

JVCKENWOOD
creates excitement & peace of mind

Company Profile Section

JVCKENWOOD Report 2014

JVCKENWOOD Corporation

JVCKENWOOD Report 2014 Company Profile Section

Contents

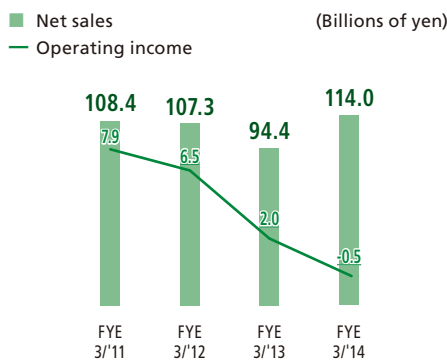
Corporate Visions / Business Composition	1
Overview of the JVCKENWOOD Group	2
Financial Highlights	3
Management Message	4
Specific Actions	
for the Fiscal Year Ending March 2015	6
Outline of Business	8
Special Feature I Creating excitement and “peace of mind” for the people of the world	18
Special Feature II Creating “excitement” and peace of mind for the people of the world	22
Global Brand Strategy	24
Corporate Social Responsibility (CSR)	
About our environmental activity	26
Connection with society	28
Together with customers	30
Together with Business Partners	31
Together with Employees	32
Supporting career and skill development	33
Helping support harmony between work and family life	34
Health and safety	35
Corporate Governance	36
Risk Management	39
Corporate History	40
Network (Global)	42
Network (Japan)	43
Management Team	44
Corporate Data / Share-Related Information	45



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

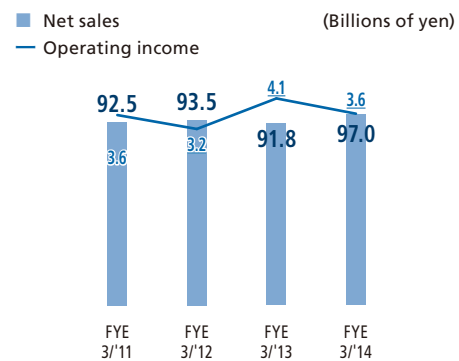
Business Composition

Car Electronics Segment



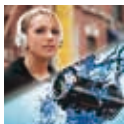
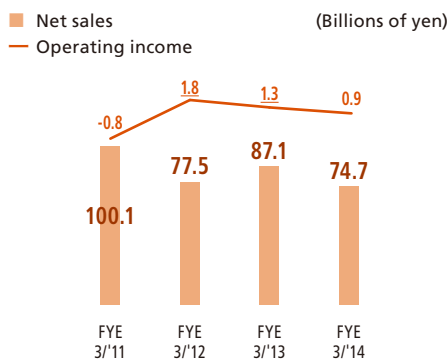
Major Products
Car Audio, Car AV Systems, Car Navigation Systems, CD and DVD Mechanisms for Car-Mounted Equipment

Professional Systems Segment



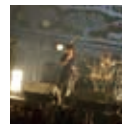
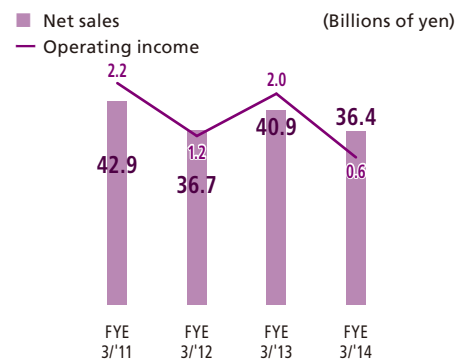
Major Products
Land Mobile Radio Equipment, Video Surveillance Equipment, Audio Equipment, Video Equipment, Professional Display Equipment, Medical Display Monitor Solutions

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 (prerecorded)

* The Company shifted to a new segment system on June 25, 2013. The graphs for FYE 3/11 and FYE 3/12 provide details of results for the old segments.

* The graphs for FYE 3/13 and FYE 3/14 are based on figures including internal sales or the transfer amount between segments.

Disclaimer

Forward-looking statements and graphs 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

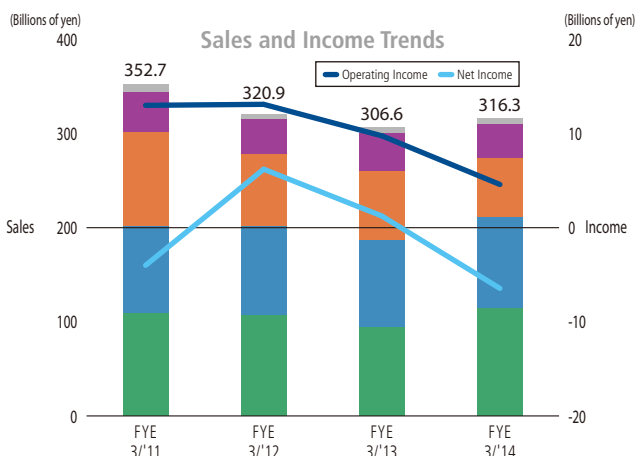
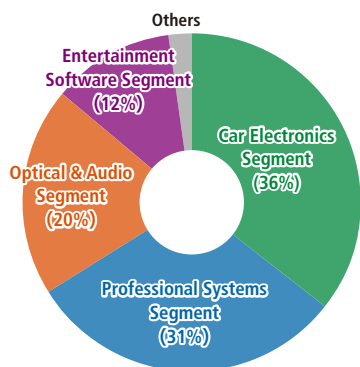
Management policies:

- 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.

Conduct guide

Every individual to take charge and strive for never ending reform.

Sales Composition for FYE 3/'14



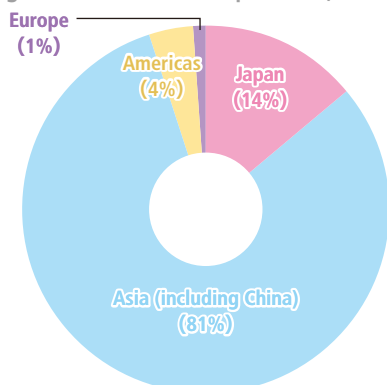
Production and Sales System

*Production sites... 7 domestic sites, 11 overseas sites

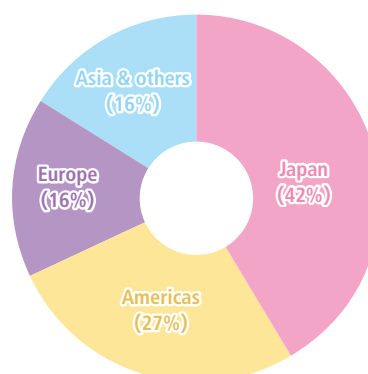
The overseas production ratio is 86%

*Overseas sales sites... 28 sites **The overseas sales ratio is 58%**

Regional Production Composition (FYE 3/'14)



Regional Sales Composition (FYE 3/'14)



* Production sites, overseas sales sites as of July 1, 2014
Overseas production ratio, overseas sales ratio are based on FYE 3/'14.

Financial Highlights

JVC KENWOOD Corporation and Consolidated Subsidiaries
Fiscal years ended March 31



	FYE 3/12	FYE 3/13	FYE 3/14
	(Millions of yen)		
Net sales	320,869	306,581	316,343
Operating income	13,105	9,761	4,592
Ordinary income (loss)	6,712	3,263	100
Net income (loss)	6,213	1,243	(6,450)
Total assets	241,650	246,735	267,380
Equity	57,253	67,518	60,224
Equity per share (yen)	401.07	475.19	375.89
Stockholders' equity ratio (%) ^{*1}	22.9	26.6	19.4
Retained earnings	24,188	24,687	17,422
Interest-bearing debt	92,369	86,467	81,663
Net debt	26,808	28,706	26,473
Cash flows from operating activities	8,883	9,772	14,944
Cash flows from investing activities	(6,498)	(13,357)	(10,658)
Cash flows from financing activities	(1,523)	(8,609)	(9,582)
Number of employees	13,594	12,781	19,791 ^{*2}

*1. $(\text{Equity} - \text{Minority interests}) \div \text{Total assets}$

*2. The number of employees increased by 7,010 from the end of the previous fiscal year. This is due to having incorporated our former equity method affiliate Shinwa as a consolidated subsidiary through additional share acquisition.

Management Message

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

The JVCKENWOOD Group was inaugurated on October 1, 2008 through the management integration between the former Victor Company of Japan, Limited and Kenwood Corporation. After that, we have overcome many difficulties, including the Lehman Shock, which occurred immediately before the integration, and structural reforms carried out by the whole company, and posted net income for the fiscal year ended March 2012, starting issuance of dividends. Thus, we had finished our turnaround and have focused on “Profitable Growth” under the leadership of new CEO.

However, we have fallen into very severe financial result for the first half of the fiscal year ended March 2014 due to a steep rise in costs of domestic sales, resulting from rapid weakening of the yen, and a drop in sales particularly in the consumer field overseas, caused mainly by competition with smart phones.

In response to these difficult conditions, the entire company has focused on implementing a series of business restructuring measures, which include improving sales scheme and product costs, emergency measures, and structural reforms since the second half of the current fiscal year. As a result, the Group posted a year-on-year increase in operating income for the second half of the current fiscal year, showing clear signs of a business recovery.

Shift toward market-oriented operation

To make these reforms rapidly lead to restoration, we quickly inaugurated a new management team to carry out market-oriented operation on May 14, 2014. (*For details, refer to Pages 6 through 7.)

Haruo Kawahara became CEO in November 2013. As Chairman and CEO, he represents JVCKENWOOD in the areas of group governance, funding, organization, and promoting growth strategies including new innovations under “The Approach of the Company,” the early commercialization of next-generation businesses, and M&As. Takao Tsuji, who had been the Director of the Board (External) of JVCKENWOOD, will strive to recover profits by taking lead of global business execution as President and COO. He possesses management experience as president and chairman of an IT company listed on the First Section of the Tokyo Stock Exchange,

following services for a general trading company. Drawing on those careers, he will work on reactivating the Group's core overseas businesses, as well as expanding the professional businesses. To date, he has grasped the issues of JVCKENWOOD from the viewpoint of an external director and provided advice. He will carry out solutions as JVCKENWOOD pushes forward with structural reform from the consumer business to the professional product business.

Under the new management team approved at the 6th Ordinary General Meeting of Shareholders held in June 2014, we will do our utmost future recovery and a new leap.

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

We believe that it is critical for a company to meet the expectations of various stakeholders, earn the trust of society, and continue contributing to society in order to achieve sustainable growth in society.

As well as targeting profitable growth, The JVCKENWOOD Group contributes to communities by improving the quality of all corporate activities related to our products and services, strengthening competitiveness, and conducting business activities that leverage our strengths, in order to become a corporation that has the confidence of all stakeholders, including consumers and corporate clients. At the same time, we will support and enhancement community-based social contribution activities and environmental protection activities for the coming generations.

The JVCKENWOOD Group will further enhance its crisis management system, drawing on experience of the Great East Japan Earthquakes and floods in Thailand, and reinforce measures against various risks and organization-wide initiatives for business continuity.

Thank you for your understanding and support.

August 2014
Chairman and CEO, Haruo Kawahara
President and COO, Takao Tsuji

Takao
Tsuji

Haruo
Kawahara



Specific Actions for the Fiscal Year Ending March 2015

In fiscal year ended (FYE) March 2014, there was a substantial year-on-year decline in earnings due to a significant increase in yen-denominated costs caused by a sharp depreciation of the yen against the U.S. dollar and sluggish overseas sales. Responding to this issue, during and after the 3rd quarter of this year, the Company discontinued unprofitable 2013 models ahead of schedule, moved up 2014 model releases in response to the weaker yen, undertook overall structural cost reforms (e.g. increasing sales ratio of high value-added products), and took other emergency measures (e.g. reduced directors' remuneration, employees' wages and bonuses). As a result, the Company is currently on a path to recovery.

The Company has also made strategic investments and restructured its business portfolio for FYE March 2015 and later by taking measures to reduce fixed costs through solicitations of early retirement in Japan and structural reforms or restructuring of overseas production and sales facilities, as well as through next-generation business development as mid-term measures for growing business fields.

The Company has already reformed its business structure, but will be pursuing reforms more aggressively in FYE March 2015. In addition, it will promote the following activities to make a big step forward during and after FYE March 2016.

1. Restructuring of management organization structure

The Company has reviewed its product-oriented organization under the conventional division-based structure, and is replacing it with a market-oriented (customer-oriented) organization that can operate its professional business activities, whose sales composition has increased to 50% of the Group's sales, aiming to expand domestic and overseas sales generated by current business operations. The Company is also restructuring its management organization to achieve successful results from M&A activities and strategic business tie-ups, and to accelerate next-generation business development.

(1) Creation of regional CEO positions for a market-oriented structure

- To increase sales and improve consolidated performance, the Company is creating regional CEO positions in four regions (Japan, America, Europe, and Asia (emerging nations)). As a result, detailed product and service plans can be made in compliance with regional market characteristics and diversified customer needs, with the commercialization of products by domestic divisions. Under these regional CEOs, the Company can ensure accountability for consolidated performance in each region.

(2) Large-scale reorganization by business

- To accelerate collaboration among product divisions by also considering the Company's current business scale, the Company is discontinuing its division-based structure (i.e. business units implemented so far), and is substantially reorganizing it into an upper-tier organization of business segments.
- The roles of each segment's sales division are transferred to a corresponding regional CEO, and organizations responsible for planning, technology, production, quality, and services under the control of those CEOs commercialize products at the request of the regional CEO, who is also accountable for the consolidated performance of business operations.
- The Company will manage consolidated earnings by region, in addition to the conventional approach of managing consolidated earnings by business segment, aiming to expand sales and improve profits and losses from these two perspectives.

(3) Acceleration of shifting resources to growth areas

- The Company will accelerate the shift of its resources from shrinking consumer product business to growing in-car and professional product business operations and from current businesses to next-generation businesses.
- The Company will also streamline staff workloads at the head office, and accelerate the shift of human resources to operating divisions through inter-divisional integration and reorganization.

2. Building up the foundation for growth by centering around next-generation businesses

(1) CAROPTRONICS and advanced vehicle technology

- The Company will accelerate development and commercialization of the CAROPTRONICS business of such as head-up displays and electronic mirrors based on its core technologies in sound, video, and optical technologies.

(2) Broadband multimedia system

- The Company will leverage its strategic partnerships with AIRBUS DEFENCE & SPACE and M&As with EF Johnson Technologies, Inc. and Zetron to develop broadband system and promote development and commercialization of professional radio multimedia systems, which include moving image and large-volume data communications services for use by fire, medical, and emergency care services.

(3) Next-generation imaging (camera)

- The Company will divert technologies it has cultivated in the consumer product business to rapidly expanding in-car cameras, and accelerate development and commercialization of new products centering on existing professional video camera systems, monitoring cameras, and CMOS Sensors.

3. Enhancing innovation of consolidated value chain and profit reform of current businesses

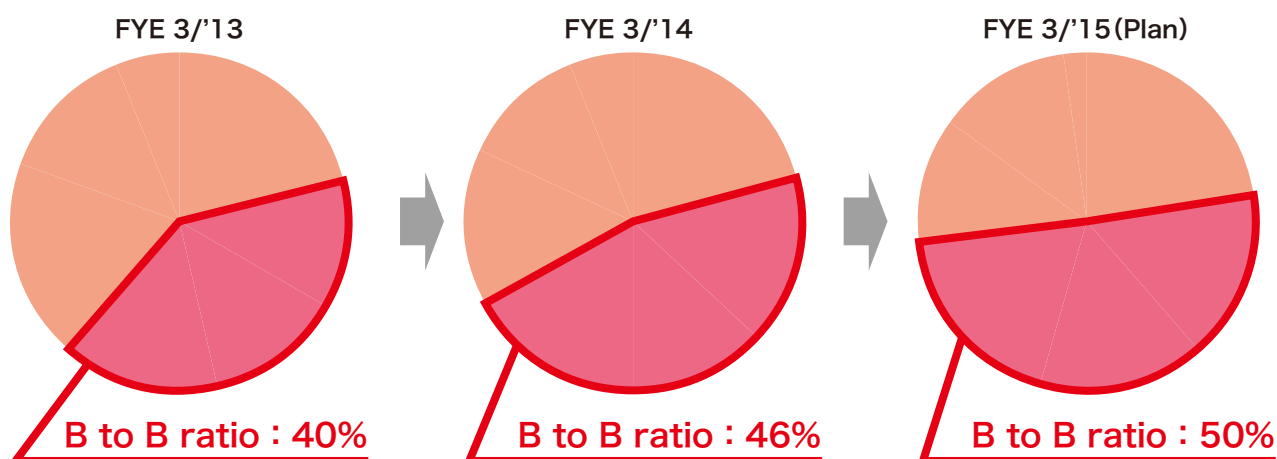
- The Company will consolidate value chain innovations to establish a system for sending orders directly from sales companies to plants and enable the prompt start of alternative production in an emergency.
- The Company will continue to promote structural reforms such as restructuring and integrating overseas sales companies, consolidating plants, improving operation capacity, and innovating production.
- The Company will promote product cost reforms in VA/VE* and procurement. In addition, it will step up cost management, inventory management, and profit management by product to allocate resources with the focus on profitable products.

* Value Analysis / Value Engineering

Shifting from B to C to B to B

The B to B ratio will increase to about 50% in FYE March 2015 due to the M&A strategies of Professional Systems (acquisition of EF Johnson Technologies, Inc. and taking over the Information Equipment Business of TOTOKU Electric Co., Ltd.).

Change in Sales Composition Ratios

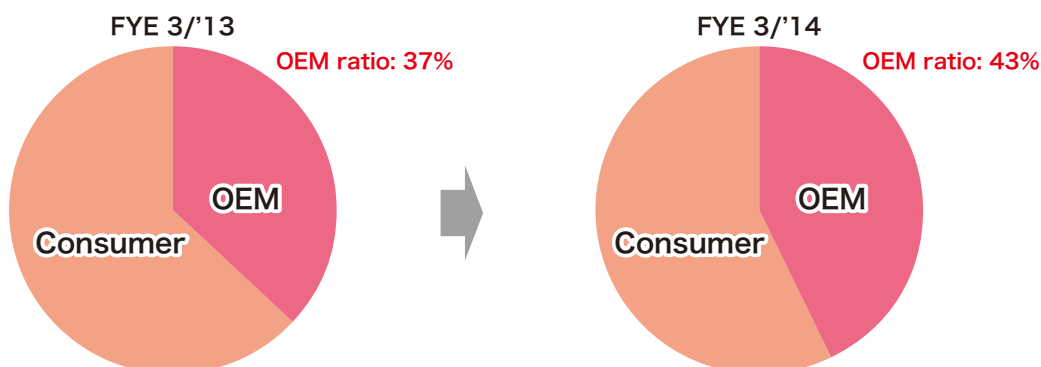


* The B to B includes Car Electronics OEM and Professional Systems. Car Electronics OEM includes an overseas dealer option, an optical pick-up. Professional Systems includes projector and LCOS.

Increasing OEM ratio of Car Electronics

The OEM ratio of Car Electronics increased to 43% in FYE March 2014 from 37% in FYE March 2013, including dealer options, optical devices for car AV equipment, and Shinwa (Hong Kong), a recently consolidated company.

Change in Sales Composition Ratios of Car Electronics OEM



Outline of Business

Car Electronics Segment

(Business sales ratio:36%)*



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



CAROPTRONICS Products (Image)



Display Audio Systems for the Overseas After-market



Car Audio Systems for After-market



In-Vehicle Custom Fit Speakers



CD/DVD Drive Mechanisms for Car-Mounted Equipment

Optical & Audio Segment

(Business sales ratio:20%)*



Full HD Memory Camcorders "Baby Movie"



Quad Proof Full HD Memory Camcorders



4K HD Camcorders



8K Professional-Use D-ILA Projector



Stereo Headphones



Inner-Ear Headphones



Mobile Batteries for Smartphone Charge



Compact Component Systems



High-Resolution Audio Systems "WOOD CONE"



High-Resolution Audio Systems "K series"



Optical Pickups

Professional Systems Segment

(Business sales ratio:31%)*



Digital Land Mobile Radios



VoIP Radio Dispatch Systems



Amateur Radios



License-Free Transceivers



Professional Video Camera Recorders



Security Video Cameras



Emergency Broadcasting Equipments



Medical Display Monitor Solutions

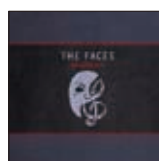
Entertainment Software Segment

(Business sales ratio:12%)*



Production of CDs, DVDs, BDs

VICTOR
ENTERTAINMENT
GROUP



TEICHIKU
ENTERTAINMENT



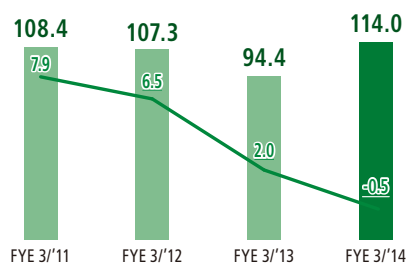
(Business sales ratio is based on FYE 3/'14 sales)*



Car Electronics Segment

Anticipating a shift from the after-market to the original product market, the JVCKENWOOD Group will strengthen its OEM Business and promote the development of CAROPTRONICS*1 devices for their early commercialization.

Net sales and operating income (Billions of yen)



■ Net sales
— Operating income

Major Products

Car Audio, Car AV Systems, Car Navigation Systems, CD and DVD Mechanisms for Car-Mounted Equipment

*1 CAROPTRONICS: CAROPTRONICS is our proprietary name for in-car devices using optronics technology.

A business domain in which Japanese corporations can exercise their strengths, Car Electronics Segment must be of a high-quality and 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 to 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 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.

Consumer Business

As a result, we have achieved the largest share in the European and U.S. after-market with our 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 success in 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/DVD drive mechanisms for car-mounted equipment not only from domestic makers, but also from European and U.S. car accessory manufacturers. These orders are due to our industry-leading product quality, merchandising capabilities, and cost performance.

In the Consumer Car Electronics Business, we aim to expand sales in the domestic market with a more focused efforts that emphasizes the product features of car navigation systems with specialized flash-memory products, equipped in the Saisoku-Navi series, and cost reductions. In the overseas after-market sector, in which the European and U.S. car audio markets are expected to continue their moderate contraction, we will increase our range and sales of display audio system products with enhanced connectivity to smartphones and tap into emerging markets by launching market-exclusive models.

OEM Business

In the OEM Business, we will aim to develop and massproduce specially designed car navigation systems and display audio systems 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 for CD/DVD mechanisms of car-mounted AV systems, we will boost the massproduction of newly developed optical pickups through cooperation with Shinwa International Holdings Limited, which became a subsidiary in June 2013, by developing a new customer base. At the same time, we will expand and strengthen our businesses in emerging markets, especially in the Chinese market, where rapid growth can be expected to continue.

JVCKENWOOD succeeded all shares of JVCKENWOOD Nagaoka Corporation (former TOTOKU Nagaoka Corporation) through a corporate split (absorption-type split) from TOTOKU Electric Co., Ltd. in July 2013. As a result, in-car electronic devices and parts, which are provided as EMS by JVCKENWOOD Nagaoka, have become a new business area of the Group, contributing to an expansion of the OEM Business.

Task Force

Responding to a rapidly changing competitive situation in the car electronics market, in July 2013 we launched a task force for commercializing our innovative Advanced Driver Assistance System (i-ADAS), which focuses on developing CAROPTRONICS devices such as car-mounted cameras, high-definition head-up displays, electronic meters, and electronic mirrors. Few specialized manufacturers have such a range of in-house core technologies covering the car electronics, audio, image-optics, and sensing that are necessary to develop CAROPTRONICS devices. Taking full advantage of our assets, we are commercializing CAROPTRONICS devices at an early stage by further promoting development. Looking ahead toward the establishment of a car-mounted network environment, we set up a joint venture with ZMP INC. (hereinafter referred to as "ZMP") at the end of July 2013, a company that operates a development platform for next-generation mobility, etc. The aim is to develop a technology with various services for cars to be linked to an open Internet environment and establish those services as a business. In December of the same year, we made capital investments in ZMP. Through this arrangement, we aim to develop a key profit-generating business that will support this company while promoting full-scale business development in the promising telematics*² field by coordinating with ZMP, which is ahead of the competition in the i-ADAS field, which is expected to generate the medium- and long-term growth of this company.

*2 Telematics:

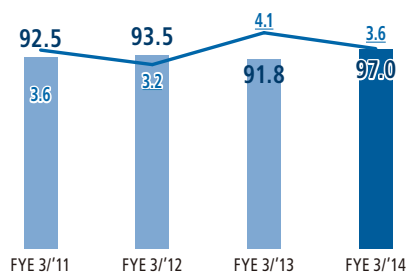
A newly coined word combining telecommunications and informatics, meaning the provision of information services in real time by connecting mobile objects such as automobiles to communications systems like mobile phones.



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)



■ Net sales
— Operating income

Major Products

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

The Professional Systems Segment consists of four businesses: the Communications Business, which deals with land mobile radio systems, license-free transceivers and amateur radio sets; the Professional Systems Business, which handles security camera systems, professional audio systems, professional video cameras, etc.; the Imaging Systems Business, which mainly deals with professional projectors; and the Healthcare Business, which primarily handles medical display monitor solutions.

Communications Business

The Communications Business boasts the world's second largest market share in its 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.

This business will also continue to focus on expanding sales of radio systems based on JVCKENWOOD's proprietary NEXEDGE® professional digital radio systems and the radio system utilizing the network systems of Zetron, Inc., a U.S. subsidiary handling radio communications systems. In addition, we will focus on enhancing sales of digital radio systems for public safety in North America, jointly with EFJohnson Technologies, Inc., a professional wireless systems company that became a wholly owned subsidiary in March 2014 and handles professional radio systems conforming to Project 25 (P25), a digital radio format for the public safety market in North America.

Professional Systems Business

The Professional Systems Business provides highly reliable, professional-use video and audio equipment, developed and manufactured by the Optical & Audio Segment based on advanced image shooting, display, and acoustic technologies, 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.

To expand this Business, we will position IP security cameras as core products to strengthen the Solution Business including system design and implementation, expand 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 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.

Imaging Systems Business

The Imaging Systems Business is working on the development and sales of high-resolution home theater projectors and projectors for wide-ranging uses in which super-high-resolution is required, including planetariums, museums, flight simulators and CAD design.

This business will also develop and sell high-resolution image system projectors that meet a wide range of needs, including those for art and medical applications that require super high-resolution images and Olympics-related demand.

Healthcare Business

With regard to the Healthcare Business, after the conversion of JVCKENWOOD Nagaoka (former TOTOKU Nagaoka) into a consolidated subsidiary in July 2013, we are focusing on putting forward wireless intercoms, security systems, and other proposals for in-hospital communication by positioning the medical display monitor solutions of JVCKENWOOD Nagaoka as the core products.

This business will continue to enhance solutions for the pathological and diagnostic fields, as well as commercialize products in the remote medical field by leveraging the elemental technologies of imaging, cameras and radios that JVCKENWOOD has developed.

Task Force

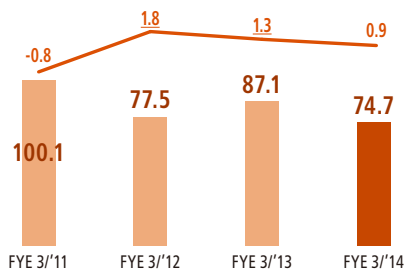
We will promote the development and commercialization of professional multimedia radio systems, including moving images and large-capacity data communications services, such as systems for firefighting, medical treatment and emergencies, by accelerating initiatives for the development and commercialization of public safety wireless broadband systems, jointly with AIRBUS DEFENCE AND SPACE, with which we formed an alliance in January 2014.



Optical & Audio Segment

With its sights focused on shifting core growth areas from consumer businesses to professional systems, the JVC KENWOOD Group develops next-generation products and achieves their early commercialization by integrating development and production resources and enhancing competitiveness.

Net sales and operating income (Billions of yen)



■ Net sales
— Operating income

Major Products

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

The JVCKENWOOD Group has been allocating development and production resources for 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 has seen a need to integrate the development and production resources of the Consumer- and Professional Systems Business to enhance competitiveness, and shift the core growth area from the Consumer Business to the Professional Systems Business. As a result, it reviewed the business segment structure on June 25, 2013.

Following the revision, the Optical & Audio Segment consists of the Audio Business, under which development and production functions for consumer- and professional-use audio systems are integrated, the Imaging Business, under which development and production functions for consumer- and professional-use optical devices are integrated, and the Image & Optical Device Business, which oversees optical pickups for car-mounted equipment and optical devices such as projectors.

Audio Business

In the Audio Business, we aim to accelerate the narrowing of sales areas and products and concentration on high value-added products, and embodying network devices and design-specific products. The aim is to focus on businesses that demonstrate the strengths of JVC and KENWOOD brands. High-resolution sound replay models, which were introduced to the Japanese market from the current business term, have been making steady progress. Moreover, by developing digital amplifiers from the series for professional-use, we aim to extend the lineup of professional-use audio products that have achieved high sound quality, high reliability, and energy savings.

Taking the popularization of smartphones and similar terminals as another business opportunity, in the headphones sector of the AV accessory segment we are increasing our presence in major markets around the world through rapid and flexible development and production systems, as well as an extensive product range that leverages the Group's unique advanced acoustic and noise cancellation technologies. We will also broaden the lineup of our flagship models and special models for emerging countries, and expand sales areas.

Imaging Business

In the Imaging Business, which operates in a maturing consumer camcorder market, we are shifting our focus to proposal-based, high value-added products. Meanwhile, we have succeeded in maintaining 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.

Image & Optical Device Business

In the Image & Optical Device Business, we have made the most of our advanced video, cutting-edge image processing, and 3D technologies to commercialize 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 the full-scale production of Pico devices. We are also launching projectors compatible with 4K2K and 8K4K, which 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 have expanded the range of new image and optical products that are unique to JVCKENWOOD by incorporating highly reliable precision optical assembly technologies accumulated from pick-ups in the Car-Mounted Equipment Business.

Accelerating shift of resources to growth areas

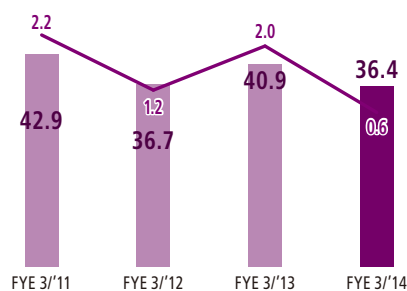
For the future, we will accelerate the shift of resources from existing businesses to next-generation businesses, specifically, from the Traditional Consumer Business, which is expected to experience a sharp contraction, to the growing Car-Mounted and Professional Businesses. We will achieve the early commercialization of next-generation products and promote the development of technologies our Consumer Business has developed for application in the rapidly expanding next-generation products, including car-mounted cameras, high-definition professional cameras (8K4K), high-definition security cameras, professional audio products, and professional projectors.



Entertainment Software Segment

We will expand activities in an effort to become a total entertainment business and open up new B to B domains.

Net sales and operating income (Billions of yen)



■ Net sales
— Operating income

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 Business, 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.

Content Business

The Content Business is endeavoring 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. Also, in anticipation of the popularization of the online music distribution market featuring high sound quality, in September 2012, we started initiatives for "high-resolution" distribution, which features a larger information volume than CDs and high sound quality. We set up a high-resolution online music distribution site in February 2014 and are pushing forward with activities to create sound sources under contract for other companies.

OEM Business

The OEM Business fully supports customers and meets their requests, from the production of content to the creation of package media. To cope with changes in the environment of the software package market, including CDs and DVDs centering on overseas markets, we transferred the shares of JVC America, Inc., which engages in production and sales of CD/DVD disks, in June 2014.

Further, we are promoting the realization of total entertainment by enhancing B to B as well as Artist- and Anime-Related Businesses to expand its business areas.

* Victor Entertainment, Inc. changed its official company name to JVCKENWOOD Victor Entertainment Corp. in April 2014.

B to B Operations

In its B to B operations, Victor Entertainment has made deep inroads into the B to B world, a domain different from its core business of music and video content production and sales, and has engaged in new business services through which expertise in 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 entered the Space Sound Production Business on a full-scale basis by launching its KooNe™ Space Sound Design Solution, which uses a high-resolution sound system, and introducing the system to many corporate offices, large commercial and entertainment facilities, stores, hospitals, libraries, business talk corners, condominiums and residential facilities, etc. We will continue to push forward with initiatives with corporations and organizations that seek the creation of functional space that matches purposes, including healing, mental care, special presentations and the improvement of productivity of corporations.

Artist- and Anime-Related Businesses

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 in other Asian countries, not just Japan.

Going forward, as the content business of the JVCKENWOOD Group, the Entertainment Software Segment will aim to expand its Total Entertainment Business, with music as its core, in other Asian countries. The segment will also strive to enhance comprehensive capabilities of the Group through the expansion of new B to B domains by making the most of music and video technologies and know-how.

1 Achieving the mobility society of the future through innovation and creative thinking

– Improving comfort and safety

Issues affecting our motorized world

Motorization and transport infrastructure development have brought huge benefits to people, but they also contribute to about 1.2 million deaths and over 50 million injuries every year from traffic accidents worldwide. As a result, improving vehicle safety has become an important social issue.

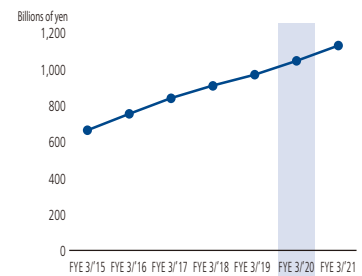
Trend of increasing legislation

Following the deaths of many children in store parking lot accidents across the United States, the installation of a rear-view camera and monitor is becoming mandatory to reduce accidents. Vehicle-to-vehicle and road-to-vehicle communications to establish a safe driving support system and the operation of autonomous vehicles on public roads are also being permitted. A global trend is under way to create a safe automotive environment that ensures peace of mind for road users. For example, emergency notification (e-Call) systems using mobile phone communication networks are being spotlighted in Europe. In Japan, automatic brakes and lane-departure warning systems have been added to items assessed under the Japan New Car Assessment Program (JNCAP).

From Car Electronics to CAROPTRONICS*1

JVCKENWOOD has created a new business area called CAROPTRONICS, which combines our technological advantages in Car Electronics and Optronics. It enjoys major shares of the Car Electronics market in Europe and the United States, with its car navigation, car audio, and in-car camera products, etc. JVCKENWOOD has led the Optronics market for a long period with its video cameras, while its high-definition projectors are also highly evaluated in the professional market. In July 2013, we set up the Commercialization Task Force for i-ADAS*2. Through this Task Force, JVCKENWOOD has started to focus on developing CAROPTRONICS devices (e.g. in-car cameras, high-definition head-up displays (HUDs), electronic dashboards, and electronic mirrors) and telematics-related systems and services*3 to enhance road safety and ensure peace of mind.

The CAROPTRONICS device market is expected to grow further and generate revenues of over 1 trillion yen by 2020. As a maker with a wide range of integrated CAROPTRONICS core technologies, JVCKENWOOD will further apply its strengths to promote development and early commercialization.



*1: Named by JVCKENWOOD for in-car devices using opto-electronics technologies. (Trademark registration pending in Japan, the United States and elsewhere)

*2: i-ADAS is a trademark of JVCKENWOOD and means an innovative Advanced Driver Assistance System.

*3: Telematics: A term created by combining telecommunications and informatics.

Car Electronics

Navigation system In-car VGA camera



Optronics (Opt Electronics)

LCOS projector Video camera



CAROPTRONICS

Head-up display (HUD)
Displays driving information (e.g. route guidance, driving speed, and inter-vehicle distance) on the windshield of a vehicle. HUD helps you navigate more safely because you do not have to move your eyes away from the road to a car navigation screen.

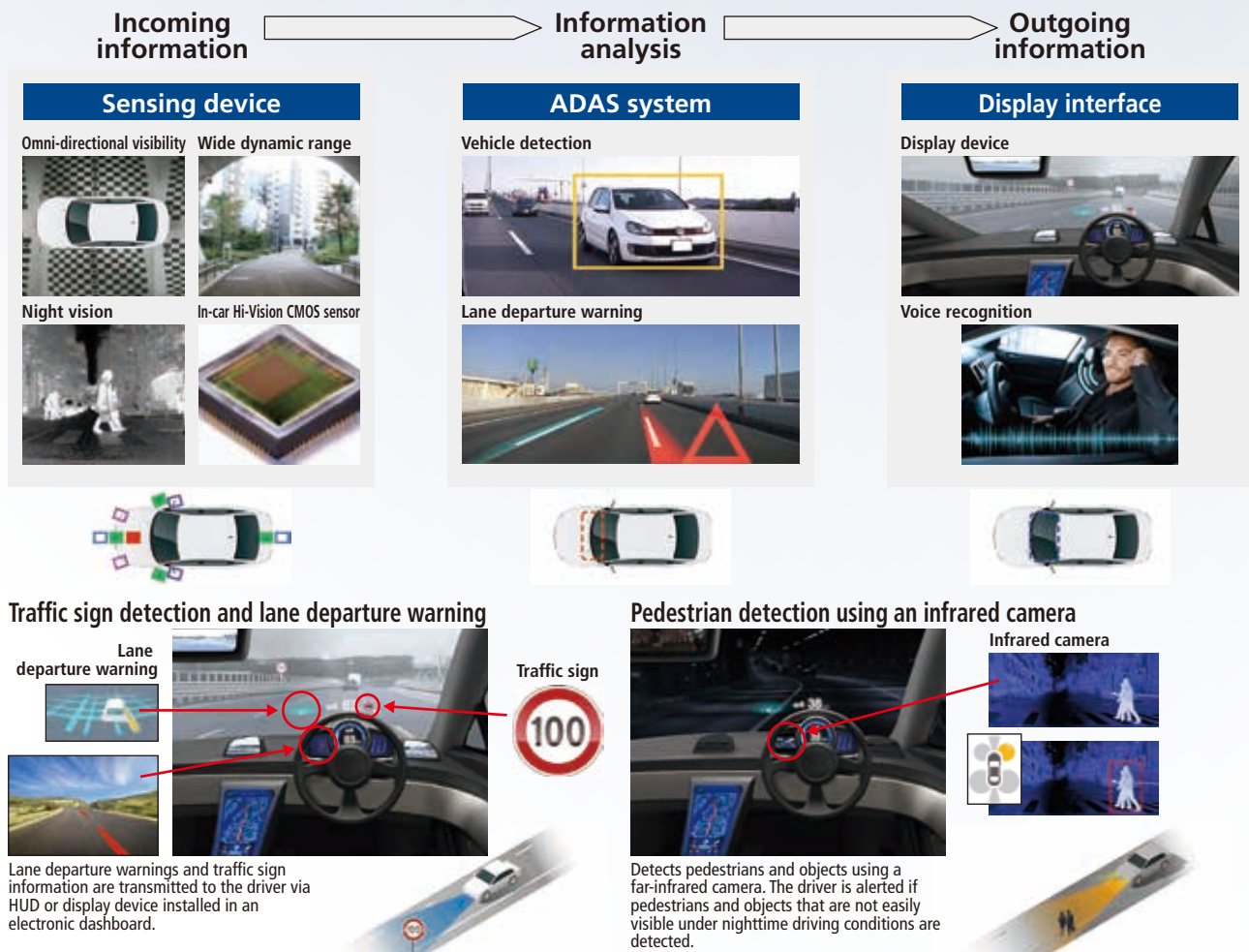
Electronic dashboard
Easy to read due to intuitive data transmission with flexible display.

In-car HD camera

Electronic mirror
Replaces conventional side door mirrors and rear view mirrors. Displays images captured by in-car cameras. Reduces blind spots using multiple in-car cameras. Infrared cameras offer night vision capabilities. Contributes to pedestrian and driver safety.

Comprehensive business development targeted for i-ADAS

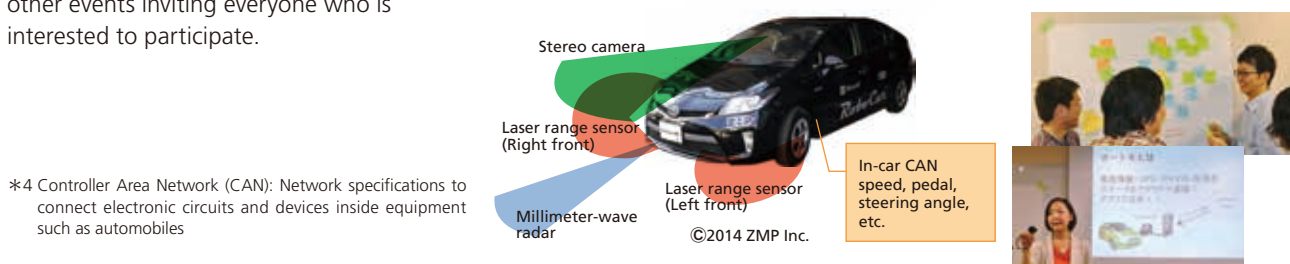
JVCKENWOOD provides a consistent system that processes incoming information for transmission to drivers, including sensing devices such as cameras and sensors, ADAS systems for vehicle detection, and display interfaces for transmitting information to drivers, by making proposals to automakers and parts makers and conducting joint technical development.



Collaboration with venture company

JVCKENWOOD has agreed to establish the joint-venture company Cartomo Inc. with ZMP Inc. (Bunkyo-ku, Tokyo), which is a leading company specializing in robot technology-based telematics and autonomous driving technologies, and to jointly launch an in-car CAN*4 cloud platform-related business using mobile telecommunications. Together with a dynamic venture company such as ZMP Inc., JVCKENWOOD will accelerate development of telematics devices and services and also use the expertise made available in the development of JVCKENWOOD's CAROPTRONICS devices.

Cartomo Inc. aims to create a new and open automotive culture. It holds smartphone application idea contests and other events inviting everyone who is interested to participate.



*4 Controller Area Network (CAN): Network specifications to connect electronic circuits and devices inside equipment such as automobiles

2 Contribution to public safety

Operations in public safety sectors where urgency is critical

In the operations of the public safety sectors serving to protect our daily lives, such as the police, and fire departments, and in emergencies, land mobile radio systems are used and their unique infrastructure enables communication even in situations where mobile phones are disabled. In these public safety sectors where urgent communications and actions are in general highly critical, land mobile radio systems require high credibility for fast and accurate transmission of information.

Changing needs in land mobile radio systems

With demand for the faster and more accurate transmission of information, there has been increasing need for a professional broadband radio system in recent years, as it enables the transmission of images and video through 3G or 4G lines or broadband (LTE) connections, replacing a conventional narrow band device centered on voice communications.

With a professional broadband radio device, a fire department field site would become able to promptly transmit images of the fire situation and speed up firefighting activities, while an emergency site would be able to send images of a patient's condition and biological information to the hospital in advance to facilitate smooth admission. The device would also help police to accurately transmit status in tracking criminals and license plate information.



JVCKENWOOD's solid performance in broadband systems

JVCKENWOOD's land mobile radio systems have been highly rated because of their reliability and outstanding technology combining accumulated know-how and cutting-edge digital and network technologies. They are used in public safety sector operations, including those of the police and fire departments, and are involved in responses to global emergencies.

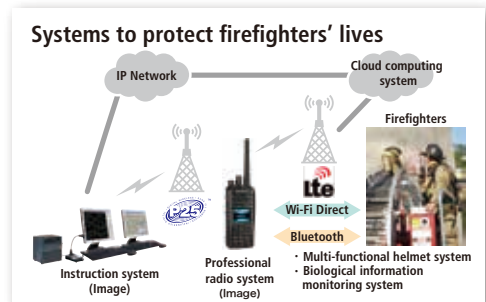
In the development of broadband professional radio systems, JVCKENWOOD ensures that its products comply with the digital radio standards of each country. For example, for co-development the Company concluded a business alliance contract with AIRBUS DEFENCE AND SPACE (headquartered in France) of the AIRBUS Group, a major aerospace company.

Systems to protect firefighters' lives

In the United States, nearly 100 firefighters a year are reportedly killed in the line of duty as a result of suffocation, external injuries, heart attacks, and other conditions arising in rescue and firefighting operations every year.

Drawing on its Group's strength of providing public safety devices equipped with wireless technology, JVCKENWOOD is proposing a structure in which onsite rescue and firefighting activities are transmitted to headquarters on a real-time basis and adequate instructions are provided as feedback.

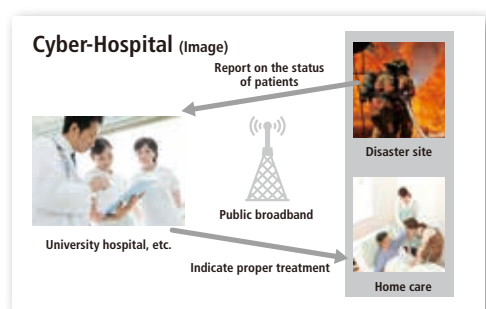
The Company is focusing on developing comprehensive systems incorporating broadband networks, sensor technology, information analysis techniques, cloud technology, etc., thereby enabling the reduction of the operational burden on firefighters and the reporting of firefighters' physical condition, for example, signs of a sudden heart attack or other illness, to achieve safer rescue and firefighting.



Cyber-Hospital

JVCKENWOOD's broadband systems are also expected to be applied to public remote medical support systems (i.e. cyber hospitals). For example, with broadband systems, serious natural disaster sites, accident sites, and those involved in nursing care at home can be linked to university hospitals and medical institutions, thereby enabling hospitals to obtain patients' information more accurately and leading to faster and more appropriate diagnosis and medical treatment, saving more people's lives.

Shinkoyasu District, Yokohama City, where JVCKENWOOD's headquarters is located is within the international strategic comprehensive special zone (i.e. special zone of medical treatment) designated by Kanagawa Prefecture, Yokohama City and Kawasaki City, and the Company is engaged in life innovation work through its collaboration in medical care and engineering.



3 Contribution to the medical field for mammography image diagnosis

Contribution to early detection of breast cancer

Incidence rates of breast cancer are reportedly the highest among cancers. Breast cancer symptoms appear in a wide range of ages, from patients in their late 30s and up, compared with gastric cancer or colorectal cancer whose incidence rates sharply increase from the 60s. Although early detection and treatment is critical for breast cancer, the breast cancer screening rate in Japan is low at roughly 30%, and the lack of disease awareness activities is one factor causing the low screening rate.

Healthcare Business

JVCKENWOOD acquired the Information Equipment Business, including the Medical Display Monitor Solutions and car electronics EMS, of TOTOKU Electric Co., Ltd. and acquired all the shares of TOTOKU Nagaoka Corporation, a consolidated subsidiary of TOTOKU Electric Co., Ltd. With these acquisitions, JVCKENWOOD released display devices for use in medical imaging and mammography imaging in July 2013.

Development of mammography monitors

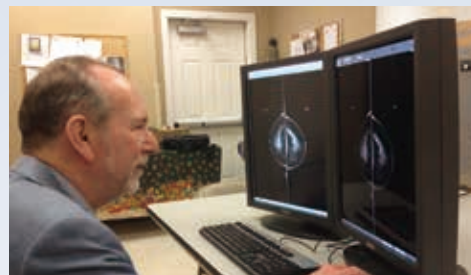
Unlike monitors for general use and personal computers, etc., the mammography monitors used for diagnosing breast cancer are required to have high luminosity, ultra-high resolution, and film-like visibility in order to enable easy detection of cancer and reduce stress on users' eyes arising from long hours of use.

High performance required of medical monitors and their proprietary technology

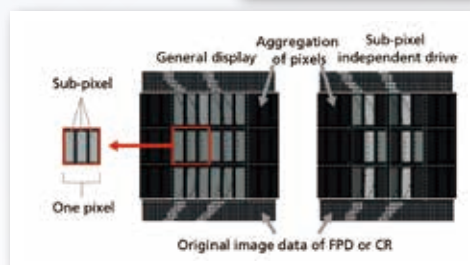
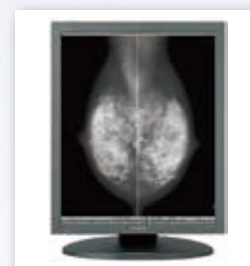
JVCKENWOOD's mammography monitors, developed with proprietary technology (i.e. independent sub-pixel drive technology), provide outstanding high-resolution capability, three times greater than the normal high-resolution performance, and produce 15 megapixel imaging, far greater than the 5 megapixel imaging recommended for use in mammography monitors. Thus JVCKENWOOD products contribute to reducing the operational burden on doctors engaged in image diagnosis, and at the same time improve screening ability for early detection of breast cancer.

Through these contributions, the Company promotes digital mammography examinations both in developed countries as well as countries at the Base of the Pyramid (BOP).*

* The Base of the Pyramid refers to developing countries and regions, and its combined population is reportedly about 4 billion.



Dr. Michael Linver, Co-Director of Mammography at the Breast Imaging Center in the United States



Independent Sub-pixel Drive Technology

Technology delivers ultra-high-resolution images by operating independent sub-pixel drive (display), based on details of information input on the screen (Patent No. 4773522).

Words from a mammary specialist

I strongly hope to reduce the number of patients who die from breast cancer. I am pleased to see the smiling faces of patients who survived thanks to early identification of breast cancer.

The challenge that lies ahead is to increase the number of medical specialists capable of detecting early stage cancer and saving patients' lives, and to establish a system enabling many people to take examinations without anxiety.

Having high-performance monitors is an important item to meet this challenge.

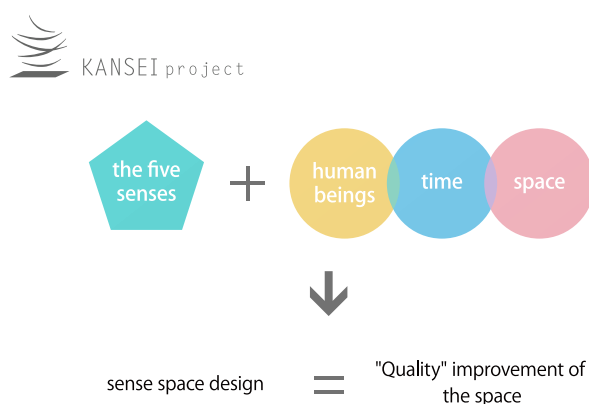


Dr. Tokiko Endo: Chief Director of the Japan Central Organization on Quality Assurance of Breast Cancer Screening, NPO Corporation, and Medical Director of Breast Oncology Department of Higashi Nagoya National Hospital

1 Collaboration with four companies characterizing space and the five senses

With its corporate mission of “creating sound to move people emotionally,” JVCKENWOOD Victor Entertainment Corp. of the JVCKENWOOD Group has launched and participated in a project to study and propose ways of improving spatial quality, focusing on three perspectives—human beings, time, and space—in collaboration with companies that have business expertise in the fields of the other senses—smell, sight, taste, and touch. Through this project, we aim to establish and develop a spatial acoustic design business called KooNe™, which will appeal to the sense of hearing, one of the five senses. So far, KooNe™ has been creating acoustic spaces for healing, mental care, spatial performance, and increased corporate productivity, etc.

The project was named the KANSEI Projects Committee in which the five collaborating companies worked together and pursued the theme the “How do people feel in these kinds of created spaces?” in their own specialized fields. Drawing on their technical know-how and expertise in the five senses, they collaborated on work which presented a study of ideal spaces for users through a comprehensive analysis and proposed new ideas of comfortable atmospheres, feelings of relaxation and creativity for corporate and social needs.



Participating companies

Responsibility for senses	Company Name	Summary of Business
Sense of Hearing	JVCKENWOOD Victor Entertainment Corp.	A total entertainment company dealing with the whole range of business, from production through sales of music and video software programs, which is diversified and unique beyond the classification of traditional Japanese music and Western music.
Sense of Smell	Air Aroma Japan	As a sales agent of Air Aroma International in Australia, the Company promotes its brand of Scent Marketing to corporations, with the idea of using scent as a corporate brand, and provides set-up and solutions.
Sense of Taste	Onodera Corporation	The Company, which used to be an exporter dealing with fishing vessel machinery and fishery products, opened coffee shops in Kesenuma with the brand names Anchor Coffee and Fullsail Coffee.
Sense of Touch	KOMA Co., Ltd.	A furniture company which primarily deals with design and manufacturing of custom-made furniture. Its corporate slogan is to manufacture products with passion and belief to make everyone happy. The Company has participated in some collaborative work with globally-known creators.
Sense of Sight	Design Office LINE Co., Ltd.	A company with an advanced idea of creating free and “movable space” in architecture and interior decoration. Initiated the project ECODOLINE in its aim to produce new things.

Case Study

Reading rooms (2F) of the Higashinada Library in Kobe City (September 2013)

The main purpose of creating comfortable spaces with sound and scent using KooNe™ and aromas is to enhance the library's existential value as a place where people can gather and communicate in a space where library users can also focus on reading or relaxing inside the library. According to library personnel, the numbers of library users and books lent out have steadily increased because more people have stopped by the library, which is at a convenient location. These comfortable spaces are considered to have become part of the library's added value.



[Comment by Mr. Hiroshi Hosokawa, General Manager of Education and Environmental Planning Division, Toshokan Ryutsu Center Co., Ltd.]

2 Projection of high-resolution images by professional-use projectors

Creating unforgettable images, producing images so real that audiences feel like they are actually there, even forgetting the existence of the screen. The images seem to actually physically appear in front of them, and they fall into an absorbed feeling as if being wrapped up in some mysterious atmosphere.

With an increasing need for high-resolution imaging, JVCKENWOOD is developing professional-use projectors which produce outstanding high-definition images that have not been seen before and will impress audiences.



■ The COI-T research with the objective of creating “excitement” awakening all five senses

During the exhibition The Prayer of Beppin–Horyuji Kondo Mural Painting, which was held at the University Art Museum of Tokyo University of the Arts from April 26 to June 22, 2014, the Center of Innovation–Trial (COI-T) research group gave a presentation on the results of the study and adopted the special model displayed in outstanding high-resolution images that JVCKENWOOD had researched and developed based on its D-ILA8K*1 professional projector.

This exhibition was held with the objective of presenting the results of the COI STREAM (Innovative creation program) research project, which is sponsored by the Ministry of Education, Culture, Sports, Science and Technology, and the Japan Science and Technology Agency. The project, as a part of the program, gave a presentation on the research results at Tokyo University of the Arts. JVCKENWOOD participated in the COI-T, playing the role of project leader, and delivered the research results, in which the mural paintings of Horyuji Kondo, lost to a fire in 1949, were reproduced to their actual size. Other art work related to Horyuji Kondo was also displayed in high-resolution images using JVCKENWOOD’s professional D-ILA8K projector.

The adopted model was created by customizing the product, the D-ILA8K projector equipped with JVCKENWOOD’s original “e-shift”*2 technology suitable for displaying a work of art, and combining JVCKENWOOD’s distinguished imaging and optical technologies and sophisticated printing techniques by the Tokyo University of the Arts. The projection produced by the adopted model has achieved magnificent high-definition images that can be achieved only by using the JVCKENWOOD 8K Projector.

Beginning with the presentation of the research results in the exhibition, JVCKENWOOD continues to actively participate in the COI-T project to create “excitement” awakening the five senses, by incorporating the art and science technologies that Japan is proud of.

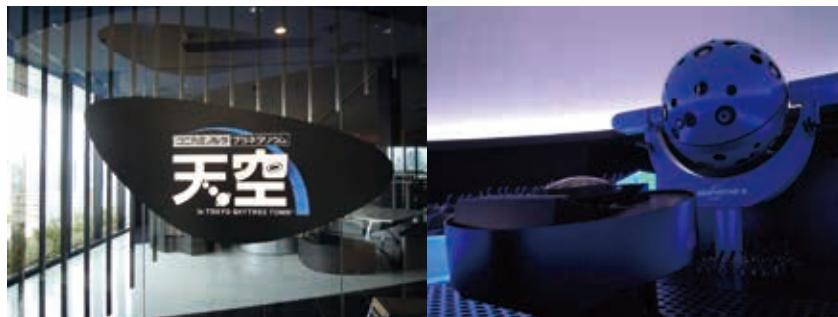
*1: The name of JVCKENWOOD’s in-house developed Liquid Crystal on Silicon (LOCOS) display device

*2: Technology used for the small-sized, super high-definition projector that JVCKENWOOD developed jointly with Japan Broadcasting Corporation (NHK) and NHK Engineering System, Inc.



■ Expanding JVCKENWOOD technologies to meet broader needs for large high-definition images in industries

Receiving high praise on its established image and optical technologies from professional projector markets, JVCKENWOOD’s D-ILA 4K2K projectors were adopted in planetariums, including the Konica Minolta Planetarium “Tenku” in Tokyo Sky Tree Town, the planetarium-Science Egg of the Tamarokuto Science Center, and in the flight simulators of airline companies. JVCKENWOOD will further expand its business line for projectors to meet broader needs for large high-resolution images in industry.



Konica Minolta Planetarium “Tenku” in Tokyo Sky Tree Town



Flight Simulator

Global Brand Strategy

In recent years, the JVCKENWOOD Group has been increasingly employing brand strategies to impact awareness of its brand portfolio and understanding of its business segments.

Corporate Brand and Brand Statement

JVCKENWOOD is the Corporate Brand of the parent company JVCKENWOOD Corporation.

JVCKENWOOD
creates excitement & peace of mind

JVCKENWOOD aims to be a company widely trusted by society through delivering superior value for our shareholders and customers all around the world. We strive to create excitement and peace of mind as a global manufacturer in electronics and entertainment products and services.

The JVCKENWOOD Group is comprised of a well-respected portfolio of brands that have set the pace for electronics and entertainment for more than 80 years. These brands are positioned across four global business segments: Car Electronics, Professional Systems, Optical & Audio and Entertainment Software.

Brand Portfolio

JVC

JVC is highly recognized in the audio-video industry as a leading brand in video cameras, video projectors, audio equipment and car multimedia systems.

KENWOOD

Renowned for its sound quality and technical expertise, KENWOOD is a global leader in car electronics, radio communication systems and audio equipment.

TOTOKU

TOTOKU is a global leader in medical image displays and high-definition display technologies applied in wide-ranging products from consumer display systems to industrial display systems.

EFJohnson
TECHNOLOGIES

EFJohnson has a capability to respond for a wide range of business area including police, firefighters, emergency medical service and military, and provides, in particular, professional radio system focusing on P25 standard.

ZETRON

ZETRON is lauded for an extensive track record in the fields of professional radio communications command, control systems and radio communications network systems.

ALTASENS

AltaSens is a global leader in the development and design of CMOS image sensors for full-high vision and high image quality videos.

VICTOR ENTERTAINMENT GROUP

Victor Entertainment has a long history of more than 85 years as a comprehensive entertainment businesses, ranging from music/video production to event hosting.

TEICHIKU ENTERTAINMENT

Teichiku Entertainment has been a well respected producer and distributor of traditional Japanese music and video entertainment products since 1934.

shinwa

Shinwa is a global brand of plastic components such as in-car AV mechanisms and equipment, as well as image, audio, and communication devices.

*The above brands and trademarks may not be used in certain countries.

Global brand presence through motorsports

● **Official Supplier of McLaren Mercedes**



KENWOOD has been developing a state-of-the-art radio communication technology, providing the radio system and sending engineers as an official Supplier of McLaren Mercedes F1 team for 23 years since 1991, in sympathy with their sincere approach of keep pursuing the best as well as their remarkable achievements.

Official Supplier means the partner company supporting the team technically, not like a sponsor just paying money for their branding. KENWOOD and McLaren are the relation of colleague fighting together for the victory in the battlefields of Grand Prix, beyond the relation of Racing team and Sponsor.

In motorsports, radio systems are vitally important for race strategy. Sometimes it can make the difference between being on the top of the podium or not on the podium at all. Races cannot be won without a radio system.

The NEXEDGE® Series, which has been introduced starting in the 2014 season, not only demonstrates excellent reliability and performance, even within severe environments in the top level of motorsports, but also offers key features such as voice securing, a noise suppressing function, and wide communication range based on digital signal correction technology and narrowband sensitivity enhancement.

The NEXEDGE® based system for the Team is not able to show its excellent performance at the maximum without experienced KENWOOD support engineers. They are fighting as a member of the McLaren Mercedes F1 Team.

● **Global Sponsorship Activities**



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.



● **Domestic Supplier Activities**



JVCKENWOOD supplies Super GT, which is Japan's top motorsports series, with onboard broadcast cameras.



Corporate Social Responsibility (CSR)

About our environmental activity

Environmental Policies

To preserve global environments 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 CO₂ 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 a framework of 3R activities and progressive usage of eco-friendly materials.
3. Manage chemicals that affect the world's environment and biosphere, continue reduction in 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 environmental legislation and other requirements with which we agree.
6. Educate employees on the environment to cultivate greater environmental awareness.

Through interactions with the earth

We actively interact with the global environment through regionally based activities (e.g. reviving underdeveloped woodland and conducting cleanup activities). Through these regional activities, we have renewed our awareness of the global environment and corporate citizenship.

The distinguished contributor designation for regional environmental preservation was awarded to JVCKENWOOD by the Minister for the Environment. This designation is awarded to persons and organizations that attain distinguished achievements over many years for promoting environmental preservation.



Artwork class offering nature-related education

We held a summer artwork class at Laforet Shuzenji in collaboration with Mori Trust Hotels & Resorts Co., Ltd. Since "Forest Notes" (a wireless active speaker) was used for this class, students were able to learn about photosynthesis while listening to forest sounds. Then they made crafts according to their own taste, using materials from the forest.

Everyone was able to appreciate the blessings of the forest, get in touch with the forest, feel the smell of the forest, and listen to the sounds of the forest.



Camcorder for moms (GZ-N1) - It's 30% lighter than before

This is the industry's first antibacterial video camera produced based on the opinions of mothers.

A strap instead of an ordinary belt-type grip and a built-in tilt stand allow the use of this camera at children's eye-level. This camera is 40% smaller and 30% lighter than the previous GZ-E565 model. Users can save more beautiful videos of happy times spent with their children for a longer time.



In-car speaker with a dragonfly wing structure*1

Dragonflies flit freely under the autumn sky.

They fly in a gentle breeze or even in relatively strong wind without having to worry about wind speed.

Dragonflies have strong, light-weight, and thin wings, which are the same characteristics required for Speaker diaphragms. The dragonfly wing structure shows a fractal pattern*2, which is also observable in various cases in the natural world.

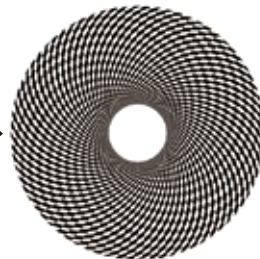
We have applied this pattern to speaker diaphragms.

By utilizing the lessons we learned from the natural world, we have created lighter and stronger diaphragms. Then, after restricting the divided vibration, we successfully realized clear, less distorted sound with less resonance.

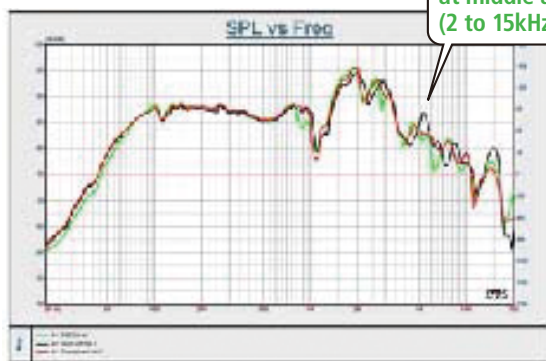
Dragonfly wings



Artwork



Diaphragm created



Smaller peaks and dips
at middle and high tones
(2 to 15kHz)



*1 Patent publication number: 2011-139431

This diaphragm has been adopted by RS Series including KFC-RS171.

*2 A word created by Benoit Mandelbrot, a French mathematician, in 1975. This word is derived from "fractus," a Latin adjective meaning "regular fragments." Many objects with the characteristics of fractals exist in the natural world.

Connection with society

VICTOR STUDIO held an event at Yokohama OTOMATSURI 13 (Sound festival)

Yokohama OTOMATSURI was held from September 20 to November 30, 2013 at various cultural, tourist and other facilities in Yokohama City. VICTOR STUDIO joined this festival as one of the Gold Sponsors. This music festival generated an economic ripple effect of about 15.2 billion yen with about 3.8 million visitors in total.

One of the co-sponsored events at this festival was the “Victor Studio Experience 2 Days in Yokohama.” For this event, VICTOR STUDIO’s engineers held lectures on topics such as recording and mastering, and explained the process of creating pieces of music, giving trial listening opportunities to participants. Post-lecture survey results showed that over 90% of students gave a score of 4 points or higher (out of 5 points), indicating their level of satisfaction with the event. We are pleased to have been able to give some excitement to the many people who attended these lectures.



GEMBA WALK (factory tour) by university students in the neighborhood

In our factory in France, we held “GEMBA WALK (factory tour)” as part of our exchange activities in collaboration with universities in the neighborhood. We are pleased that students who participated in this event were able to deepen their understanding of factory operations and tasks by having opportunities to join the factory tour and ask questions. After the “GEMBA WALK (factory tour),” our employees held a meeting with them, asking for their proposals such as tips for improving operations and new ideas. Many opinions were vigorously exchanged at this meeting, which also offered our

employees good opportunities to become aware of new ideas. Our factory in France takes a positive stance for cooperative activities between industry and the academic world, building cooperative relationships with the region.

Cooperation for the filming of “REC4”

The “REC” horror movie series (three films) were filmed in Gran Canaria Island, Spain. They are newsworthy movies which were shown at the Tokyo International Film Festival and the Venice International Film Festival. JVCKENWOOD’s wireless devices were used in various scenes of the latest movie “REC4” (to be released in October 2014). Among others, when the crime scene was shot on ship, a soldier used JVCKENWOOD’s transceiver to contact his fellow soldier. This transceiver is a highly durable, waterproof product satisfying the military standards of the United States Department of Defense. When we saw the soldier putting this transceiver on his shoulder, we thought that we could be of some help to create a realistic image.



Movie scene in the middle of filming “REC4”

Ski team sponsorship

In Canada, there are vast ski hills where many skiers visit from around the world, and skiing is one of the most popular sports in this country.

As a radio communication equipment supplier for the Canadian National Ski Teams (Alpine Canada) that include Alpine Ski Team, Para-Alpine Ski Team and Cross-Country Ski Team, JVCKENWOOD cosponsored the ski championships held in Canada and other countries from December 2012 to March 2013. In the Sochi 2014 Olympic Games, several skiers represented Canada.

Through such sponsorship, JVCKENWOOD has maintained sound relationships with Canada to promote its sports and culture.



rooted activities, and through these activities, JVCKENWOOD aims to remain a regionally trusted company.

Support activities for rugby team

In Italy, sports are very popular. Considering this national character, JVCKENWOOD has continuously sponsored Italian teams and athletes.

In 2013, JVCKENWOOD became a sponsor of Petrarca Padova, which belongs to Italy's premier rugby league and won the 2010-2011 Eccellenza Championship. Through such sponsorship, JVCKENWOOD has maintained sound relationships with Italy to promote its sports and culture.

Contribution to regional society

To maintain regional relationships in Thailand, factory employees in this country have given scholarships and school supplies to local elementary school students, and also made charitable contributions for a long period of time. For example, they have given money, rice, used clothes, etc. to the disabled. These employees will be continuously conducting regionally

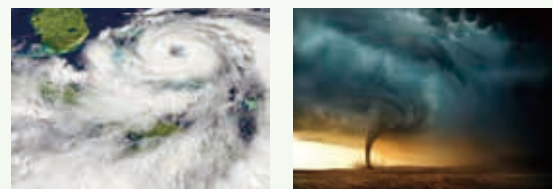


Scene of Petrarca Padova game

Support activities for disaster recovery

In the U.S., JVCKENWOOD has conducted various activities depending on its objectives or those of its employees. Many countries suffered from natural disasters in 2013. JVCKENWOOD solicited monetary donations for the restoration of damaged areas and for disaster victims in need of financial support.

- Restoration support for areas stricken by Typhoon Haiyan in the Philippines that caused 2,300 deaths
 - Restoration support for damages caused by Moore tornado that struck some areas in Oklahoma
 - Contributed about 14,000 dollars to supporting organizations for the purpose of supporting families of firemen who lost their lives during firefighting operations for one of the worst forest fires on record in the history of Arizona
- JVCKENWOOD will continue to conduct support activities for disaster restoration so that smiles can be brought back to the faces of disaster victims and the areas they live in.



Picture images

Together with customers

Showroom delivering Excitement and Peace of Mind

The JVCKENWOOD Group has a showroom in Marunouchi, Tokyo. This showroom displays new products and is also a space for offering various trial listening events, seminars and other events on a regular basis. It also offers “Product Trial Services,” so that customers can use certain products on a trial basis in their own product usage environments.

As a place to make direct communication with customers and disseminate information, this showroom will help people know more about JVCKENWOOD through these activities, and also provide them with opportunities to experience “Excitement and Peace of Mind.” We are eagerly awaiting your visit.



Solution case study—helping to ensure safety and peace of mind in urban areas



The JVCKENWOOD Group’s B to B business helps customers solve problems. Applying our high-quality video, audio and radio equipment, JVCKENWOOD proposes systems using expertise and technologies accumulated within the Group over many years and offers comprehensive solutions ranging from facility design and installation to maintenance and after-sales services.

Since construction of the TOKYO SKYTREE high-rise building, the surrounding area has changed rapidly. Currently, as many as 25 million people visit this previously quiet and traditional residential area annually, which is expected to bring significant economic benefits. However, there are concerns about antisocial behavior including rubbish left behind by visitors, conflicts between visitors and local residents, and noise late at night. As a result, it has been decided to install roadside security cameras in key areas to ensure safety and peace of mind for both local residents and visitors. These cameras are considered to be the most effective tools for crime prevention.

Before installation of the roadside security cameras, the Council for Promoting Safety and Peace of Mind in Areas Surrounding TOKYO SKYTREE compared cameras sold by several manufacturers including JVCKENWOOD to evaluate their performance. The product performance of JVCKENWOOD’s security cameras (e.g. sharp image quality enabling users to identify individuals and vehicle number plates, as well as 0.3 lux minimum illumination and 24-hour surveillance (i.e. night-time surveillance capability)) was highly evaluated. As a result, the Council selected JVCKENWOOD products.

A total of 66 network security cameras have been installed within a radius of 800 m of TOKYO SKYTREE and along a nearby river where many visitors gather. These cameras produce sharp images and are supported by a 24-hour surveillance video recorder system.

Since installing the system, the Council for Promoting Safety and Peace of Mind in Areas Surrounding TOKYO SKYTREE has started patrols and other activities in cooperation with the local police and Sumida Ward. However, according to Council members, JVCKENWOOD’s roadside security cameras are very effective tools for preventing unexpected trouble and antisocial behavior. We are delighted to be able to help ensure safety and peace of mind in urban areas through our B to B solutions.



*Interview with: The Council for Promoting Safety and Peace of Mind in Areas Surrounding TOKYO SKYTREE

*TOKYO SKYTREE is a registered trademark of Tobu Railway Co., Ltd. and Tobu Tower Sky Tree Co., Ltd.

Together with business partners

With equality and balance from a global point of view according to the laws and ethics of society, the JVCKENWOOD Group is working with parts procurement partners and sales partners to build mutually beneficial relationships through shared trust and transparency.

JVCKENWOOD creates its products using various materials and believes that substances that may have adverse effects on the earth and people must not be used for products sold to customers. In addition, we pay attention to products that are disposed of after becoming obsolete.

Since it is impossible for a company to conduct these activities by itself, JVCKENWOOD is pursuing green procurement in cooperation with many other companies in the supply chain.

Through this activity, JVCKENWOOD can receive reports on substances, including the volumes contained in each product, and check whether these substances may have adverse effects on the earth and its people.

Since the parts that make up products are provided by suppliers, JVCKENWOOD checks their parts production processes, conducting activities to protect the earth and people in cooperation with them.

▼For green procurement guidelines, please visit our website.

<http://www.jvckenwood.co.jp/en/csr/green/>



Information disclosure initiatives related to mineral production in conflict areas

Respecting fundamental human rights and protecting vulnerable people are the most important issues for all organizations as well as companies in general that are required to fulfill their social responsibilities.

Many people have become involved in disputes around the world, and inhuman acts have been committed, including massacres, child labor, and plunder and sexual assaults by armed groups. These acts are often related to the sources of funds, and this situation has fallen into a vicious circle in some areas.

The United Nations is also concerned about these problems, and the United States has enacted new rules on mineral purchases from conflict areas for the first time in the world.

JVCKENWOOD is not directly subject to these rules, but agrees to the concept of the rules as a company promoting CSR procurement in the global supply chain. It also promotes activities to cut off the funding sources of armed groups in cooperation with other companies.

Based on the corporate policy of not using product parts containing tin, tantalum, tungsten and gold that are wrongfully produced and refined in the Democratic Republic of the Congo and neighboring countries, JVCKENWOOD continues to establish a solid supply chain and promote responsible mineral procurement activities.



* Picture images

CSR

Together with employees

Our Company is making efforts to create workplaces that are safe and pleasant, and to provide each employee with support in their growth through education and training systems.

Global personnel development: Experiencing business in emerging markets

As part of our activities to “Accelerate Business Expansion in Emerging Nations,” one of our key measures, JVCKENWOOD aims for global personnel development. High-potential young employees are dispatched overseas for six months to one year so that they can gain hands-on business experience mainly in emerging markets and improve communication skills. In 2012, China was chosen for this purpose, and in 2013, employees were dispatched to both India and China.



After receiving language training in a local school, a dispatched employee gained internship experience in a local public institution. He then experienced local business operations for approximately two months after learning local business manners.



When he traveled around India on holidays, he saw a rapidly growing emerging nation's economy with his own eyes. We will continue to use the power of emerging nations to train high-potential employees.

Supporting career and skill development

Our Company have systematized and implemented training to improve the skills necessary for implementing personal roles, and training to manifest personal skills within the organization.

Multi-level training: We met 25 new employees and carried out the new employee training.



In April 2014, 25 new employees started work. Training for new employees is a five-month program that includes instruction in the internal organization and basic rules of Our Company and then hands-on training in sales and production. We aim to quickly increase the skills of our new employees after they are assigned to their positions with programs that focus on education, such as OJT and independent technical study.

Comprising career interviews, career design training, and a career development support system our career development program helps people become what they want to be based on personal employment history and experience.

Career interview

Employees meet with their superiors once a year to discuss their career vision (what they want to be) and career development themes to integrate individual motivations and company expectations. This is the most fundamental of the three pillars.

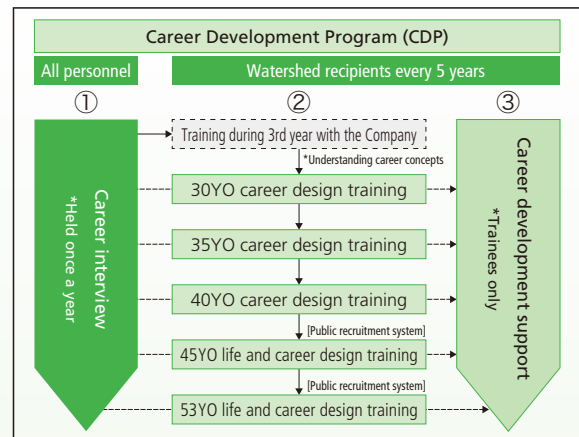
Career design training

In these training sessions, employees review their current work habits while planning what they want to attain in the future (career vision) and by considering the actions necessary to attain their goals, become aware of many things. Further, this is an opportunity for participants to consider comprehensive work/ lifestyle balance consisting of personal development to reach future goals and links to family life and the region, while discussing their career visions.

Career development support system

This system provides employees the support of both time and money to take on further challenges by applying what they have learned from their new self-awareness.

This system is used for various purposes to achieve career visions, such as distance learning courses, participation in outside seminars, and the obtaining of qualifications, and is effective not only in personal development but also in in-house invigoration.



Career design training

Helping support harmony between work and family life

Our Company is steadily bolstering support of a balance between work and family life (work life balance: WLB) by accepting the diverse lifestyles and work habits of employees.

Supporting childcare and nursing

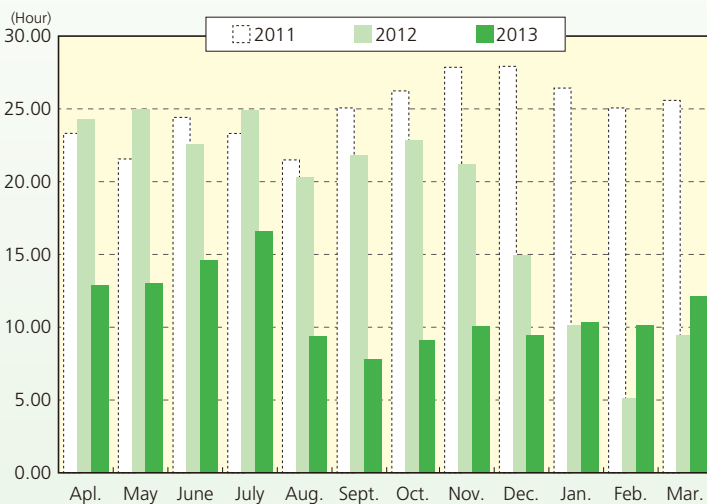
We have established a variety of ways, for example in childcare and nursing, to support our employees both at work and at events in their lives.

Encouraging workers to have a day off

In addition to lowering overtime hours, we are encouraging employees to use their annual holidays.

To promote the taking of days off, we are promoting efforts such as spreading the idea through the various work sites, of setting goals for a certain number of days to be taken during a proposed month in a joint effort with labor unions. Starting from the previous fiscal year, we are surveying each workplace and setting detailed goals, to follow up on whether all employees are taking their days off.

Name	Explanation	People using the system in 2013
Childcare leave	Leave can be taken until the end of April following the child's first birthday or the end of the month in which the child reaches 18 months	Currently used by 10 people
Reduced working hours for childcare	During the period ending at the end of March following the child's 12th birthday, it is possible to reduce work time up to two hours per day, as provided by law, for childrearing	Currently used by 17 people
Pregnancy leave for spouses	Three days' leave are allowed to attend the birth of a child	59 people overall, 152 days taken
Sick/injured childcare leave	During the period ending at the end of March following the child's 12th birthday, five days' leave per year are allowed for nursing care (10 days if there are multiple children)	-
Nursing leave	A cumulative maximum of one year leave is allowed for each family member who requires nursing	-
Reduced working hours for nursing	Together with nursing leave, it is possible to reduce work time by up to two hours per day for a cumulative total of one year	-
Nursing days off	Five days' holiday are allowed to care for a family member who requires nursing (10 days if there are multiple family members)	1 person overall, 4 days taken
Limitation of overtime work and night work	If an employee is raising a child, until the end of March following the child's 12th birthday, and the employee nursing a family member requiring nursing care so requests, work at night will not be required and overtime work will be limited to a maximum of 24-hours per month or 150 hours per year	-
System to register retirees for reemployment	An employee who quit because of pregnancy, childbirth, childcare, nursing care, or a spouse being transferred will be registered for reemployment	Currently used by 2 people



Reduction in overtime work

We are continuing to make efforts to reduce overtime work every day as a way to promote a work life balance.

Specifically, we are setting one day a week as a noovertime day. On this day, we urge employees to go home on time in building wide broadcasts asking them to adjust work schedules so they can go home at the end of the regular workday. We are posting the performance of each department's efforts on our in-house portal site to raise awareness about overtime work. Also, we are developing measures intended to have employees independently manage their own time as they work.

Health and safety

Supporting people returning to work after long absences

We continue to provide seminars on mental health issues so that all of us are aware of and understand the reality of mental health issues, so we can treat our colleagues with thoughtfulness and prevent such issues in the workplace. We have also established a return to work support system to allow people to return to work without stress when returning to the job after long absences. This system is, in principle, a three-month program that introduces work responsibilities on a trial basis, increasing the workload and working time in stages, to a state of normal full-time work after a return from a long absence or period of not working.

When returning to full work after finishing the trial work stage, a return to work evaluation meeting is held with those people involved, such as the industrial physician, medical staff, and supervisors, where everyone involved evaluates considerations surrounding the return to work and the support system.



Mental health training

Countermeasures against overwork

Long working hours lead to overwork, and this is an important social problem that cannot help being linked to health problems. We are striving to prevent damage to the health of people and reduce long working hours. We do this by reducing overtime and using interviews, guidance, and medical questionnaires by industrial physicians. Further, we have also established days when people leave work on time, and the Safety and Health Committee is reducing work hours as part of our proactive efforts.

Health and safety at work

Our Safety and Health Committee is focusing its efforts on safety and health measures to establish a corporate culture that gives top priority to the health and safety of its employees. Regarding safety, we aim to go from zero accidents to zero risks by implementing such measures as finding potential risks in the workplace, establishing risk assessment to minimize them, and regular inspections of workplaces by the Safety and Health Committee.

As for health, we are supporting employee healthcare with healthcare offices that provide advice on health, and measures to follow through on periodic health checks done in association with industrial physicians.

We are also promoting the creation of comfortable work environments by setting up rooms for relaxation and rejuvenation in our work facilities and completely separating smoking areas.



Industrial physician providing advice on proper health care



Lounge that can be used by employees to rest or do other things

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 separating management from the execution of operations, recruiting external directors and auditors, and establishing internal audit sections, as well as unifying internal control features, establishing an Internal Control Office that plans and promotes the internal control system, and improving this system on a Group-wide basis to strengthen internal control.

Corporate Organizations

1. Matters concerning the Board of Directors and Directors

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 accelerate management processes. 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 nine at maximum, and resolutions for electing directors at a shareholders' meeting shall require the presence of shareholders holding one-third or more of the exercisable voting rights of shareholders and the majority of votes thereof. Moreover, no cumulative voting shall be accepted. Eight directors were elected at the 6th Annual Shareholders' Meeting held on June 20, 2014.

To ensure the effectiveness 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 elects candidates for external directors, in principle, by confirming their business backgrounds (i.e. confirming they have not been major shareholders of JVCKENWOOD or engaged in the execution of operations of 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" (III 5, (3)-2) issued by the Tokyo Stock Exchange. Since June 20, 2014, JVCKENWOOD has appointed Junichi Hikita and Masanori Yoshikai as external directors.

2. Matters concerning Executive Officer System

JVCKENWOOD adopts an executive officer system, differentiating the function of business execution to clarify management responsibility and business execution responsibility. Since June 20, 2014, eight directors (including two external directors) and 15 executive officers (six concurrently holding positions as directors) have performed their duties.

The Board of Directors leading innovation and governance has discussions with external directors who are independent officers and executive officers serving concurrently as Directors of the Board to make decisions, and delegate authority for business execution to executive officers. In addition, the Chairman and the Representative Director of the Board serves as the Chief Executive Officer (CEO), while the President and the Representative Director of the Board serves as the Chief Operating Officer (COO). They are responsible for both management supervision and business execution. According to the decisions at meetings of the Board of Directors, the CEO chairs the Board of Executive Officers' meetings, and the COO executes business operations with responsibility.

Upon replacing the business-segment structure dated on May 14, 2014, the Group established a regional CEO structure by creating a CEO position in each of four regional business segments: United States, Europe, Japan, and Asia and emerging countries. We review the existing development-oriented (or product-out type) approach led by business-segment system, and shift to the market and customer oriented approach responding to the core overseas businesses and the growing professional businesses which generate a half of company-wide sales. By doing so, the Company aims to expand both the domestic and overseas sales of its current businesses. Under the new management organization, the Group will also accelerate implementation of M&A, strategic alliances, and early commercialization of next-generation businesses.

3. Matters concerning the Board of Auditors and Auditors

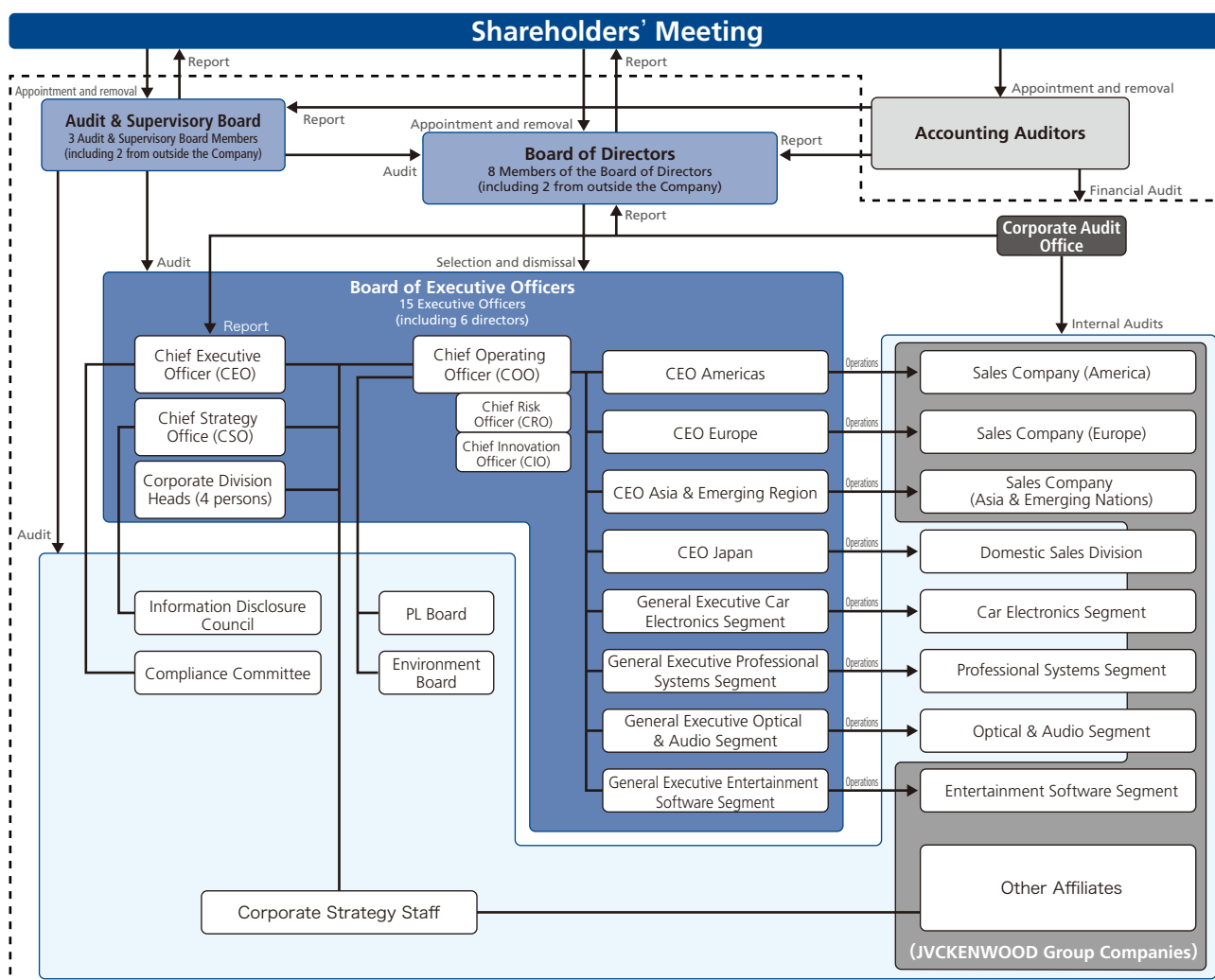
JVCKENWOOD is a company with a board of auditors. Auditors are responsible for the corporate audit function and their duties include attending Board of Directors' meetings and other important meetings, as well as holding Board of Auditors' meetings, auditing the execution of Directors' duties, the business execution of the entire Group, and corporate accounting.

The Board of Auditors holds meetings once a month, and extra as needed.

Since June 26, 2012, three auditors (including two external auditors) have performed their roles and responsibilities.

To ensure the effectiveness 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 nominates candidates for external auditors in principle after confirming their business backgrounds (i.e. confirming they have not been major shareholders of JVCKENWOOD or engaged in the execution of operations of 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" (III 5, (3)-2) issued by the Tokyo Stock Exchange, with the approval of the Board of Auditors. On June 26, 2012, JVCKENWOOD appointed Akihiko Washida and Shojiro Asai as external auditors.

Organization System (As of July 1, 2014)



Internal Audit, Auditors' Audit and Accounting Audit Systems

JVCKENWOOD positions the Corporate Audit Office as an oversight organization, which conducts internal audits on the overall business execution of the entire Group and reports the audit results to the Board of Directors. As of June 20, 2014, the Corporate Audit Office has ten staff members engaged in operational audits and internal control audits. As the audit scope covers the entire Group, when planning an audit schedule, the Corporate Audit team prepares a Risk Assessment Form and selects audit targets based on risk assessment to improve 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 public accountants, Yasunari Kunii, Yasuhiko Haga, and Nobuo Son, perform the accounting audits of JVCKENWOOD and the Group. They are limited liability partners and managing partners of Deloitte Touche Tohmatsu Limited. Nobuo Son and Yasuhiko Haga have performed audits consecutively for six and two years, respectively, while Yasunari Kunii has been engaged in these audits for one year. The total number of audit assistants is 29 (13 certified public accountants and 16 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.

In addition, JVCKENWOOD established an Internal Control Office on July 1, 2014 to improve and strengthen its internal control system.

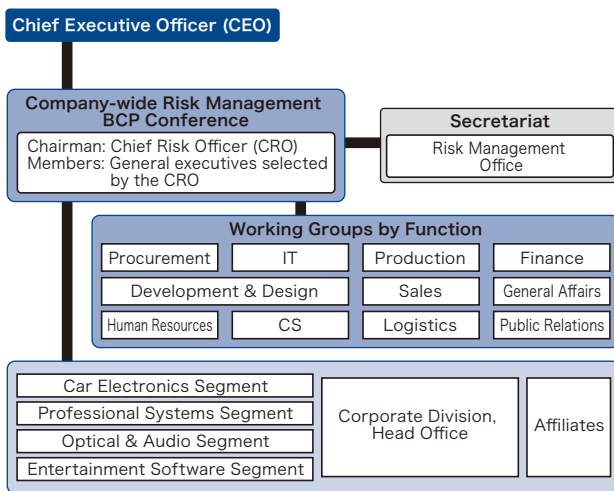
Risk Management

Enterprise Risk Management Activities

Key Philosophy

The JVCKENWOOD Group regards risk as “factors that are mutually linked, affecting one another to inhibit the achievement of business plans.” The Group regularly identifies risks faced by all its business sites around the world, conducts comprehensive assessments on features of risk, its mutual relations and materiality from a companywide perspective, and performs cross-divisional activities to manage 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 Conference, which is comprised of members chosen from company executives and chaired by the CRO, discusses various key issues related to the Group’s risk management, and also strive organizational initiatives to address risk that affect the JVCKENWOOD Group management through placing “Working Groups by Function” under control, which are comprised of representatives of each business function.

Business Continuity Plan

Facing various risks, in particular emergency situations including natural disasters, epidemics, and terrorism, the JVCKENWOOD Group recognizes that its social responsibility to stakeholders including customers is to put the utmost priority on preserving human life and secondly to fulfill its responsibilities to deliver our products and services. To fulfill this responsibility, the Group has defined the basic principle of the Business Continuity Plan (BCP) as “contributing to social security and safety through continuing business by swiftly reinitiating business operation after the occurrence of an emergency situation.”

Based on this policy, and beginning with the development of systems for confirming the safety of employees and their families, disaster prevention, and emergency stockpiles, the JVCKENWOOD Group has been working progressively on BCP measures in each business field by leveraging its accumulated BCP expertise and making good use of its experience of the floods in Thailand to build in stages a mechanism of alternative production in preparation for events in which it would be difficult to restore its production bases in a short period of time.

The Group also carries out a variety of simulation training to gain initial response experience, as well improve rules and manuals based on the results and findings of training, aiming to make BCP become solidly established.



Training at a production base in Thailand: Sandbagging based on flood experience



Training at a production base in Japan: Initial response simulation assuming the occurrence of a serious earthquake

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)
- 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
- 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 mechanisms), making it into an equity-method company
- Jun. Distributed dividends (¥5/share) for the first time since the inauguration of the Group
- Nov. The JVCKENWOOD Group formulated a new "Mid-term Business Plan," which covers the period through to FYE 3/2016
- Nov. [The JVCKENWOOD Group launched a land mobile radio equipment for Taxi business TCM-D244SR/D244GSR \(Photo ②\)](#)
- Dec. [The JVCKENWOOD Group launched a ProHD mobile news camera GY-HM650 \(Photo ③\)](#)
- 2013 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
- 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
- 2014 Jan. The JVCKENWOOD Corporation invested in "WIL FUND I, L.P." to accelerate growth strategy partnership with domestic and international venture companies
- Jan. The JVCKENWOOD Corporation and AIRBUS DEFENCE AND SPACE formed an alliance to develop and commercialise public safety wireless broadband systems
- Mar. The JVCKENWOOD Corporation obtained 100% ownership of EFJohnson Technologies, Inc., a company focused on delivering mission-critical, digital P25 communications solutions to the North American market



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



② Land mobile radio equipment for Taxi business "TCM-D244SR/D244GSR"



③ ProHD mobile news camera "GY-HM650"

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)
- 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
- 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

Network (Global) (85 subsidiaries and affiliated companies in total)

As of July 1, 2014

Global Affiliated Manufacturing Companies

Company Name	Location	Main Products
Kenwood Electronics Bretagne S.A.	Janze, France	Car electronics equipment
JVCKENWOOD Technologies Singapore Pte. Ltd.	Singapore	Telecommunications equipment
JVC Manufacturing Malaysia Sdn. Bhd.	Selangor, Malaysia	Audio and imaging equipment
JVCKENWOOD Electronics Malaysia Sdn. Bhd.	Johor, Malaysia	Car electronics and telecommunications equipment
JVCKENWOOD Electronics (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 telecommunications equipment
Zetron, Inc.	Washington, U.S.A.	Telecommunications equipment
Shinwa International Holdings Ltd.	Hong Kong, China	In-car AV mechanisms and plastic components
EFJohnson Technologies, Inc.	Texas, U.S.A.	Professional Wireless Systems

Europe: Affiliated Sales Companies

Company Name	Location
JVC Europe Ltd.	The United Kingdom
JVC Professional Europe Ltd.	The United Kingdom
Kenwood Electronics UK Ltd.	The United Kingdom
JVCKENWOOD France S.A.S.	France
JVCKENWOOD Italia S.p.A.	Italy
JVCKENWOOD Iberica, S.A.	Spain
JVC Deutschland GmbH	Germany
Kenwood Electronics Deutschland GmbH	Germany
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 Companies

Company Name	Location
JVC Americas Corp.	U.S.A.
Kenwood U.S.A. Corp.	U.S.A.
JVC 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 Companies

Company Name	Location
JVCKENWOOD Singapore Pte. Ltd.	Singapore
JVCKENWOOD Malaysia Sdn. Bhd.	Malaysia
JVCKENWOOD Thailand Co., Ltd.	Thailand
JVCKENWOOD Gulf Fze	U.A.E.
PT. JVCKENWOOD Indonesia	Indonesia
JVCKENWOOD Australia Pty. Ltd.	Australia

China: Affiliated Sales Companies

Company Name	Location
JVC (China) Investment Co., Ltd.	China
JVCKENWOOD Hong Kong Ltd.	China

Other Main Global Affiliated Companies

Company Name	Location
AltaSens, Inc.	U.S.A.
JVCKENWOOD Electronics Singapore Pte. Ltd.	Singapore
JVCKENWOOD Procurement Center (H.K.), Ltd.	China

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

As of July 1, 2014

R&D Center • Business Centers

Name	Location	Main R&D Products
Head Office & Yokohama Business Center	Yokohama, Kanagawa	Video cameras, Displays, Home audio
Kurihama R&D Center	Yokosuka, Kanagawa	Projectors, D-ILA devices
Hachioji Business Center	Hachioji, Tokyo	Car electronics
Hakusan Business Center	Yokohama, Kanagawa	Communications, Security cameras

Main Japanese Manufacturing Sites and Affiliated Manufacturing Companies

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
JVCKENWOOD Creative Media Corporation	Yamato, Kanagawa	CD and DVD discs (prerecorded)
JVCKENWOOD Interior Furniture Corporation	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 Display Monitor Solution

Main Japanese Consolidated Affiliated Companies

Name	Location	Main R&D Products
JVCKENWOOD 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
JVCKENWOOD Arcs Corporation	Minato-ku, Tokyo	Sales of professional audio and visual equipment
JVCKENWOOD Video Tech Corporation	Shibuya-ku, Tokyo	Video production, editing and sales, and studio operations
JVCKENWOOD Victor Entertainment Corporation	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.
Victor Service & Engineering Co., Ltd.	Yokosuka, Kanagawa	Repair of electric equipment
JVCKENWOOD Technobrain Corporation	Yokohama, Kanagawa	Dispatch of engineers, undertaking of engineering-related work, and other operations
JVCKENWOOD Kenex Corporation	Hachioji, Tokyo	Sales and other operations relating to audio and communications equipment
Kenwood Home Electronics Corporation	Yokohama, Kanagawa	Sales of home electronics products, etc.
JVCKENWOOD 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
JVCKENWOOD Engineering Corporation	Hachioji, Tokyo	Development and design of hardware and software
JVCKENWOOD Partners Corporation	Hachioji, Tokyo	Undertaking of welfare program, general, personnel, accounting and other affairs

Management Team

As of July 1, 2014

Directors of the Board



Haruo Kawahara



Shoichiro Eguchi



Seiichi Tamura



Takayoshi Sakamoto



Masaaki Saito



Masatoshi Miyamoto



Satoshi Fujita



Takao Tsuji



Kazuhiro Aigami



Junichi Hikita



Akihiko Washida



Toshiaki Matsuzawa



Akira Suzuki



Masaki Imai



Naokazu Kurihara



Masanori Yoshikai



Shojiro Asai



Kazuki Oi



Yasuyuki Tanida



Fabien Gregoire

Audit & Supervisory Board Members

Executive Officers

Directors of the Board

Haruo Kawahara

Chairman, Representative Director of the Board

Takao Tsuji

President, Representative Director of the Board

Shoichiro Eguchi

Representative Director of the Board

Kazuhiro Aigami

Representative Director of the Board

Naokazu Kurihara

Director of the Board

Seiichi Tamura

Director of the Board

Junichi Hikita

Director of the Board (External)*¹

Masanori Yoshikai

Director of the Board (External)*¹

* 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)*²

Shojiro Asai

Audit & Supervisory Board Member (External)*²

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

Executive Officers

Haruo Kawahara

* Chief Executive Officer (CEO)

Takao Tsuji

* Chief Operating Officer (COO),
Chief Risk Officer (CRO),
Chief Innovation Officer (CIO)

Shoichiro Eguchi

* CEO Europe

Kazuhiro Aigami

* CEO Americas

Naokazu Kurihara

* CEO Japan,
President of Kenwood Home Electronics Corporation

Seiichi Tamura

* Chief Strategy Officer (CSO),*³
General Executive of Corporate Strategy Division

Masaaki Saito

Senior Executive Vice President & Executive Officer,
General Executive of Entertainment Software Segment,
President of JVCKENWOOD Victor Entertainment
Corporation

Toshiaki Matsuzawa

Executive Vice President & Executive Officer,
Co-leader of CVC Task Force,
General Executive of Production & Procurement Division,
Deputy General Executive of Car Electronics Segment

Kazuki Oi

CEO Asia & Emerging Region,
General Manager of Professional Systems, Asia &
Emerging Regions

Masatoshi Miyamoto

Senior Vice President & Executive Officer, General
Executive of Car Electronics Segment

Akira Suzuki

Senior Vice President & Executive Officer,
General Executive of Professional Systems Segment

Yasuyuki Tanida

Senior Vice President & Executive Officer,
General Executive of Optical & Audio Segment,
Co-leader of New Imaging Business Development Task Force

Satoshi Fujita

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

Masaki Imai

Senior Vice President & Executive Officer, Assistant to COO,
General Executive of Corporate Management Division,
General Executive of Human Resource & General
Administration Division

Fabien Gregoire

Senior Vice President & Executive Officer,
General Manager of Global Brand Experience Division

* Concurrently serving as Director of the Board.

* 3: CSO (Chief Strategy Officer) integrates the function of Chief Financial Officer (CFO), controlling corporate strategies, capital, and financial strategies including foreign exchange, and legal affairs.

Corporate Data

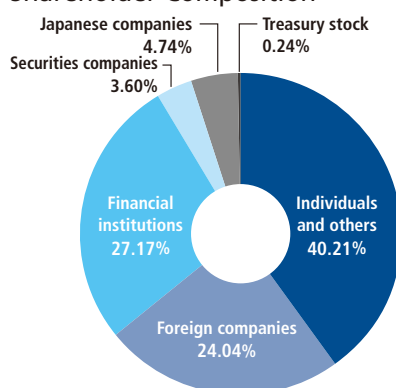
Company Name	JVC KENWOOD Corporation
Business Segments	Controlling and managing the business activities by operating the Car Electronics Business, Professional Systems Business, Optical & Audio Business and Entertainment Software Business and owning shares and interest in the companies which run those businesses
Representative Director	Haruo Kawahara, Chairman, Representative Director of the Board Takao Tsuji, President, Representative Director of the Board Shoichiro Eguchi, Representative Director of the Board Kazuhiro Aigami, Representative Director of the Board
Date of Incorporation	October 1, 2008
Capital	¥ 10 billion
Number of Employees	19,791 (as of March 31, 2014)
Equity	¥ 60,224 million (as of March 31, 2014)
Total Assets	¥ 267,380 million (as of March 31, 2014)
Fiscal Year-End	March 31
Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa 221-0022
Showroom	1F, Shin-Kokusai Bldg., 3-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005

Share-Related Information

As of March 31, 2014

Ordinary General Meeting of Shareholders In June each year	
Record Date	Ordinary General Meeting of Shareholders: March 31 each year Year-end dividend: March 31 each year Mid-year dividend: September 30 each year *Besides the above record dates, a dividend of surplus may be paid through specifying a record date.
Stock Exchange Listing	Listed on the first section of the Tokyo Stock Exchange
Security Code	6632
Trading Unit	100 shares
Total Number of Shares Issued	139,000,201 shares (including 335,884 treasury shares)
Total Number of Shareholders	54,574
Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank, Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Place for the Registration	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank, Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Shareholder Composition



Major Shareholders (Top 10)

Name	Number of stocks held (thousands)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (trust account)	9,636	6.95
Japan Trustee Services Bank, Ltd. (trust account)	6,476	4.67
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	4,547	3.28
DENSO CORPORATION	4,171	3.01
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASH PB)	4,066	2.93
BNYM SA/NV FOR BNYM CLIENT ACCOUNT MPSC JAPAN	3,110	2.24
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,747	1.98
Japan Trustee Services Bank, Ltd. (trust account 9)	2,727	1.97
DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	2,529	1.82
THE BANK OF NEW YORK 133522	2,063	1.49

Note: Ratio of shareholding is calculated based on the total number of shares issued and outstanding (excluding treasury stock).

JVCKENWOOD

creates excitement & peace of mind

JVCKENWOOD Corporation

3-12, Moriyacho, Kanagawa-ku, Yokohama-shi
Kanagawa, 221-0022, Japan

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E-mail: prir@jvckenwood.com

This environmental green logo is a symbol used to indicate the JVCKENWOOD Group's stance and efforts regarding environmental concerns. It appears on our catalogs and environmental posters as the symbol of environmental activities of the JVCKENWOOD Group and is used to enlighten people in the company and appeal to people outside the company.



Environmental
green logo