaoka Corporation (the information equipment business of the former TOTOKU Electric Co., Ltd.) into our consolidated subsidiaries on June 3, 2013 and July 1, 2013, respectively, through a strategic investment that used funds procured in January 2011. In this way, we will endeavor to strategically increase earnings by generating synergies, etc.

- i) Shinwa
  - Create synergies in the business of optical disk drive mechanisms for car-mounted equipment, and expand the business of water-based paint plastic panels
- ii) JVCKENWOOD Nagaoka
  - Enter in earnest the medical/healthcare field, and create synergies in video technology

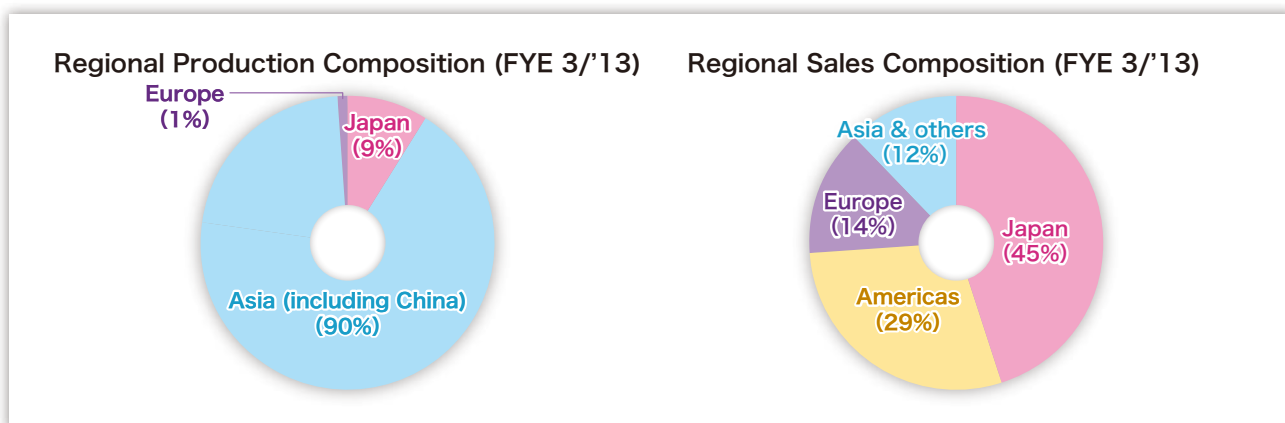


## 2. Reduction in Foreign Exchange Fluctuation Risks

### 1) Reduction in foreign exchange fluctuation risks relating to operating income and loss

Overseas production of the JVCKENWOOD Group accounts for over 90% of the entire Group's production, with the vast majority of production undertaken in Asia and particularly in China. Production costs are denominated mainly in U.S. dollars. Hence, imports exceed exports in terms of the U.S. dollar, and the weak yen against the U.S. dollar becomes a negative factor for profits. Meanwhile, in Europe, where our production is in small lots, exports exceed imports in terms of the euro, and the weak yen against the euro becomes a positive factor for profits.

With the continuous downturn in the value of the yen, we will focus on balancing the impact of dollar and euro conversion against low yen base import costs.



### 2) Reduction in foreign exchange fluctuation risks relating to non-operating income and loss

JVCKENWOOD, as announced in its "Notice on Reduction of Foreign Exchange Revaluation Losses (Gains) as a result of Eliminating Inter-company Loans between the Parent Company and its Subsidiary" issued on March 8, 2013, posted differences in the conversion of foreign-currency-denominated loans receivable and loans payable into yen, which arise from foreign exchange fluctuations, as foreign exchange losses (gains).

To cope with such risks of foreign exchange revaluation losses (gains), JVCKENWOOD eliminated 99 million U.S. dollars out of the U.S. dollar-denominated loan overbalance between JVCKENWOOD and its overseas subsidiaries by distributing the same amount from overseas subsidiaries to JVCKENWOOD effective March 8, 2013. By doing this, we achieved a balance between foreign-currency-denominated loans payable and loans receivable between JVCKENWOOD and its overseas subsidiaries. This led to a substantial reduction of the difference in the conversion of foreign-currency-denominated loans receivable and loans payable into yen, which accounted for about half of the foreign exchange losses posted in the fiscal year under review.

As a result, we reduced the risk of foreign exchange revaluation losses (gains) associated with possible foreign-currency-denominated loan transactions within the JVCKENWOOD Group.

## 3. Strengthening the Corporate Structure

### 1) Reinforcement of the financial foundation

The former Victor Company of Japan, Limited, which JVCKENWOOD merged with through absorption in October 2011, issued bonds amounting to 20.0 billion yen in August 2007, of which we redeemed through purchase of a 2.0 billion yen portion of the No. 8 Unsecured Bonds, worth 8.0 billion yen, on March 30, 2012 and redeemed the remaining 6.0 billion yen on August 2, 2012. As for the No. 7 Unsecured Bonds totaling 12.0 billion yen, in the fiscal year ending March 2014, we redeemed the 6.0 billion yen portion, which was due for redemption on August 2, 2013, using unsecured loans payable procured in March 2013.

With regard to interest-bearing debts, we refinanced some of the loans payable from financial institutions in March 2013. This resulted in the extension of the term of loans payable and improved loan interest rates. In the fiscal year ending March 2014, we will further improve the terms and conditions of loans by refinancing some of our loans payable.

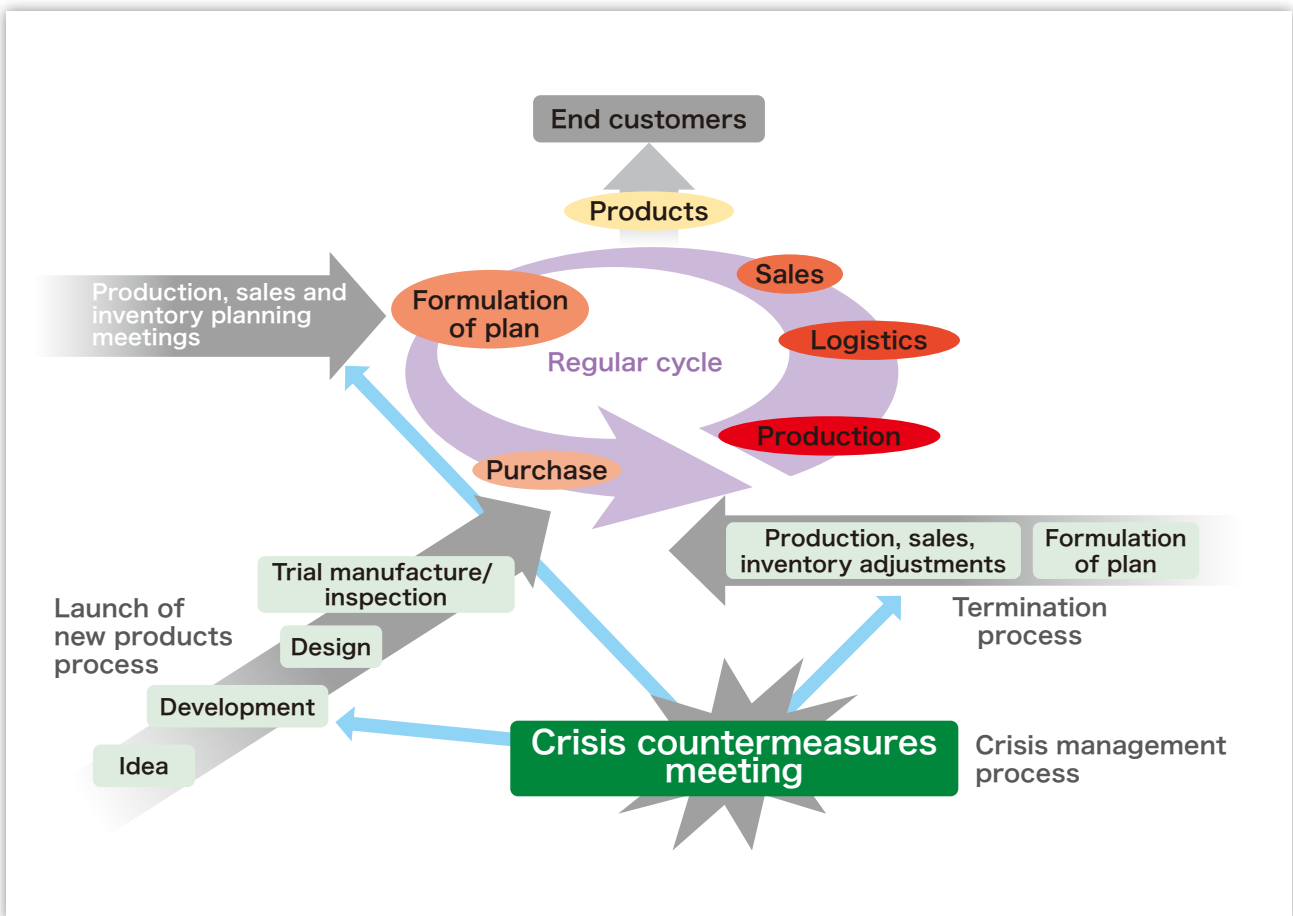
### 2) Integration of overseas sales companies

To improve the efficiency of its overseas sales system and strengthen its competitiveness, the JVCKENWOOD Group is promoting the integration of overseas sales subsidiaries and offices of the former JVC and the former Kenwood. As a result, the number of the Group's sales subsidiaries decreased to about 30 as of the end of March 2013 from approximately 40 as of the end of March 2012. We will continue to integrate overseas sales companies and offices in line with the new mid-term business plan.

### 3) Consolidated value chain innovations

In line with the new mid-term business plan, the JVCKENWOOD Group will promote consolidated value chain innovations under a structure composed of the four business groups and Company-wide task forces. The aim is to increase the value added of the operating processes of each business segment and eventually raise the entire Group's corporate value.

As a result, we will innovate the consolidated value chain, which consists of production and procurement, sales and marketing, logistics and services, and design and quality control, reduce inventories and waste, shorten lead times from the sales division receiving orders to shipment from plants, reduce procurement costs, and minimize market defect rates. Furthermore, we will establish a structure that can rapidly provide substitute measures in case the supply chain is disrupted by disasters, such as the Great East Japan Earthquake and Thai floods, and other emergencies.



# ■ Outline of Business

## Car Electronics Segment

(Business sales ratio: 33%)\*



Memory Navigation Systems "Saisoku-Navi" for the Domestic After-market



Memory Navigation Systems with Built-in Wi-Fi for the Overseas After-market



Dealer Option Memory Navigation Systems for Automobile Dealers



In-Vehicle Head-Up Display



Display Audio Systems with MirrorLink™ for the Overseas After-market



Car Audio Systems for After-market



In-Vehicle Custom Fit Speaker



CD/DVD Drive Mechanisms for Car-mounted Equipment

## Optical & Audio Segment

(Business sales ratio: 22%)\*



All-in-one Tower Design Audio System



Action Camera



Full HD Memory Camcorder



Stereo Headphones



Inner-ear Headphones



Full HD Memory Camcorder Equipped with Wi-Fi Technology



4K E-shift 2 D-ILA Projector



Solar Mobile Battery for Smartphone Charge



Wood Cone DVD Compact Component System for Network



Compact HiFi System with Bluetooth® Streaming



Optical Pickups

# Professional Systems Segment

(Business sales ratio: 30%)\*



Digital Land Mobile Radio "NEXEDGE"



VoIP Radio Dispatch System



Amateur Radio



License-free Transceiver



Professional Video Camera Recorder



Security Video Camera



Emergency Broadcasting Equipment



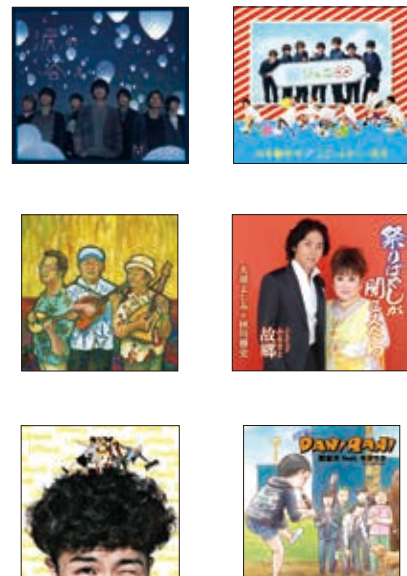
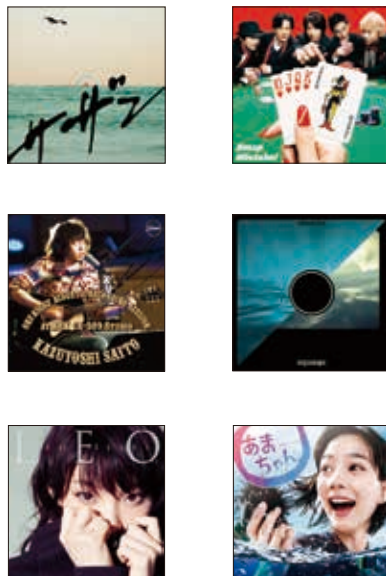
Medical Image Display Systems

# Entertainment Software Segment

(Business sales ratio: 13%)\*



Production of CDs, DVDs, BDs



(Business sales ratio is based on FYE 3/'13 sales)\*

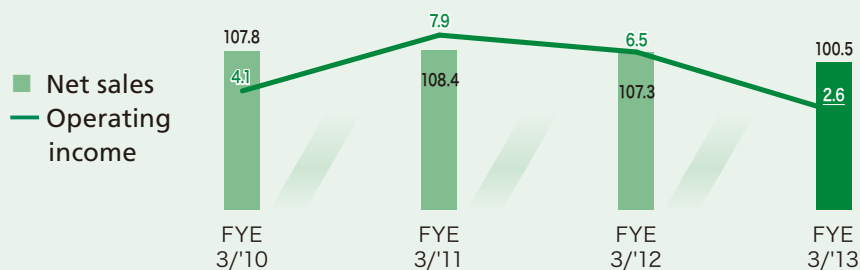
# Car Electronics Segment

The JVCKENWOOD Group will strengthen its OEM Business and aim ahead to commercialize new growth business domains. As a part of these efforts, the Group will shift from the after-market to the original product market.





## ■ Net sales and operating income (Billions of yen)



### ■ Major Products

Car Audio, Car AV Systems, Car Navigation Systems,  
CD and DVD Mechanism for Car-mounted Equipment

Car electronics, a business domain in which Japanese corporations can exercise their strengths, must maintain a high quality and be reliable enough to cope with the special temperature, vibration, and dust conditions inside vehicles.

The JVCKENWOOD Group has positioned the Car Electronics Segment, in which both JVC and Kenwood participated, as its largest business. We expect this business will display the greatest effects of integration, and have therefore been pushing forward with efforts to integrate the technological development, production, procurement, product planning, and marketing functions in this business since October 2007. Over many years, the two companies had independently fostered acoustic, video, and car mounting technologies as well as product planning capabilities. We have focused on developing new products by combining these with cutting-edge data compression and extension technologies as well as user interface technologies. In addition, we have developed marketing and sales strategies to make the most of the Kenwood and JVC brands, each of which has different features. At the same time, we have further enhanced our cost competitiveness by integrating production and procurement.

As a result, we have achieved the largest share in the European and U.S. after-market with the Consumer Business for car navigation and car audio systems leading to our large-scale composition. Unlike the overseas after-market, the main product in the domestic after-market is car navigation systems. We are also increasing our share and making a success in of the domestic market with Saisoku-Navi, a flash memory type of car navigation system developed by integrating the technologies of the two companies.

Keeping an eye on the shift from the after-market to the genuine product market, we are increasing orders received for dealer option products for automobile dealers and genuine products for automobile manufacturers. We are achieving this by strengthening the OEM Business and forming alliances with partner corporations. We are also winning orders for CD and DVD drive mechanisms for car-mounted equipment not only from domestic makers, but also from European and U.S. car accessory manufacturers. These orders reflect our industry-leading product quality, merchandising capabilities, and cost performance.

In the Consumer Car Electronics Business, we will aim to expand sales in the domestic market by emphasizing car navigation systems with specialized flash memory type products, equipped with Saisoku-Navi series, including cost reductions. In the overseas after-market sector, we will increase our variety and

sales of display audio system products with enhanced connection capabilities to smartphones and tap into emerging markets by launching models exclusively for emerging countries.

In the OEM Business, we will develop and mass-produce a specially designed car navigation system and display audio system to win new orders. We will also make efforts to increase orders received for car navigation systems to be converted to after-market models as dealer option products by leveraging our strengths in the after-market, and cooperating with our partner corporations. In the segment that includes CD/DVD mechanisms for car-mounted AV systems, we will boost mass-production of newly developed optical pickups through cooperation with Shinwa International Holdings Limited, which became a subsidiary in June 2013, thereby developing a new customer base. In addition, we will work to create synergies and step up activities in the water-based paint plastic panel business in a bid to expand and strengthen our business in emerging markets, focusing particularly on China, where continuous rapid growth can be expected. Furthermore, JVCKENWOOD acquired all shares of JVCKENWOOD Nagaoka Corporation (formerly TOTOKU Nagaoka Corporation) through a corporate split (absorption-type split) from TOTOKU Electric Co., Ltd. in July 2013. We hold high expectations that in-car electronic devices and parts, which are provided on an EMS basis by JVCKENWOOD Nagaoka, will become a new business domain for the Group and contribute to expansion of the OEM Business.

Looking ahead toward the establishment of a car-mounted network environment, we set up a joint venture with ZMP INC., a company which operates the development platform for next generation mobility, etc., at the end of July, 2013. The aim is to develop a technology with various services for cars linked to an open Internet environment and establish those services as a business. Using the establishment of the joint venture as a springboard, we will make full-fledged efforts to promote business development in the telematics\* field, a sector that is expected to grow in the future. Moreover, we will work toward the early commercialization of new growth domains such as the Head-up Display Business, Controller Area Network (CAN) Business and the Self-driving Car Business under the innovative Advanced Driver Assistance System (i-ADAS) task force, which was launched on August 1, 2013.

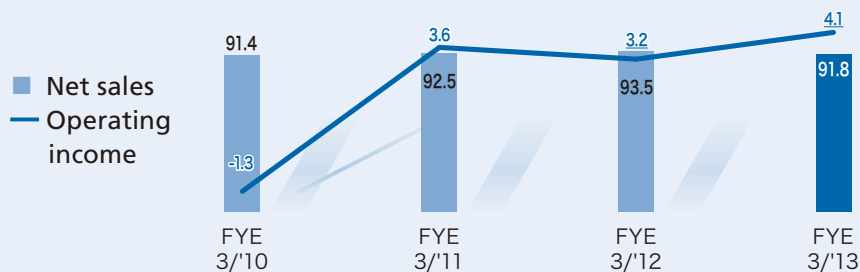
※**Telematics** A newly coined word combining telecommunications and informatics, meaning the provision of information services in real time by connecting mobile objects such as automobiles to communications systems like mobile phones.

# Professional Systems Segment

In order to provide radio, image pickup, video, and acoustic technologies to professionals, we will develop systems that offer excitement and peace of mind to people across the world.



## ■ Net sales and operating income (Billions of yen)



### ■ Major Products

Land Mobile Radio Equipment, Video Surveillance Equipment, Audio Equipment, Video Equipment, Professional Display Equipment, Medical Display Equipment

The Professional Systems Segment consists of two businesses: the Communications Business and the Professional & Healthcare Business. The former deals with land mobile radio and its systems, license-free transceivers, amateur radio sets, and sales of cellular phones. The latter business handles security cameras and systems, professional audio equipment and facilities, professional video cameras, and professional monitors including medical displays.

The Communications Business boasts the world's second largest market share in the mainstay area of land mobile radio equipment. The business achieved this share by combining radio technologies, which have been cultivated over many years since the era of amateur radio equipment, with cutting-edge digital and network technologies. Featuring a high overseas sales ratio and high profitability, this business supplies highly reliable professional radio devices and systems to the public safety sector (police and fire departments), the public service sector (electricity, water, and gas), and the private sector (railways, buses, hotels, and plants) around the world. This business is focusing on the market shift from analog to digital equipment. Hence, it is moving ahead with the development and sale of digital land mobile radio equipment and systems compatible with the world's various digital radio formats. It is also optimizing its production system and strengthening its sales networks.

The Professional & Healthcare Business provides highly reliable, professional-use video and audio equipment, developed and manufactured by the Optical & Audio Segment based on the advanced image shooting, display, and acoustic technologies offered to such markets as electrical facilities, education and the public sector, private corporations, and amusement facilities. While boasting high market shares in the domestic electrical and amusement facility markets, JVCKENWOOD's security cameras are highly rated for their features. These include sharp image quality day and night, ease of operability and outdoor installation as security cameras that are deemed to be among the most effective in preventing crimes and ensuring people remain safe and secure. Meanwhile, the Company's professional video cameras, which have been adopted by multiple major broadcasting stations, are mainly increasing their presence overseas.

We have continued to improve our management base by reducing expenses and fixed costs thanks to the effects of structural reforms implemented up to the fiscal year ended March 2011. The effects of the Thailand floods due to heavy downpours in Central Thailand from July 2011 were addressed by the first quarter of the fiscal year ended March 2013. In the ensuing period, sales have recovered in full.

After the conversion of JVCKENWOOD Nagaoka (former TOTOKU Nagaoka) into a consolidated subsidiary on July 1, 2013, we are taking steps to expand the Medical Display Business by positioning it as a core business in efforts to enter the Healthcare Business on a full-scale basis, while focusing on putting forward wireless intercoms, security systems, and other proposals for in-hospital communication.

We recognize that the shift to digital models and the systematization of land mobile radio equipment present a host of business opportunities. Therefore, the Communications Business will work to develop solution systems by integrating wireless and imaging technologies with an eye on the broadband market. The aim is then to grow new business domains and to expand sales. Specifically, we will work on expanding large-scale, wide-area network systems by making the most of JVCKENWOOD's proprietary NEXEDGE® digital professional radio and network solutions, and on developing and launching digital radio equipment for the Chinese, Asian and European markets. We will also work on expanding sales of digital radio systems for public safety in North America in cooperation with the EADS Group of companies, as well as communications systems for domestic broadcasting stations and telecommunications carriers by utilizing the network systems of Zetron, Inc., a U.S. subsidiary engaged in radio communications systems. In addition, we will launch land mobile radio equipment for taxi companies in anticipation of the end of analog transmission in Japan.

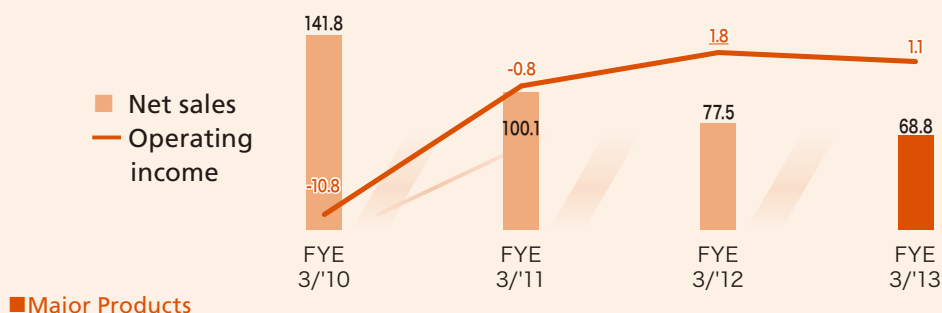
To expand the Professional & Healthcare Business, we will position IP security cameras as the core products to strengthen the Solution Business including system design and implementation, expand the sales of cameras for broadcasting stations, and strengthen our competitive advantages in the Professional Video Camera and Security Camera Businesses, etc. by converting AltaSens, Inc., which handles CMOS sensors, into a subsidiary. We will also expand our Video Production Business, increase the sales of 4K video cameras, etc., and expand businesses by integrating strategic products for emerging markets, radio communication technologies and video technologies, as well as ensuring enhanced compatibility with smartphones, etc.

# Optical & Audio Segment

With its sights focused on shifting the core of its growth from the Consumer Business to the Professional Systems Business, the JVC KENWOOD Group has enhanced its competitiveness by integrating its development and production resources.



## ■ Net sales and operating income (Billions of yen)



### ■ Major Products

Camcorders, Home Audio, AV Accessories, Projectors, Displays, Optical Pickups for Car-mounted Equipment

The JVCKENWOOD Group had been allotting its development and production resources related to optical devices and audio systems to the Home & Mobile Electronics Business for consumer electronics and the Professional Systems Business for professional-use system products. Meanwhile, the Group saw the necessity to integrate the development and production resources of the Consumer and Professional System Businesses in order to enhance competitiveness and shift the core of its growth from the consumer business to the professional systems business. Thus, it reviewed its business segment structure on June 25, 2013.

The Home & Mobile Electronics Business was reorganized and renamed the Optical & Audio Segment to consist of the Imaging Division, under which the development and production functions for consumer and professional-use optical devices are integrated, the Audio Division, under which the development and production functions for the consumer and professional-use audio systems are integrated, and the Image & Optical Device Division, which oversees optical pickups for car-mounting equipment (previously handled by the Car Electronics Business), and such optical devices as projectors.

In the Imaging Division, we are shifting our focus to proposal-based high-value-added products amid the maturation of the consumer camcorder market. With an eye toward the popularization of moving image communications via smartphones, we are also making progress with the planning and development of proposal-based products such as, live streaming cameras that boast reinforced linkage with smartphones and tablets using Wi-Fi technology and the expansion of shooting fields with sports camcorders in an effort to create new added value. In addition, we maintain a strong presence in principal markets around the world. We have achieved this by developing high-value-added products that meet the needs of professional and niche markets, including camcorders compatible with the 4K2K imaging infrastructure, and hybrid cameras.

In the Audio Division, we are accelerating efforts to concentrate on high-value-added products by narrowing sales areas and products, outsourcing, and embodying network devices and design-specific products. The aim is to focus on businesses that can demonstrate the strengths of the JVC and KENWOOD brands. With regard to the headphone sector in the AV Accessory Segment, we will concentrate on the popularization of portable music players as another business opportunity. Therefore, we are increasing our presence in the major markets around the world through speedy and flexible development and production systems, as well as with an extensive product range that leverages the

Group's unique advanced acoustic and noise cancellation technologies. We will also increase the line-up of our flagship and special models for emerging countries, and work to expand sales areas.

In the Image/Optical Device Division, we will make the most of our advanced video, cutting-edge image processing and 3D technologies to commercialize full-fledged home projectors and 3D projectors based on our proprietary Liquid Crystal on Silicon (LCOS) micro display technology, as well as the next generation of image devices, such as HUD, by launching full-scale production of Pico devices. We will also work toward launching projectors compatible with 4K2K and 8K4K that are regarded as the culmination of high-definition imaging technology in order to expand our businesses in global markets with our advanced technologies and products. Furthermore, we will expand the variety of new image and optical products, which are unique to JVCKENWOOD, through collaboration with the Car-mounting Equipment Business, which has highly reliable optical assembly technologies.

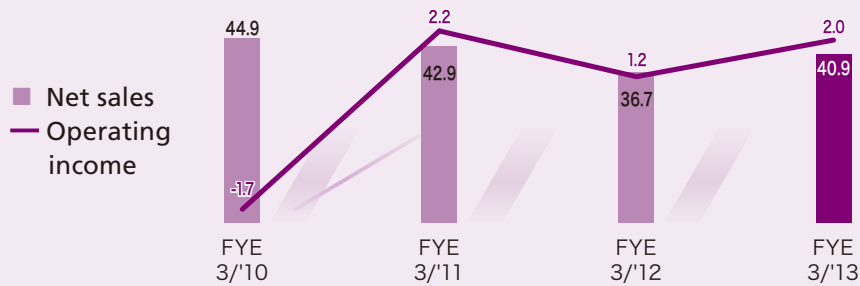
For the future, we will expand our business domains from mass-market products to products and solutions for niche and professional markets. We will also actively use image techniques as well as video and acoustic technologies that have been advanced under the JVC and KENWOOD brands in the Car Electronics Segment, Professional Systems Segment and Soft Entertainment Segment to combine them with the image processing, data compression/decompression, communications/network and user interface technologies, while strengthening collaboration between these segments to enhance competitiveness.

# Entertainment Software Segment

We will expand activities in an effort to become a total entertainment business and promote the expansion of the Original Equipment Manufacturer (OEM) Business.



## ■ Net sales and operating income (Billions of yen)



### ■ Major Products

Planning, Production and Sales of Audio and Video Content including CDs and DVDs,  
Production and Sales of CDs and DVDs (prerecorded)

The Entertainment Software Business consists of the content segment, which has as its core Victor Entertainment, Inc. and Teichiku Entertainment, Inc., and the OEM Business that specializes mainly in the production of CDs, DVDs, and BDs. The second and fourth oldest record companies in Japan, Victor Entertainment and Teichiku Entertainment, respectively, have continued to deliver excitement to people through artists and music for over 80 years. In 2011, Victor Entertainment relocated all its previously far-flung group companies to a new office in Shibuya, Tokyo, thereby increasing operational efficiency and enhancing the Group's overall strength.

The OEM Business has fully supported customers and met their requests — from the production of content to the creation of package media — centered on Victor Creative Media Co., Ltd. and JVC America, Inc.

As the content business of the JVCKENWOOD Group, the Entertainment Software Business will expand to become a total Entertainment Business, promote the expansion of the OEM Business, and utilize music and video technologies and know-how to strengthen the Group's overall ability.

The Content Business will endeavor to enhance its core Music Business in two ways: by responding to changes in the entertainment industry environment, such as the diversification of user preferences and the popularization of Internet and mobile phone distribution as a result of improved infrastructure; and by making enterprising investments in talented new artists to discover and foster such artists and promote a partnership strategy to create hits.

The Content Business will also promote the realization of total

entertainment by enhancing B-to-B as well as Artist- and Anime-Related Businesses to expand its business areas, and promote the expansion of the OEM Business. In its B-to-B operations, Victor Entertainment and Teichiku Entertainment have made deep inroads into the B-to-B world, a domain different from its core business of music and video content sales, and have engaged in new business services through which expertise in the Entertainment Software Business marketing and promotion, as well as in music and video content production, are turned into hits and utilized in different industries and business categories. In December 2012, Victor Entertainment launched Space Sound Design Solution "KooNe™," which uses a high-resolution sound system storing about three times more data than CDs and enabling the reproduction of music with 96kHz/24bit high-quality broadband sound, and has also entered the Space Sound Production Business on a full-scale basis.

With regard to Artist-related Businesses, we will enhance events and concerts, as well as the sales of goods and property rights-based businesses, such as music publishing. We will also continue to expand Anime-related Businesses and strive to enhance the partnership strategy to further expand our business domains.

With a view to expanding the OEM Business, we will adopt a three-pronged approach by: (i) enhancing the Non-package Business, which makes the most of highly experienced staff, who have provided excellent facilities and equipment, cutting-edge technologies, know-how, and assets; (ii) improving the Fulfillment Business, which covers all processes, from planning to distribution; and (iii) increasing productivity further.

## ■ Research and Development Activities

To provide “excitement and peace of mind” to the people of the world, JVC KENWOOD Corporation conducts research and development activities in an effort to promote “innovation” and to create new value based on the elemental “audio,” “video” and “radio communication” technologies cultivated to date.

### Head-Up Displays (HUDs)

The HUD, a display for automobiles, shows various types of information to drivers, such as route directions through car navigation systems, as well as the car speed and distance between two cars. This is set by using the windshield and combiner. The device enables the user to drive without moving his or her line of sight to the car navigation display, thereby helping to make driving safer.

JVCKENWOOD has focused on the development of an HUD that supports safe driving, under its corporate vision: To become a manufacturer that creates excitement and peace of mind. It has developed two types of HUDs: (1) a liquid crystal on silicon (LCOS) system that uses a reflective liquid crystal display device and projector optics, and (2) a micro electro mechanical system (MEMS) that employs a mirror for raster-scanning laser beams modulated with image signals. We developed an LCOS-based HUD product first as it could be mass-produced immediately by applying the projector technology that JVCKENWOOD has cultivated over many years. A prototype was exhibited at the 2012 International CES held in Las Vegas in the U.S. in January 2012.

JVCKENWOOD began shipping the first-generation LCOS-based HUD to ZMP INC., a venture firm that promotes car robotics, in October 2012. Additionally, in May 2013, it launched “MDV-737HUD,” which combines an HUD, together with its proprietary D-ILA device, and the “MDV-737DT” Saisoku-Navi car navigation system.

By releasing these HUDs, JVCKENWOOD is promoting research and development activities for both an LCOS-based HUD and an MEMS-based HUD. It is also conduct marketing activities for each on a full-scale basis. Through these efforts, we will aim to commercialize HUDs that contribute to vehicular safety.



1st Generation In-Vehicle Head-Up Display



HUD mounted on a car

### Smartphone-Compatible Display Audio Systems

Unlike in the Japanese market where car navigation systems maintain a mainstay role, audio systems still account for a greater portion of the overseas market for the Car Electronics Consumer Segment. Under these circumstances, JVCKENWOOD has focused on expanding the car multimedia products overseas market, launching flash memory-based AV-integrated car navigation systems developed in collaboration with Garmin Ltd., a market leader of Portable/Personal Navigation Devices (PND), and display audio systems conforming to the Garmin navigation application for iPhone.

Users of smartphone-based car navigation systems and Internet radio services are increasing, reflecting the growing smartphone market. To ensure safety and convenience while driving, JVCKENWOOD will improve the display and operation functions of in-car equipment utilizing smartphone functions. As part of this process, JVCKENWOOD has developed and launched AV receivers with “MirrorLink™” integration. “MirrorLink™” is a standard that offers seamless connectivity between smartphones and in-car equipment, and is being promoted as an industry standard by the “Car Connectivity Consortium,” which comprises the world’s automobile and smartphone-related companies. JVCKENWOOD is also a participant.

JVCKENWOOD will create a new market from the existing audio market. To that end, it will continue to enhance connectivity with smartphones that have gained worldwide popularity, and maximize functions and convenience specific to display audio systems, including car navigation and the display of rear-view camera images.





### "PKT-03" UHF FM Transceiver, a Community-based Radio System for India

To enhance its initiatives in emerging markets that continue to demonstrate tremendous growth, JVCKENWOOD is accelerating business expansion in emerging markets which have ample room for growth, by pushing forward with the market launch of special products that match the needs of each region, and reinforcing sales systems employing innovative new manufacturing from the perspectives of emerging countries.

With regard to land mobile radio equipment, one of its mainstay products, JVCKENWOOD conducted a thorough field study on lifestyles and the environment in which radio equipment is used in India, in a bid to tap the Indian market. Focusing on the growing popularization of cellular phones and the daily occurrence of power failures resulting from power shortages, we developed the "PKT-03" UHF FM transceiver equipped with a USB terminal to enable users to charge the transceiver using cellular phone chargers as well as a flashlight function using a high-intensity white LED to allow users to confirm their surroundings in case of a sudden power failure.

Since employees of large commercial facilities and restaurants, the main target customers of the transceiver, either do not have their shirts tucked in, or wear national costumes, including saris, which have no belt loops, JVCKENWOOD relentlessly reduced the weight and size of the transceiver so that they can be easily placed in pockets or hung from the neck using a strap.

With its success in India, a great nation in South Asia with a population of over 1.2 billion, JVCKENWOOD will continue to focus on development in emerging countries by equipping its products with functions that match the characteristics of the regions in which they are sold.



### "GazeFinder," a System to Support Developmental Disorder Diagnosis that Uses a Method to Detect Visual Fixation Points

In recent years, the number of children with developmental disorder characteristics has been increasing, and they are said to amount to as many as 10% of all children. Autism and autism spectrum disorder (ASD) are developmental disorders that emerge by the time a child is three years old, and are characterized by difficulties in social interaction and communication, as well as limited interest and behavior. If the detection of these symptoms is delayed, it is highly likely that the child's social life will be seriously be impeded. However, it is known that the early detection of these disorders as well as care and education will improve the social prognosis of such children.

Making good use of the imaging technologies JVCKENWOOD has cultivated to date, the Company has been engaging in the development of a system to support developmental disorder diagnosis, called "GazeFinder," which employs a method of detecting visual fixation points, jointly with the United Graduate School of Child Development, Graduate School of Osaka University, Osaka University; Kanazawa University; Hamamatsu University School of Medicine; Chiba University; the University of Fukui; and Child Developmental Science Research, a general incorporated association. This joint development has been adopted in the Implementation-Support Program of the Japan Science and Technology Agency (JST), an independent administrative institution.

"GazeFinder," a system to aid diagnosis, is composed of a stereo camera, a monitor and specially designed image content, and can quickly analyze the possibility of an examinee having a developmental disorder by detecting where the examinee's visual fixation points are located when they are watching provided images. It can not only quickly detect the possibility of an examinee having a developmental disorder by having the examinee look at specially designed images, but also identify an examinee's development characteristics from the infant period by using objective indicators, making it possible to find any disorder at an early stage.



This system employs the sight-line detection technique invented by Yoshinobu Ebisawa, Professor at the Faculty of Engineering in Shizuoka University.



Determining fixation points

## ■ Brand Strategy

The JVCKENWOOD Group has multiple business and product brands under its overarching JVCKENWOOD corporate brand, and operates worldwide by leveraging the value of each brand. In recent years, the Group has been increasingly employing its brand strategy in the business-to-business segment, in addition to the business-to-customer segment, in a bid to enhance the value of each business and product brand as well as its corporate value.









### Corporate Brand

# JVCKENWOOD

*creates excitement & peace of mind*

JVCKENWOOD positions multiple product brands including JVC and KENWOOD as corporate brands that symbolize the Company's assurance of quality. The JVCKENWOOD corporate brand plays the important role of organically binding its product and business brands across a wide range of fields, including AV equipment, in-car electronic entertainment hardware products, professional-use business-to-business hardware products, and music and video entertainment software products, representing confidence and trust as a corporation.

### Business and Product Brands

 <ul style="list-style-type: none"> <li>▶ Car electronics equipment</li> <li>▶ Audio equipment</li> <li>▶ Camera equipment</li> <li>▶ Video equipment</li> </ul> <p>JVC is a global brand that is highly evaluated for its distinctive products and technical expertise in the fields of music and images including camcorders, projectors, audio equipment, car audio equipment, and headphones.</p>	 <ul style="list-style-type: none"> <li>▶ Car electronics equipment</li> <li>▶ Audio equipment</li> <li>▶ Land mobile radio equipment</li> </ul> <p>KENWOOD is a global brand that is highly evaluated for its sound quality and technical expertise in the fields of audio equipment, car electronics, and radio systems.</p>	 <ul style="list-style-type: none"> <li>▶ Music, video, animation, and game software</li> <li>▶ Studio operations</li> <li>▶ Artist management</li> <li>▶ Concerts and events</li> <li>▶ Spatial design using special sound effects</li> </ul> <p>Victor Entertainment, Inc. is a total entertainment company that operates in fields ranging from music and video software and its peripheral businesses to the business-to-business segment based on a brand with more than 85 years of history and tradition.</p>	 <ul style="list-style-type: none"> <li>▶ Music and video software</li> </ul> <p>Teichiku Entertainment, Inc. has been engaged in the planning, production, and sales of music and video software and related products for nearly 80 years since it was established in 1934.</p>
 <ul style="list-style-type: none"> <li>▶ Radio communications systems</li> </ul> <p>ZETRON is a brand with an extensive track record in the fields of professional radio communications command and control systems and radio communications network systems.</p>	 <ul style="list-style-type: none"> <li>▶ Medical image display systems</li> <li>▶ Industrial display systems</li> </ul> <p>TOTOKU is a leading brand, especially in the medical image displays field, and boasts high-definition display technologies applied in wide-ranging products from consumer display systems to industrial display systems.</p>	 <ul style="list-style-type: none"> <li>▶ In-car AV mechanisms</li> </ul> <p>Shinwa manufactures and sells in-car AV mechanisms, and has a strong position notably in the Chinese market.</p>	 <ul style="list-style-type: none"> <li>▶ CMOS image sensors</li> </ul> <p>AltaSens, Inc. is engaged in the development and design of CMOS image sensors for full-high vision and high image quality videos.</p>

Sponsorship activities for establishing the JVCKENWOOD brand



Among measures to increase brand awareness, JVCKENWOOD sponsors the FIA World Touring Car Championship, which is held at venues in various countries around the world.

Showroom located in the Marunouchi brand street, Tokyo



JVCKENWOOD's showroom serves as a place for introducing the products of the Group's core businesses, as well as an information communication base for conducting community-based event activities.

Base for communicating information around the world



A large electronic billboard located in Times Square in New York serves as a JVCKENWOOD's information communication base for introducing its businesses.

# ■ Environment and Social Activities

Countries and regions across the globe are working to solve the problems of global warming, pollution from harmful substances, biodiversity loss, and the depletion of resources, all issues that continue to impact the planet on which we live.

To respond suitably to these global movements, the JVCKENWOOD Group is working to help preserve and conserve the beautiful environment on a global scale for the next generation through such activities as the promotion of energy saving, 3R activities, and appropriate management of chemicals identified in the Group's Eco Promotion Plan 2020 based on its Environmental Vision and Policies.

## Environmental vision

We will contribute to society as an eco-promoting company active in efforts focused on reducing environmental impact.

## Environmental policies

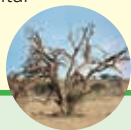
To preserve the global environment and resources and prevent pollution, we will manage our business activities, our product development, and our services through ongoing improvements with a full awareness of our environmental impact.

1. Prevent global warming by promoting the reduction of CO<sub>2</sub> emissions throughout the product lifecycle, including business activities, by developing technologies and products that reduce environmental impact.
2. Use limited global resources effectively to create a sustainable society by reducing the resources we use within the framework of 3R activities and progressive usage of eco-friendly materials.
3. Manage chemicals that affect the world's environment and biosphere, continue reducing consumption, and switch to eco-safe materials.
4. Recognize the effect on biodiversity of all business activities, product development, and services to comprehensively reduce our environmental impact in harmony with the natural environment.
5. Comply with legislation applied to environmental aspects and other permissible requirements.
6. Educate employees on the environment to cultivate greater environmental awareness.

## Eco Promotion Plan 2020

### (1) Promotion of energy savings

- Energy savings in offices and manufacturing sites
- Development of energy-saving products (using LCA)
  - Reducing power consumption in both use and standby modes
  - Making products increasingly compact and lightweight (reduction of transportation energy)
- Development of elemental technologies that contribute to energy savings



Reducing the impact of global warming on plant and animal ecosystems

### (2) 3R activities

- Development of products designed for recycling
  - Adoption of ecological and recyclable materials
  - Company-wide rollout of 3R design methods (disassembly, resource conservation, and more)
- Reduce and recycle waste
  - Maintain zero waste emissions at Japanese production and business bases
  - Zero waste emissions at global manufacturing sites



Reducing the impact of excavating mineral resources on ecosystems

### (3) Appropriate management of chemicals

- Promotion of green procurement
  - Improve the green levels of suppliers
- Reduction of harmful substances in products
  - Encourage switching to safe substitutes
- Company-wide promotion of alternatives to and the appropriate handling of harmful substances



Reducing the impact of air and soil pollution on ecosystems

### (4) Maintenance of biodiversity

Recognize the effect on biodiversity of all business activities, product development, and services to comprehensively reduce our environmental impact in harmony with the natural environment.

**Eco Promotion Plan 2020 (1) Promotion of Energy Savings**

**Saving energy helps reduce CO<sub>2</sub> — Development of energy-saving products —**

A license-free transceiver is a radio set that requires no license that can be easily used from the day it is purchased. Though it was originally designed and developed for leisure use, now it is often used in business scenes as well. As a result, license-free transceivers are now required to not only be lightweight and reliable (waterproof and durable) for business use, but also to assure performance for extended periods of time with one dry cell. To meet such market needs, we carried out initiatives to reduce the consumption current by several mA by reviewing the transmission and power source circuit, reducing the operating voltage of the internal circuit, and changing the amplifier for driving built-in speakers to a class-D amplifier that consumes little current. By installing an “eco mode,” a function to control power consumption, in our license-free transceivers, we also achieved an extended operation of about 72 hours with three AA size batteries under our measuring conditions when an optional clip microphone with earphones is used.

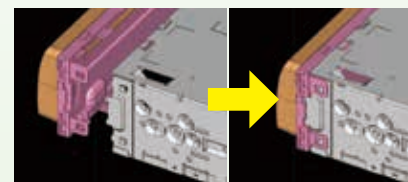


Featuring the new eco mode battery-saving function.

**Eco Promotion Plan 2020 (2) Promotion of 3R Designs**

**Contributing to a sustainable society through 3R activities — Promoting 3R designs —**

At the product development stage, based on the principle of recycle and reduce, JVCKENWOOD is promoting designs that allow easy separation of resin parts and metal parts by reconciling ease of assembly with ease of disassembly through the adoption of a hooking structure that uses hooks rather than screws in addition to reducing the types and the total number of screws. We also trimmed the total number of items of parts and sharply reduced the size and mass of chassis parts and printed circuit boards through the development of mechaless models exclusively for digital audio equipment. We achieved a reduction of about 23% in the number of items of parts and that of about 45% in mass in mechaless models when compared with our CD receiver models. In addition, the size of packaging boxes was cut by some 30% in terms of volume ratio thanks to the downsizing of products, which contributed to the reduction of product transportation energy, while environmental impact was reduced as a result of a reduction of the mass of corrugated cardboards and buffer materials that are subject to recycling.



**Eco Promotion Plan 2020 (3) Appropriate Management of Chemicals**

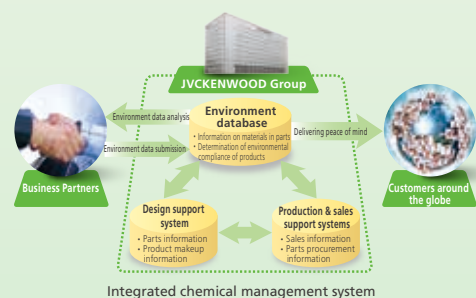
**Promoting lower environmental impact through global chemical management**

— Comprehensive system to manage chemicals in products —



Since headphones directly touch human bodies when they are used, JVCKENWOOD promptly worked on reducing harmful chemicals. We reduce harmful chemicals under a thorough management system, actually screening phthalates to verify that no controlled substances are contained in our products, not to mention globally developing products that conform to the RoHS directive. JVCKENWOOD provides “peace of mind” to customers by disclosing the Green Procurement Guideline, which specifies forbidden substances and substances that require management, to suppliers in order to have them deliver parts and materials in line with this Guideline.

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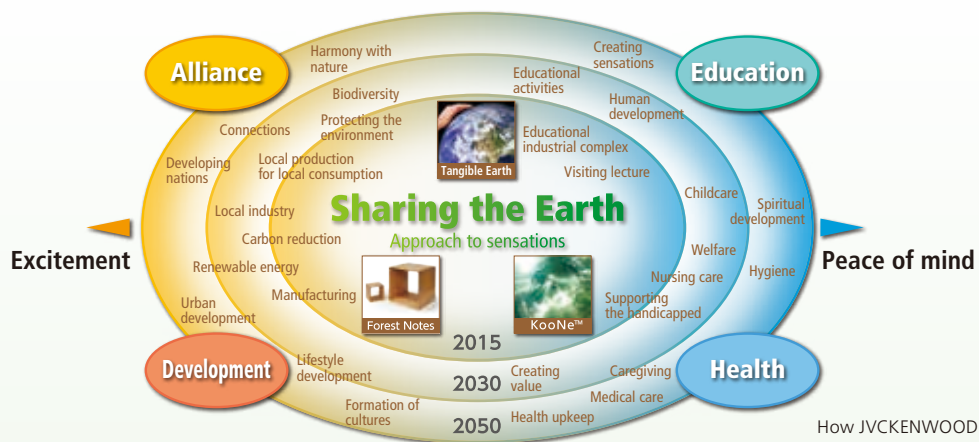


**Environmental Communication**

**JVCKENWOOD Exhibits at Eco-Products 2012 – Under the theme of “Feeling the Earth” –**

The JVCKENWOOD Group is developing products and services that provide customers with excitement and peace of mind, the creating of which was adopted as our corporate vision, by making the most of the video and audio elemental technologies it has cultivated. It is also making efforts to realize a society that coexists with the global environment.

With an eye to lifestyles in 2050, at Eco-Products 2012, JVCKENWOOD exhibited the results of its efforts to engage people’s emotions so that people can feel the Earth close to them.



How JVCKENWOOD expects to be involved with society by the year 2050



JVCKENWOOD booth  
Theme: Feeling the Earth

**Tangible Earth**



Visitors experienced the feeling of the living earth by using the prototype Tangible Earth, our second generation digital globe, produced by Professor Shinichi Takemura of Kyoto University of Art & Design.

**Forest Notes speaker systems**



This speaker has the finish of a beautiful piece of art with Japanese craftsmanship. Visitors experienced the sound of the forest transmitted live from microphones situated in Hida Takayama and other locations.

**Theater of Sharing the Earth**



Visitors experienced a pleasing space blending the projection of beautiful images and high-resolution sounds in a spatial acoustic design of the high-quality sounds of nature (forest, river, sea, and other sounds).

## Community-based Social Contribution Activities

The JVCKENWOOD Group is deepening its cooperation and interchange with local communities and focusing on various community-based social contribution activities.

### Volunteer activities

#### Volunteer activities that are unique to a manufacturer specializing in AV equipment

In collaboration with Masumi Sakoma, an aroma touch lead practitioner of the International Federation of Aromatherapists (IFA) in the U.K., which aims to support persons with disabilities, we visited the Hachioji Life Practice Center of Musashinokai, a social welfare service corporation, and engaged in volunteer activities to offer a calm and peaceful time to people with disabilities through aromatherapy, sound and images.



#### Reciting books at elementary school

Employees of JVC America, Inc. engaged in a volunteer activity to recite books written by Dr. Seuss, a popular U.S. picture book writer, to 300 or more pupils of Arcadia Elementary School on Read Across America Day.



### Donation activities

#### Christmas food and toy drive

Three sales companies in Canada took part in the Food and Toy Drive of the Salvation Army and donated food and toys brought by each employee to local low-income households.



#### Halloween party

Every year, Zetron, Inc., a part of the JVCKENWOOD Group, donates the money they have collected at their Halloween party to the Children's Miracle Network, a pediatric fund.



### Education support activities

#### Training outreach

Based on the concept of "Contributing to social development by supporting the academic abilities of children," the JVCKENWOOD Group established an educational outreach program for elementary and middle school children using teaching materials that are unique to a manufacturer specializing in audio and visual products.



#### Accepting trainees from universities and vocational schools

The Kenwood Malaysia Plant accepts trainees from universities and vocational schools. Trainees make the most of their valuable experience, which matches their majors at university and expertise, in their future career.



### Activities to support sports, culture and art

#### Supporting cultural promotion in Yokohama

The JVCKENWOOD Group continuously supports "Creation of liveliness by culture and art" of the city of Yokohama. We supported "Dance Dance Dance @ YOKOHAMA," a dance festival held in Yokohama, as a main sponsor.



#### Sponsoring athletes with disabilities

The Italian sales company continues to offer sponsorship to Fabrizio Macchi, a cycling medalist of the Paralympic Games, the world's most famous competition. For us, his stance to face difficulties serves as a good example of how to live.



# ■ Corporate Governance

## Corporate Governance Structure

JVCKENWOOD believes that one of its most important management issues is to increase the transparency and efficiency of its managerial decision-making process and improve corporate value by strengthening corporate governance. To this end, we make it a basic policy to enhance corporate governance through the establishment of a structure that includes checks and balances. That policy calls for dividing management and the execution of operations, recruiting external directors and auditors, and establishing internal audit sections, as well as improving the internal control system on a Group-wide basis.

### Corporate Organizations

1. Shareholders' meetings are held, as the highest decision-making body, to make corporate decisions about fundamental matters that are stipulated in the Companies Act of Japan. However, unless otherwise specified in law, matters stipulated in Article 459, Paragraph 1 of the Companies Act, including dividends from surplus, are determined by resolutions of the Board of Directors — instead of shareholder resolutions — in accordance with the Company's Articles of Incorporation to enable the formulation of flexible capital and dividend policies.

The Board of Directors, which is regarded as an organization that makes fundamental and strategic decisions while overseeing business execution, holds regular meetings once a month and extraordinary meetings when necessary to deliberate and decide on basic management policies and important matters as well as monitor and oversee the status of business execution. Directors' terms of office are one year in order to make their responsibilities clear and to make management processes quicker. In addition, we proactively recruit external directors in order to increase the transparency of decision-making.

The Articles of Incorporation stipulate that the number of directors shall be less than ten. Eight directors were elected at the 5th annual shareholders' meeting held on June 25, 2013.

To ensure the efficiency of the management supervisory function based on experience, achievements, professional viewpoints and insights, etc., as well as independence having no potential conflicts of interest with general shareholders, JVCKENWOOD selects candidates for external directors in principle by confirming their business backgrounds (i.e., confirming they have not been a JVCKENWOOD major shareholder or engaged in the execution of operations in any of JVCKENWOOD's main business partners, etc.) based on its independence standards and policies, which are stipulated in the "guideline for the governance of listed companies" issued by the Tokyo Stock Exchange ("TSE"). Since June 25, 2013, KENWOOD has appointed three external directors to its Board, Koji Kashiwaya, Junichi Hikita and Takao Tsuji, and designated them as independent directors under defined standards of the TSE. At the same time, external directors are registered with the TSE.

2. JVCKENWOOD adopts an executive officer system under which business execution functions are divided and management responsibility and business execution responsibility are separated from each other. Since June 25, 2013, eight directors (including three external directors) and ten Executive Officers (four concurrently holding director positions) have fulfilled these responsibilities.

To take the initiative in the areas of corporate reform and governance, the Chairman of the Board and external directors (who are not executive officers) hold discussions with executive officers (who concurrently serve as Directors of the Board), make relevant decisions, and delegate the authority for business execution to executive officers. In addition, the President/Representative Director of the Board, who is a member of the Board of Directors, also serves as CEO (Chief Executive Officer), bearing responsibilities for both management supervision and business execution. After decisions are made at meetings of the Board of Directors, the CEO chairs the Board of Executive Officers' meeting, bearing responsibilities for business execution.

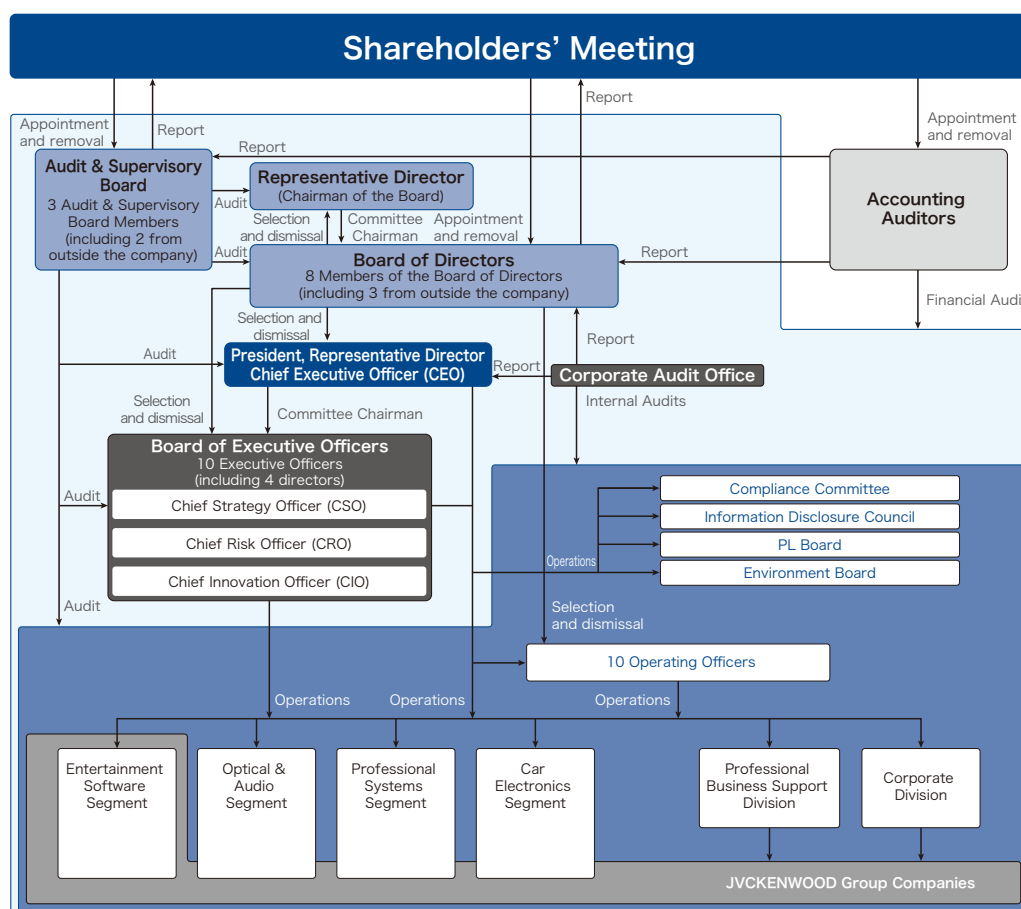
As explained in its Securities Report, the JVCKENWOOD Group has four reportable business segments. To adapt to changes in the current business environment, the Group has created the position of segment head for each reportable segment. Segment heads are responsible for conducting performance management and optimizing resource allocation. Seven businesses conducted by these four segments are under the direct control of the CEO and respective General Managers. General Managers not only fulfill their responsibilities, but also strengthen collaboration between businesses, and the CEO gives directions on cross-group business processes, multiple development, etc. from a Group-wide perspective. Under this structure, JVCKENWOOD strengthens the assistance functions of corporate staff in a bid to further improve the speed of organizational decision-making, activate the entire Group organization, and promote the growth of businesses. JVCKENWOOD also adopts an operating officer system under which operating officers are responsible for operations of important divisions (as general managers), sales subsidiaries (as presidents) and others under the direction of the CEO. Since June 25, 2013, ten Operating Officers have built business execution teams and a management system to accomplish important corporate tasks under the direction of the CEO and Executive Officers.



3. JVCKENWOOD is a company with a board of auditors. Auditors attend Board of Directors' meetings and other important meetings, hold Board of Auditors' meetings, audit the execution of duties by Directors and the entire Group's business execution, perform accounting audits and have a corporate audit function.

The Board of Auditors holds meetings once every month and on a needs basis. Since June 26, 2012, three auditors (including two external auditors) have been engaged in corporate audits. To ensure the efficiency of the management supervisory function based on experience, achievements, professional viewpoints and judgment, etc., as well as independence having no potential conflicts of interest with general shareholders, JVCKENWOOD selects candidates for external auditors in principle by confirming their business backgrounds (i.e., confirming that they have not been a JVCKENWOOD major shareholder or engaged in the execution of operations of any of JVCKENWOOD's main business partners, etc.) based on the independence standards and policies, which are stipulated in the "guideline for the governance of listed companies" issued by the Tokyo Stock Exchange ("TSE") with the approval of the Board of Auditors. Since June 26, 2012, JVCKENWOOD has appointed two external auditors, Akihiko Washida and Shojiro Asai, and designated them as independent auditors under defined standards of the TSE. At the same time, external auditors are registered with the TSE.

Organization System (As of June 25, 2013)



### Internal Audit, Auditors' Audit and Accounting Audit Systems

JVCKENWOOD has established the Corporate Audit Office to conduct extensive field audits, including those of related companies of the Group, and to uniformly monitor the status of internal control. Under this structure, JVCKENWOOD is able to discover problems in their early stages from a standpoint that is not based on the values of business fields, and to reduce the occurrence of problems.

The number of personnel of the Corporate Audit Office as of June 25, 2013 was ten, of which three persons are directors or executives of main overseas subsidiaries (holding concurrent positions). These subsidiaries function as the bases for conducting internal audits.

To audit the execution of business and internal controls, the Corporate Audit Office, which is tasked to audit the operations of the entire Group, prepares the Risk Assessment Form when formulating an audit schedule and selects auditing targets based on risk assessments, resulting in an increase in the effectiveness of internal audits.

Auditors implement audits according to the audit schedule, audit the entire Group's operations, and check in-house approval documents based on the monitoring of directors and executive officers. Auditors also attend audits performed by the Corporate Audit Office, thereby broadening the scope of their audits.

Three certified public accountants, Yasunari Kunii, Yasuhiko Haga and Nobuo Son, performed accounting audits of JVCKENWOOD and the Group. They are designated limited liability partners and managing partners of Deloitte Touche Tohmatsu LLC. While Toshiyuki Ono and Nobuo Son have performed the said audits for five consecutive years, Yasuhiko Haga was involved in these audits for the first time. The total number of audit assistants is 30 (13 certified public accountants and 17 other assistants).

### Coordination between Internal Audits, Auditors' Audits and Accounting Audits

All the auditors including external auditors perform management audits by themselves, attend Board of Directors' meetings, obtain the results of internal audits performed by the Corporate Audit Office in relation to the Group's overall business operations, and exchange and confirm relevant information by holding meetings with the Corporate Audit Office whenever necessary. If there is a sign of fraud, etc. committed by management, the Corporate Audit Office is required to report it to auditors in accordance with the internal rules.

At Board of Auditors' meetings, the results of accounting audits performed by independent auditors are regularly reported to auditors. As a result, the validity of mutual coordination between audits has been improved.

JVCKENWOOD has established its internal audit system so that the Corporate Audit Office can conduct its audits in collaboration with the Group's finance and accounting divisions, and has also strengthened monitoring functions by performing audits for each compliance theme in collaboration with the Compliance Committee, and by other means.

External directors attend Board of Directors' meetings, and recognize the Group's overall business performance by obtaining the results of internal audits performed by the Corporate Audit Office. As a result, they can oversee the Group's business execution, give advice, and make proposals whenever necessary from a professional as well as independent standpoint with no conflicts of interest.

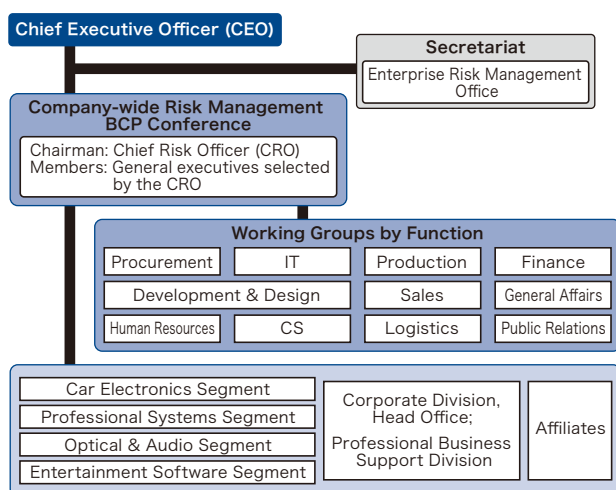
# ■ Risk Management

## Enterprise Risk Management Activities

### Key Philosophy

The JVCKENWOOD Group regards risks as “factors that are mutually linked, affecting one another to inhibit the achievement of business plans.” The Group regularly identifies risks faced by all business sites around the world, assesses them from a Company-wide perspective, and conducts cross-divisional activities in an effort to deal with risks more effectively.

To accomplish its business plans, the Group will put in place a corporate strategy that correctly identifies and responds to risk in the course of its day-to-day corporate activities. Although risk management and the Group’s corporate strategy would appear to be different, this move indicates that they are the same in terms of their objectives.



### Risk Management Organization

The JVCKENWOOD Group has constructed an organization where enterprise risk management is advanced under the powerful initiative of the CRO (Chief Risk Officer). The Enterprise Risk Management BCP (Business Continuity Plan) Conference, which is comprised of members chosen from company executives and presided by the CRO, not only deliberates on key issues relevant to the Group's risk management, but also puts organized initiatives into practice to address risks that affect the management of the JVCKENWOOD Group by establishing working groups by function, comprised of representatives from each function of the JVCKENWOOD Group, and directing activities.

### Business Continuity Plan (BCP)

The JVCKENWOOD Group recognizes that when faced with disasters or other contingencies, its social responsibility to stakeholders including customers is to put the utmost priority on preserving human life and secondly to fulfill its responsibility to deliver products and services. In order to fulfill this responsibility, we have defined the basic principle of the Business Continuity Plan (BCP) as “contributing to social security and safety through continuing business by swiftly reinitiating business operations after the occurrence of an emergency situation.”

Under this policy, and beginning with a framework for confirming the safety of employees and their families, disaster prevention, and emergency stockpiles, we will progressively proceed with the formulation of BCPs for each business field by building upon the know-how accumulated through BCPs cultivated up to now. Moreover, the Group is conducting various training simulations to gain initial response experience, and establishing a BCP system by improving relevant rules and manuals based on training results.

### Driving Company-wide Disaster Prevention

The JVCKENWOOD Group has streamlined its CRO-headed framework for disaster prevention and, after prolonged consideration, revised its General Disaster and Accident Countermeasures Manual in the aftermath of the Great East Japan Earthquake.

Furthermore, the Group has distributed a copy of the Major Earthquake Countermeasures Handbook (Individuals and Homes) to every employee working for Group firms in Japan.

The Group is also conducting a broad range of drills to maintain awareness of and readiness against disasters, including safety confirmation drills, evacuation drills in anticipation of tsunamis, emergency attendance and set-up drills for members of the emergency countermeasures headquarters, and emergency communication drills using satellite telephones and radios.



“Large Earthquake Countermeasures Handbook”

# ■ Management Team

As of October 1, 2013

## Directors of the Board



Haruo Kawahara



Shoichiro Eguchi



Koji Kashiwaya



Junichi Hikita



Takao Tsuji



Kazuhiro Aigami



Naokazu Kurihara



Seiichi Tamura

## Directors of the Board

### Haruo Kawahara

Representative Director of the Board,  
Chairman of the Board

### Shoichiro Eguchi

President, Representative Director of the Board

### Koji Kashiwaya

Director of the Board (External)\*<sup>1</sup>

### Junichi Hikita

Director of the Board (External)\*<sup>1</sup>

### Takao Tsuji

Director of the Board (External)\*<sup>1</sup>

### Kazuhiro Aigami

Director of the Board

### Naokazu Kurihara

Director of the Board

### Seiichi Tamura

Director of the Board

\* 1: External Director specified in Item 16, Article 2 of the Companies Act

## Audit & Supervisory Board Members

### Takayoshi Sakamoto

Audit & Supervisory Board Member

### Akihiko Washida

Audit & Supervisory Board Member (External)\*<sup>2</sup>

### Shojiro Asai

Audit & Supervisory Board Member (External)\*<sup>2</sup>

\* 2: Audit & Supervisory Board Member (External) specified in Item 16, Article 2 of the Companies Act

## Executive Officers

### Shoichiro Eguchi

\* Chief Executive Officer (CEO),  
Chief Risk Officer,  
General Executive of Strategic Design Division,  
President of JVCKENWOOD Design Corporation,  
In charge of Car Electronics Segments

### Kazuhiro Aigami

\* Senior Executive Vice President & Executive Officer,  
in charge of Professional Systems Segments,  
Responsible for strengthening Procurement,  
Assistant to CRO,  
General Executive of Emerging Market Planning  
Division,  
General Executive of Procurement Strategy Division

### Masaaki Saito

Senior Executive Vice President & Executive Officer, in  
charge with Entertainment Software Segments,  
Assistant to CRO,  
President of Victor Entertainment, Inc.

### Seiichi Tamura

\* Chief Strategy Officer (CSO),  
General Executive of Corporate Strategy Division,  
General Manager of Business Development Operation,  
Corporate Strategy Division

### Naokazu Kurihara

\* Executive Vice President & Executive Officer, in  
charge of Optical & Audio Segments  
Responsible for strengthening General Administration,  
Assistant to CRO,  
Emerging Market Planning Division,  
General Executive of Imaging Division,  
General Manager of Business Planning Operation,  
Imaging Division

### Toshiaki Matsuzawa

Executive Vice President & Executive Officer, General  
Executive of Car Electronics OEM Division,  
Assistant to CRO,  
President of Kenwood Nagano Corporation,  
Emerging Market Planning Division

### Kensuke Kawai

Chief Innovation Officer (CIO),  
General Executive of Innovation Strategy Division,  
General Executive of Innovation Research and  
Development Division

### Satoshi Fujita

Senior Vice President & Executive Officer,  
General Executive of Strategic Finance & Accounting  
Division

### Masaki Imai

Senior Vice President & Executive Officer (responsible  
for Human Resources Management),  
General Executive of Corporate Planning / Production  
Strategy Planning Division,  
General Executive of Human Resources Management  
Division,  
Emerging Market Planning Division

### Akira Suzuki

Senior Vice President & Executive Officer (responsible  
for Infrastructure Technologies),  
General Executive of Communications Equipment  
Division,  
Assistant to CIO,  
Emerging Market Planning Division

\* Concurrently serving as Director of the Board.

## Audit & Supervisory Board Members



Takayoshi Sakamoto



Akihiko Washida



Shojiro Asai

## Executive Officers



Masaaki Saito



Toshiaki Matsuzawa



Kensuke Kawai



Satoshi Fujita



Masaki Imai



Akira Suzuki

## Operating Officers

### Osamu Muraoka

Operating Officer, General Executive of Professional & Healthcare Division,  
Emerging Market Planning Division

### Masanori Nakashima

Operating Officer, Assistant to CEO

### Masatoshi Miyamoto

Operating Officer, General Executive of Audio Division,  
Emerging Market Planning Division,  
President of Kenwood Home Electronics Corporation

### Hisao Kikuchi

Operating Officer, General Executive of Image & Optical Device Division,  
Assistant to CEO,  
General Executive of Optical Component Operation,  
Image & Optical Device Division, President of  
JVCKENWOOD Optical Components Corporation,  
Emerging Market Planning Division

### Shinichi Takada

Operating Officer, General Executive of Car Electronics Consumer Division,  
General Manager of Overseas Sales Operation, Car Electronics Consumer Division,  
Emerging Market Planning Division

### Masayuki Suzuki

Operating Officer, CIE of Professional & Healthcare Division,  
President of Video-Tech Co., Ltd.

### Junji Kobayashi

Operating Officer, President of JVC Americas Corp.,  
Business Executive of Optical & Audio Segment,  
JVCKENWOOD AMERICAS Headquarters

### Ryo Mizuhara

Operating Officer, President of Kenwood U.S.A. Corp.,  
Business Executive of Car Electronics Segment,  
JVCKENWOOD AMERICAS Headquarters,  
Emerging Market Planning Division

### Nobuchika Kinoshita

Operating Officer, President of Kenwood Geobit Corporation,  
Assistant to CEO (responsible for Domestic Sales & Marketing)

### Yoshifumi Naito

Operating Officer,  
Chairman of Shinwa International Holdings Limited

# ■ Corporate History

## JVC KENWOOD Corporation

# JVC KENWOOD

- 2007 Jul. Victor Company of Japan, Limited (JVC) and Kenwood Corporation (Kenwood) entered into an agreement on a capital and business alliance to cooperate in their Car Electronics and Home Audio Businesses and integrate their management
- Aug. JVC increased its capital through a third-party allocation of new shares of a total of 35 billion yen to Kenwood and multiple investment funds managed by SPARX International (Hong Kong), Ltd.
- Oct. JVC and Kenwood established the technology development joint venture J&K Technologies Corp. (J&K Technologies)
- 2008 May JVC and Kenwood agreed to and signed an agreement to integrate their management through the establishment of a joint holding company (stock transfer)
- Oct. JVC and Kenwood established the joint holding company JVC KENWOOD Holdings, Inc. (JVCKENWOOD) through a stock transfer (JVCKENWOOD's shares were listed on the First Section of the Tokyo Stock Exchange)
- Oct. Development and production functions of the Car Electronics Business of JVC and Kenwood were taken over by J&K Technologies through a company split (simplified absorption-type split)
- Dec. Product planning and marketing functions for Kenwood's Home Electronics Business were taken over by the newly established Kenwood Home Electronics Corporation through a company split (simplified absorption-type split)
- 2009 Jun. J&K Technologies renamed J&K Car Electronics Corporation (J&K Car Electronics), making J&K Car Electronics a virtually independent company engaged in the Car Electronics Business
- Jul. Functions in Japan and abroad, such as planning, technologies, marketing, quality assurance, and production, with the exception of sales, for the Home Audio Business of JVC and Kenwood were integrated into JVC in July
- Dec. The JVCKENWOOD Group launched a car navigation system MDV-313 that adopts the same platform for the first time (Photo ①)
- 2010 Mar. Implemented adjustments to earnings results of JVC for the period between the fiscal year ended March 31, 2005 and the second quarter of the fiscal year ended March 31, 2010 (including consolidated financial statements as a consolidated subsidiary of JVCKENWOOD), and to those of JVCKENWOOD for the period from its establishment on October 1, 2008 to the second quarter of the fiscal year ended March 31, 2010
- May Put in place a mid-term management plan to promote renewed growth
- Dec. Undertook steps to relocate the Company's head office and realign business divisions to promote Group management integration, enhance operating efficiency and maximize integration effects
- 2011 Aug. JVC KENWOOD Holdings, Inc. changed its name to JVC KENWOOD Corporation
- Sep. Formulation of New Mid-term Business Plan
- Oct. JVC KENWOOD Corporation completed an absorption-type merger of its three subsidiaries Victor Company of Japan, Limited, Kenwood Corporation, and J&K Car Electronics Corporation
- 2012 Apr. JVCKENWOOD acquired a total of 45.0% of the outstanding shares of Shinwa International Holdings Limited, a large-scale Hong Kong-based manufacturer and sellers of CD/DVD mechanisms for car AV equipment (in-car CD/DVD mechanism), making it into an equity-method company
- Jun. Distributed dividends (¥5/share) for the first time since the inauguration of the Group
- Sep. Completion of development of first-generation in-vehicle head-up display and start of shipments of the display to a specific sales route through a company promoting car robotics
- Nov. The JVCKENWOOD Group formulated a new "Mid-term Business Plan," which covers the period through to FYE 3/2016
- 2013 Feb. The JVCKENWOOD Group launched the new TS-990 series of high-quality HF/50 MHz transceivers, the latest competition-class models that carry on the tradition of KENWOOD flagship radios (Photo ②)
- Mar. The JVCKENWOOD Group launched DLA-VS4800, the world's first mass-production model of the professional-use D-ILA projector, which features an 8K high-definition display (Photo ③)
- Jun. The JVCKENWOOD Group converted Shinwa International Holdings Limited, the largest manufacturer and seller of CD and DVD mechanisms for car AV equipment in Hong Kong, into a consolidated subsidiary
- Jul. The JVCKENWOOD Group took over all of the shares of TOTOKU Nagaoka Corporation through an absorption-type corporate split from TOTOKU Electric Co., Ltd., and changed the corporate name from TOTOKU Nagaoka to JVCKENWOOD Nagaoka Corporation



① Integrated car navigation system "MDV-313" manufactured by Kenwood and JVC



② High-quality HF/50 MHz transceiver "TS-990"



③ The world's first mass-production model of the 8K professional-use D-ILA projector, "DLA-VS4800"



## Former Victor Company of Japan, Limited

- 1927 Victor Talking Machine Company of Japan, Limited, established (Photo ④)
- 1939 Produced Japan's first TV receiver
- 1956 Developed 45/45 stereo record format
- 1963 Introduced KV-200, the world's smallest 2-head professional VCR
- 1976 Introduced HR-3300, the world's first VHS home video recorder (Photo ⑤)
- 1986 Introduced GR-C7, the world's smallest and lightest VHS-C video camera
- 1991 Introduced AV-36W1, the first 16:9 TV in the industry
- 1995 Introduced GR-DV1, the world's first pocket-sized digital video camera
- 2003 Introduced GR-HD1, high-definition digital video camera  
Introduced EX-A1, compact component system
- 2005 JVC co-developed high-quality audio compression technology "net K2" with Victor Entertainment, Inc.
- 2006 JVC awarded the prestigious IEEE Milestone for the development of VHS video
- 2007 Introduced Everio GZ-HD7, the world's first full HD hard disk camcorder targeted at consumers
- 2009 Introduced the JVC global brand throughout Japan  
Introduced the GD-463D10, full HD 3D LCD monitor for professional use
- 2010 JVC LSI enables high-speed image processing in HD camcorders (Photo ⑥)
- 2011 Merged into JVC KENWOOD Corporation



④ Gramophone in 1928



⑤ The world's first VHS home video recorder "HR-3300"



⑥ JVC LSI enables high-speed image processing in HD camcorders

## Former Kenwood Corporation

- 1946 Established Kasuga Radio Co., Ltd. (predecessor of Kenwood Corporation)
- 1947 Succeeded in manufacturing high-performance radio parts (high-frequency coils)
- 1957 Began exporting FM tuners for the first time as a Japanese manufacturer (Photo ⑦)
- 1960 Renamed Trio Electronics, Inc.
- 1962 Launched the industry's first transistor amplifier
- 1966 Introduced fully transistorized audio products for the first time in the industry
- 1978 Entered the commercial wireless radio equipment field in Japan
- 1980 Entered the car audio field in the U.S.
- 1983 Entered the business & industry sector of commercial wireless radio field in the U.S. (Photo ⑧)
- 1986 Renamed Kenwood Corporation
- 1991 Developed the radio systems used in F1 world championship races and executed an official supplier contract with Team McLaren
- 1992 Entered the car navigation system field, launching the industry's first 1DIN-size GPS car navigation system
- 1997 Supplied Real Focus Sound System for the Forester and 2nd Legacy models of Subaru, establishing a base for the OEM Business
- 2004 Acquired the wireless radio operations of Toyo Communication Equipment Co., Ltd.
- 2005 Formed a technical and capital alliance with Icom Inc. to jointly research the standardization of technical specifications for digital wireless radio equipment
- 2007 Converted Zetron, Inc., a U.S. systems-based communication company into a subsidiary  
Formed a new after-market collaboration agreement for AV-integrated navigation systems for the consumer after-market with Garmin, the largest PND maker in the U.S.
- 2008 Launched a voluntary organization jointly to contribute to the development of land mobile radios in the Americas
- 2009 Launched the Simultaneous Communications System and VoIP Radio Dispatch System
- 2010 Basic land mobile radio equipment for emerging markets "TK-U100," "TK-2000/3000" (Photo ⑨)
- 2011 Merged into JVC KENWOOD Corporation



⑦ FM tuner



⑧ Land mobile radio launched in the U.S.



⑨ Basic land mobile radio equipment for emerging markets

KENWOOD

## ■ Network (Global) (87 subsidiaries and affiliated companies in total)

As of September 30, 2013

### Global Affiliated Manufacturing Company

Company Name	Location	Main Products
JVC America, Inc.	Alabama, U.S.A.	CDs, DVDs (prerecorded software)
Kenwood Electronics Bretagne S.A.	Janze, France	Car electronics equipment
JVCKENWOOD Technologies Singapore Pte. Ltd.	Singapore	Communications equipment
JVC Manufacturing Malaysia Sdn. Bhd.	Selangor, Malaysia	Audio and imaging equipment
Kenwood Electronics Technologies (M) Sdn. Bhd.	Johor, Malaysia	Car electronics and telecommunications equipment
JVC Manufacturing (Thailand) Co., Ltd.	Pathumthani, Thailand	Professional products
JVC Optical Components (Thailand) Co., Ltd.	Nakhon Ratchasima, Thailand	Electronic components
P.T. JVC Electronics Indonesia	West Java, Indonesia	Car electronics equipment
Shanghai Kenwood Electronics Co. Ltd.	Shanghai, China	Car electronics and communications equipment
Beijing JVC AV Equipment Co., Ltd.	Beijing, China	Professional products
Zetron, Inc.	Washington, U.S.A.	Communications equipment
Shinwa International Holdings Ltd.	Hong Kong, China	Car electronics equipment

### Europe: Affiliated Sales Company

Company Name	Location
JVC Europe Ltd.	The United Kingdom
JVC Professional Europe Ltd.	The United Kingdom
Kenwood Electronics UK Ltd.	The United Kingdom
JVC France S.A.S.	France
Kenwood Electronics France S.A.	France
JVCKENWOOD Italia S.p.A.	Italy
JVCKENWOOD Iberica, S.A.	Spain
JVC Deutschland GmbH	Germany
Kenwood Electronics Deutschland GmbH	Germany
JVC Professional Belgium SA/NV	Belgium
JVCKENWOOD Belgium N.V.	Belgium
JVCKENWOOD Nederland B.V.	Netherlands
JVC International (Europe) GmbH	Austria
JVC Polska Sp. Zo. o.	Poland
LLC "JVCKENWOOD Ukraine"	Ukraine
LLC "JVCKENWOOD RUS"	Russia

### Americas: Affiliated Sales Company

Company Name	Location
JVC Americas Corp.	U.S.A.
Kenwood U.S.A. Corp.	U.S.A.
JVC Canada Inc.	Canada
JVC Professional Products Canada Inc.	Canada
Kenwood Electronics Canada Inc.	Canada
JVCKENWOOD Latin America, S.A.	Panama
JVCKENWOOD do Brasil Comércio de Eletrônicos Ltda	Brazil

### Asia, Oceania, the Middle East, and Africa: Affiliated Sales Company

Company Name	Location
JVCKENWOOD Singapore Pte. Ltd.	Singapore
JVCKENWOOD Malaysia Sdn. Bhd.	Malaysia
JVC Sales & Service (Thailand) Co., Ltd.	Thailand
Kenwood Electronics (Thailand) Co., Ltd.	Thailand
JVC Taiwan Corp.	Taiwan
JVCKENWOOD Gulf Fze	U.A.E.
JVCKENWOOD Australia Pty. Ltd.	Australia

### China: Affiliated Sales Company

Company Name	Location
JVC (China) Investment Co., Ltd.	China
Kenwood Electronics (Hong Kong) Ltd.	China
Kenwood Electronics Trading (Shanghai) Co., Ltd.	China

### Other Main Global Affiliated Company

Company Name	Location
AltaSens, Inc.	U.S.A.
JVCKENWOOD Electronics Singapore Pte. Ltd.	Singapore
JVCKENWOOD Procurement Center (H.K.), Ltd.	China
JVC (Beijing) Research & Development Center, Ltd.	China
JVCKENWOOD Marketing India Private Ltd.	India



## ■ Network (Japan) (33 subsidiaries and affiliated companies in total)

As of September 30, 2013

### R&D Center • Business Center

Name	Location	Main R&D Products
Head Office & Yokohama Business Center	Yokohama, Kanagawa	Video cameras, displays
Kurihama R&D Center	Yokosuka, Kanagawa	Video cameras, displays, projectors
Hachioji Business Center	Hachioji, Tokyo	Car electronics, home audio
Hakusan Business Center	Yokohama, Kanagawa	Communications

### Main Japanese Manufacturing Sites and Affiliated Manufacturing Company

Name	Location	Main R&D Products
Head Office & Yokohama Business Center	Yokohama, Kanagawa	Electronic components (for optical pickups)
Yokosuka Business Center	Yokosuka, Kanagawa	Projectors, D-ILA devices
Victor Creative Media Co., Ltd.	Yamato, Kanagawa	CD and DVD discs (pre-recorded)
Victor Interior Furniture Co., Ltd.	Fukuroi, Shizuoka	Home furniture
JVCKENWOOD Yamagata Corporation*	Tsuruoka, Yamagata	Professional products
JVCKENWOOD Devices Corporation	Osato-gun, Saitama	Components
JVCKENWOOD Nagaoka Corporation	Nagaoka, Niigata	Electronic devices such as medical image display systems

\* Changed corporate name from Kenwood Yamagata Corporation on October 1, 2013.

### Main Japanese Consolidated Affiliated Company

Name	Location	Main R&D Products
Kenwood Nagano Corporation	Ina, Nagano	Car electronics
JVCKENWOOD Optical Components Corporation	Yokohama, Kanagawa	Sales of electronic components (optical pickups, etc.)
J&K Business Solutions Co., Ltd.	Yokohama, Kanagawa	Sales, installation, maintenance and repair of professional audio, imaging and telecommunications equipment
Victor Arcs Co., Ltd.	Minato-ku, Tokyo	Sales of professional audio and visual equipment
Video Tech Co., Ltd.	Shibuya-ku, Tokyo	Video production, editing and sales, and studio operations
Victor Entertainment, Inc.	Shibuya-ku, Tokyo	Planning, production, and sales of audio and video software, etc.
Teichiku Entertainment, Inc.	Shibuya-ku, Tokyo	Planning, production, and sales of audio and video software, etc.
Flyingdog Inc.	Shibuya-ku, Tokyo	Planning and production of animation audio and animation video software, etc.
JVC Networks, Inc.	Shibuya-ku, Tokyo	Network delivery, and planning, production, and management of sales promotion tool
Victor Music Arts, Inc.	Shibuya-ku, Tokyo	Music copyright management and artist management
Victor Service & Engineering Co., Ltd.	Yokosuka, Kanagawa	Repair of electric equipment
Victor Techno Brain Co., Ltd.	Yokosuka, Kanagawa	Software development and related support
JVCKENWOOD Kenex Corporation	Hachioji, Tokyo	Sales and other operations relating to audio and communications equipment
Kenwood Geobit Corporation	Shibuya-ku, Tokyo	Sales agency of mobile phones; Operations and other support for Softbank shops
Kenwood Home Electronics Corporation	Yokohama, Kanagawa	Sales of home electronics products, etc.
Kenwood Service (Japan) Corporation	Yokosuka, Kanagawa	After-sales services and other operations relating to audio, communications and other equipment
JVCKENWOOD Design Corporation	Meguro-ku, Tokyo	Planning and production of industrial designs for audio, communications and other equipment
Kenwood Engineering Corporation	Hachioji, Tokyo	Dispatch of engineers, undertaking of engineering-related work, and other operations
JVCKENWOOD Partners Corporation	Hachioji, Tokyo	Undertaking of welfare program, general, personnel, accounting and other affairs

## ■ Corporate Data

Company Name:	JVC KENWOOD Corporation
Business Segments:	Controlling and managing the business activities by operating the Car Electronics Business, Professional Systems Business, Optical & Audio Business and Entertainment Software Business and owning shares and interest in the companies which run those businesses
Representative Director:	Shoichiro Eguchi, President, Representative Director
Date of Incorporation:	October 1, 2008
Capital:	¥10 billion
Number of Employees (as of September 30, 2013):	20,033
Head Office:	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa 221-0022 Tel: +81-45-444-5500
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
Securities Code:	6632
Equity (as of March 31, 2013):	¥ <u>67,518</u> million
Total Assets (as of March 31, 2013):	¥ <u>246,735</u> million
Fiscal Year-End:	March 31
URL:	<a href="http://www.jvckenwood.co.jp/">http://www.jvckenwood.co.jp/</a>
Main Domestic Offices:	Yokohama Head Office and Business Center, Hachioji Business Center, Hakusan Business Center, Yokosuka Business Center and Kurihama R&D Center
Main Production Bases:	Japan: Yamagata, Yokosuka, etc.
※Overseas production ratio 90%	Overseas: Malaysia, Indonesia, Thailand, China (Shanghai), etc.
Showroom:	1F, Shin-Kokusai Bldg., 3-4-1, Marunouchi, Chiyoda-ku, Tokyo
Shareholders (as of March 31, 2013):	Japan Trustee Services Bank, Ltd. (Trust Account) (4.8%) Japan Trustee Services Bank, Ltd. (Trust Account 9) (3.3%) The Master Trust Bank of Japan, Ltd. (Trust Account) (3.2%)





## **JVCKENWOOD Corporation**

3-12, Moriyacho, Kanagawa-ku, Yokohama-shi  
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