



April 12, 2013

Company	JVC KENWOOD Corporation
Representative	Shoichiro Eguchi, President and CEO (Code: 6632; First Section of the Tokyo Stock Exchange)
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(Delayed) The Signing of Absorption-Type Split Agreement on the Succession of Information Equipment Business Including Medical Image Display Systems of TOTOKU Electric Co., Ltd. Accompanied by the Transfer of Ownership of its Subsidiary

Based on a resolution passed at its Board of Directors meeting held today, JVC KENWOOD Corporation (“JVCKENWOOD”) concluded an absorption-type corporate split agreement (the “absorption-type split agreement”) with TOTOKU Electric Co., Ltd. (“TOTOKU Electric”). This agreement concerns the succession of JVCKENWOOD’s Information Equipment business (the “business”), which includes medical image display systems and car electronics EMS, as well as all shares of TOTOKU Nagaoka Corporation (“TOTOKU Nagaoka”), a consolidated subsidiary of TOTOKU Electric, through a corporate split (absorption-type split) (the “corporate split”). The absorption-type split agreement was concluded in relation to the “Notice Concerning the Signing of a Letter of Intent on the Transfer of an Information Equipment Business including Medical Image Display Systems of TOTOKU Electric Co., Ltd. Accompanied by the Transfer of Ownership of its Subsidiary,” which was announced on December 14, 2012.

The effective date of the corporate split will be July 1, 2013.

1. Purpose of corporate split

TOTOKU Electric provides high-performance, high value-added products centering on high-definition LCDs that display medical images, and enjoys a large share of the Japanese market and other markets around the world, working in an integrated manner with its wholly-owned subsidiary TOTOKU Nagaoka. TOTOKU Electric’s display products have superior high-definition screens developed by leveraging its proprietary development and design technologies, and meet demand for consumer and industrial products in wide-ranging fields. TOTOKU Nagaoka is also engaged in the EMS business, which includes automotive substrate processing, by applying its substrate design and processing technologies cultivated through the manufacture of displays.

JVCKENWOOD, which is accelerating growth strategies for profitable growth, for example, through promotion of partnership strategies, including M&As and strategic alliances, using funds procured in January 2011, announced on November 30, 2012 the new mid-term business plan with the year ending March 2016 as the final year.

Under the plan, we aim to drive growth by boosting sales of the business-to-business (BtoB) segment (OEM segment of the Car Electronics business and Professional Systems business), in which the Group has prospects of continuously displaying its strengths, to increase the sales

contribution of the BtoB (BtoB) segment to 50% in fiscal year ending March 2016.

By acquiring the business of TOTOKU Electric, which holds the TOTOKU brand, and is one of the top brands in medical image displays, we expect to promote the creation of synergies by combining the company's technologies with our core technologies in ultra-high-definition imaging, which is applied in professional-use monitors, camcorders and projectors, etc., and by sharing our sales networks. We also expect to significantly develop the Professional Systems business, which provides equipment in the promising medical field, as well as for broadcasters and communication business companies.

Regarding in-car electronic devices and parts, which are provided as EMS by the business, power window parts will be a new business area of the Group, and are expected to contribute to the expansion of the Group's largest business segment—the OEM segment of the Car Electronics business.

2. Outline of corporate split

(1) Schedule of corporate split

Resolution at Board of Directors meeting for the corporate split	April 12, 2013
Conclusion of the absorption-type split agreement	April 12, 2013
Effective date	July 1, 2013

JVCKENWOOD will conduct this corporate split through the procedures for a simplified absorption-type split stipulated in Article 796, Paragraph 3 of the Corporation Law, without holding a general meeting of shareholders for the approval of the absorption-type split agreement.

(2) Method of corporate split

Absorption-type corporate split in which TOTOKU Electric will be the splitting company and JVCKENWOOD will be the succeeding company.

(3) Allotments for corporate split

JVCKENWOOD will offer 759 million yen in cash as consideration to TOTOKU Electric for this corporate split.

However, retirement benefit obligations as of the day before the effective date (estimated amount to be paid: about 95 million yen) will be separately paid by TOTOKU Electric to JVCKENWOOD after the amount is determined.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights as a result of corporate split

None

(5) Increase (decrease) in capital due to corporate split

None

(6) Rights and obligations to be succeeded by the succeeding company

JVCKENWOOD is expected to succeed the following rights and obligations within the limits provided for in the absorption-type split agreement.

- a. All shares of TOTOKU Nagaoka, which is a manufacturing base of the business (6,000 shares)
- b. Other assets, liabilities, and such like relating to the business

- c. Status under the contract relating to the business (excluding employment contract) and rights and obligations based on said contract
- d. Employment contract relating to the business and rights and obligations based on said contract

(7) Prospects for fulfillment of obligations

JVCKENWOOD believes there is no problem with the prospects for fulfilling obligations whose due date will fall on after the effective date of the corporate split.

3. Calculation basis, etc. concerning allotments in corporate split

(1) Basis for calculation, background to calculation, and measures to ensure fairness

To ensure fairness and validity in calculating consideration of the business which is used for the corporate split, JVCKENWOOD requested Duff & Phelps Corp. ("D&P"), an independent third-party calculation institution, to calculate the consideration.

D&P calculated the consideration using the discounted cash-flow method and the similar company comparison method, and submitted the calculation statement to JVCKENWOOD. Consideration of the business calculated based on these methods ranged from 747 million yen to 1,049 million yen.

In its plan of future profits for the business submitted to D&P as the calculation basis for consideration of the business, JVCKENWOOD does not expect a substantial increase or decrease in profits from the business.

Referring to the results of calculation made by D&P, JVCKENWOOD reached a conclusion that the consideration described in the above 2. (3) is valid, after careful discussions while comprehensively taking into account the financial conditions, such as net assets, and the status of assets of the business, and agreed on and determined the consideration.

(2) Relationship with the calculation institution

D&P does not fall under the category of a related party of JVCKENWOOD, and has no significant interest that should be noted in association with this corporate split.

(3) Prospects and reasons for delisting

It is unlikely that shares of JVCKENWOOD will be delisted as a result of this corporate split.

(4) Measures to avoid conflict of interest

No Directors or Auditors of JVCKENWOOD serve as officers or employees of TOTOKU Electric, and there arises no conflict of interest in association with the corporate split. Consequently, no specific measures are taken.

4. Outline of companies involved in corporate split

	Succeeding company (as of March 31, 2012)	Splitting company (as of March 31, 2012)
(1) Company name	JVC KENWOOD Corporation	TOTOKU Electric Co., Ltd.
(2) Location of head office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa	1-11, Shimbashi 6-chome, Minato- ku, Tokyo
(3) Representative's name and title	Shoichiro Eguchi, President and CEO	Naoomi Tachikawa, President
(4) Business	Manufacturing and sales of products related to the Car	Manufacturing and sales of electric wires, processed wire products

		Electronics business, Professional Systems business, Home & Mobile Electronics business and Entertainment business	and electronic equipment and parts.
(5)	Capital	10,000 million yen	1,925 million yen
(6)	Established	October 1, 2008	November 22, 1940
(7)	Number of outstanding shares	(Common stock) 139,000,201 shares	(Common stock) 68,087,883 shares (Class A preferred stock) 1,850 shares
(8)	Fiscal year end	March 31	March 31
(9)	Number of employees (Consolidated)	13,594	1,960
(10)	Major customers	Description is omitted because there are no customers accounting for 10% or more of net sales in the consolidated statements of income	Furukawa Electric Co., Ltd.
(11)	Major banks	Sumitomo Mitsui Banking Corporation Resona Bank, Limited	Mizuho Bank, Ltd. Resona Bank, Limited
(12)	Major shareholders and holding ratios	Japan Trustee Services Bank, Ltd. (Trust account): 6.88% MORGAN STANLEY & CO. LLC (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.): 4.47% Japan Trustee Services Bank, Ltd. (Trust account 9): 3.76%	Furukawa Electric Co., Ltd.: 56.50% Japan Securities Finance Co., Ltd.: 3.13% Mizuho Bank, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.): 2.96%
(13)	Relationships between the parties		
	Capital relationship	There is no significant capital relationship between JVCKENWOOD and TOTOKU Electric. In addition, there is no special capital relationship between interested parties and affiliated companies of JVCKENWOOD and those of TOTOKU Electric.	
	Personnel relationship	There is no significant personnel relationship between JVCKENWOOD and TOTOKU Electric. In addition, there is no special personnel relationship between interested parties and affiliated companies of JVCKENWOOD and those of TOTOKU Electric.	
	Transaction relationship	There is no significant transaction relationship between JVCKENWOOD and TOTOKU Electric. In addition, there is no special transaction relationship between interested parties and affiliates of JVCKENWOOD and those of TOTOKU Electric.	
	Relationships with related parties	TOTOKU Electric does not correspond to a related party of JVCKENWOOD. In addition, interested parties and affiliates of JVCKENWOOD do not correspond to related parties of TOTOKU Electric.	

(14) Operating results and financial results for the past three years						
Fiscal year	JVCKENWOOD Corporation			TOTOKU Electric Co., Ltd.		
	FYE 3/2010	FYE 3/2011	FYE 3/2012	FYE 3/2010	FYE 3/2011	FYE 3/2012
Net assets	46,819	52,739	57,072	4,914	3,431	4,424
Total assets	274,751	260,664	241,761	27,466	24,450	21,736
Net assets per share (yen)	47.45	375.19	399.76	95.05	60.97	27.49
Net sales	398,663	352,672	320,868	37,500	33,062	26,899
Operating profit (loss)	△6,453	12,956	12,813	82	△469	146
Ordinary income (loss)	△14,752	7,579	6,420	△386	△917	△314
Net income (loss)	△27,795	△4,025	6,032	△2,209	△1,204	△3,192
Net income (loss) per share (yen)	△28.75	△38.60	43.50	△50.04	△27.29	△71.92
Dividend per share (yen)	-	-	5.00			

(In millions of yen unless otherwise indicated)

FYE: Fiscal year ended

Outline of business division to be succeeded

(1) Businesses of business division to be succeeded

Businesses to be succeeded by JVCKENWOOD through the corporate split include design and manufacture of electronic devices, centering on LCD monitors of TOTOKU Electric, EMS business, and provision of after-sales services. These businesses are conducted mainly by the wholly owned consolidated subsidiary of TOTOKU Electric, which is described in (4).

(2) Operating results of business division to be succeeded (for the year ended March 2012)

	Operating results of information equipment business division (a)	Ratio (a/b)	(Reference) Consolidated result of TOTOKU Electric (b)
Net sales	5,762 million yen	21.4%	26,899 million yen

(3) Items and amounts of assets and liabilities to be succeeded (estimates as of June 30, 2013)

Assets		Liabilities	
Item	Book value	Item	Book value
Fixed assets	759 million yen	Long-term liabilities	95 million yen
Total	759 million yen	Total	95 million yen

(4) Outline of subsidiary of TOTOKU Electric whose ownership will be transferred following corporate split

(1)	Company name	TOTOKU Nagaoka Corporation
(2)	Location	1-2-1 Higashi Takami, Nagaoka-shi, Niigata
(3)	Representative's name and title	Hideyuki Inoue, President
(4)	Business	Design and manufacture of electronic devices, centering on LCD monitors, and EMS business, etc., and provision of after-sales services
(5)	Capital	300 million yen (as of March 31, 2012)
(6)	Established	March 15, 1984

(7)	Net assets	257 million yen (as of March 31, 2012)	
(8)	Total assets	1,725 million yen (as of March 31, 2012)	
(9)	Major shareholders and holding ratio	TOTOKU Electric Co., Ltd.: 100%	
(10)	Relationship between the subsidiary whose ownership will be transferred and the assignee	Capital relationship	There is no significant capital relationship between TOTOKU Nagaoka and JVCKENWOOD. In addition, there is no special capital relationship between interested parties and affiliates of TOTOKU Nagaoka and those of JVCKENWOOD.
		Personnel relationship	There is no significant personnel relationship between TOTOKU Nagaoka and JVCKENWOOD. In addition, there is no special personnel relationship between interested parties and affiliates of TOTOKU Nagaoka and those of JVCKENWOOD.
		Transaction relationship	There is no significant transaction relationship between TOTOKU Nagaoka and JVCKENWOOD. In addition, there is no special transaction relationship between interested parties and affiliates of TOTOKU Nagaoka and those of JVCKENWOOD.
		Relationships with related parties	JVCKENWOOD does not correspond to a related party of JVC Nagaoka. In addition, interested parties and affiliates of JVCKENWOOD do not correspond to related parties of TOTOKU Nagaoka.
(11)	Operating results and financial results for the past three years		
	Fiscal year	Fiscal year ended March 2010	Fiscal year ended March 2011
			Fiscal year ended March 2012
	Net assets	84	268
	Total assets	1,388	1,691
	Net assets per share (yen)	10,481	44,694
	Net sales	5,398	6,489
	Operating profit (loss)	(16)	(53)
	Ordinary income (loss)	(27)	(59)
	Net income (loss)	(60)	(116)
	Net income (loss) per share (yen)	(7,499)	(19,280)
	Dividend per share (yen)	0	0

(In millions of yen unless otherwise indicated)

5. Status after corporate split

Outline of splitting company

	Splitting company
(1) Company name	TOTOKU Electric Co., Ltd.
(2) Location of head office	1-11, Shimbashi 6-chome, Minato-ku, Tokyo
(3) Representative's name and title	Naoomi Tachikawa, President
(4) Business	Manufacturing and sales of electric wires, processed wire products and electronic equipment and parts.

(5)	Capital	1,925 million yen (on a consolidated basis, as of September 30, 2012)
(6)	Fiscal year end	March 31
(7)	Net assets	Not fixed as of now
(8)	Total assets	Not fixed as of now

Outline of the succeeding company

		Succeeding company
(1)	Company name	JVC KENWOOD Corporation
(2)	Location of head office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa
(3)	Representative's name and title	Shoichiro Eguchi, President and CEO
(4)	Business	Manufacturing and sales of products related to the Car Electronics business, Professional Systems business, Home & Mobile Electronics business and Entertainment business
(5)	Capital	10,000 million yen
(6)	Fiscal year end	March 31
(7)	Net assets	Not fixed as of now
(8)	Total assts	Not fixed as of now

6. Summary of accounting treatment

This corporate split is categorized as an “acquisition” under the Accounting Standard for Business Combinations. At this time, the goodwill value that will be generated as a result of this corporate split is yet to be determined. Such value will be announced when it is determined.

7. Future prospects

With this corporate split, JVCKENWOOD expects that it will be able to expand the Professional Systems business and Car Electronics business over the medium- to long-term taking advantage of the addition of the business and the creation of synergies in the medium- to long-term, including development of new products, expansion of business areas resulting from combining technologies of the two companies, and sharing of sales networks.

The impact of this corporate split on earnings results for the fiscal year ending March 2014 will be reflected in earnings forecasts for the fiscal year ending March 2014, which are to be released together with earnings results for the fiscal year ended March 2013.