



Announcement of Acquisition of U.S. Systems-Based Communications Company (Conversion to Subsidiary)

April 4, 2007

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Kenwood Corporation (President and CEO: Haruo Kawahara; Head Office: Hachioji, Tokyo; hereinafter referred to as "Kenwood") is pleased to announce that, on April 4, 2007, the Board of Directors resolved to acquire 100% of the issued and outstanding capital stock of Zetron, Inc. (hereinafter referred to as "Zetron"), a leading U.S.-based provider of products and systems used in mission-critical command and control and private mobile network communications for both the governmental and commercial markets globally. Following the completion of the acquisition, Zetron will be a subsidiary.

We inform that, following the foregoing resolution, Kenwood has entered today into a Stock Purchase Agreement with Zetron Holdings, Inc., which owns 100% of Zetron, on the basis outlined below.

The acquisition of Zetron is consistent with Kenwood's strategy to accelerate its growth through targeted acquisitions that promote a multi-faceted expansion of its core businesses.

1. Acquisition of Zetron

The Communications Equipment business, which accounts for over 30% of our consolidated net sales (based on actual results for the fiscal year ended March 31, 2006), is Kenwood's base business generating the highest profitability among its three core businesses. In the field of Land Mobile Radio, which is the major sub-segment of that business and boasts the second largest global market share, Kenwood has developed its operations by focusing on radio terminals mainly for use in public safety and business & industry environments. This business field has made good progress as a result of: (i) initiatives to enhance coordination between the sales and applied technology functions at sales subsidiaries based in Europe and the U.S. and the development/design functions based in Japan; (ii) favorable business conditions prevailing in the U.S., the largest market for this business field; and (iii) the expansion of emerging markets.

TRANSLATION - FOR REFERENCE ONLY -

Since the fiscal year ended March 31, 2006, Kenwood has worked on the "Value Creation Plan," the second mid-term business plan aimed at enhancing its corporate value, and has actively pursued M&A opportunities to accelerate its growth. In the Communications Equipment business, Kenwood is striving to expand its business scope from supplying radio terminals to offering turn-key system solutions that address the evolving demands of Kenwood's customers and further enhance its presence in the global market.

The acquisition of Zetron, known for its considerable track record in the field of mission-critical command and control and private mobile network communications for both the governmental and commercial markets such as airlines and various other facilities around the world, will enable Kenwood to place the highly reliable communication systems business as Zetron's main business under its control; cause the existing radio terminal-based business to progress rapidly into a turn-key systems business; win new sales opportunities by capturing demand for communication systems in the government, traffic, aviation, and security sectors; and win new customers through such new businesses. Kenwood will initially focus development of this new business on the U.S., which is the largest market for both Kenwood and Zetron, but plans in the future to expand it worldwide by taking advantage of both companies' global network.

At the same time, combining Kenwood's radio terminal technology with Zetron's mission-critical communication system technology will improve Kenwood's positioning for future business in the field of Digital Land Mobile Radio that Kenwood is seeking to bolster along with the field of system solutions.

Thus, Kenwood believes that it will not only acquire Zetron's sales that will represent approximately 10% of the sales from Kenwood's Communications Equipment business (based on actual results for the fiscal year ended March 31, 2006) but also will realize substantial synergies from the expansion of its own radio terminal sales by combining its radio terminal-based technologies and resources with Zetron's highly reliable mission-critical communication system technologies and resources. This will serve to accelerate its company-wide growth strategy through expansion and reinforcement of its earnings base.

TRANSLATION - FOR REFERENCE ONLY -

2. Corporate Outline of New Subsidiary (Zetron)

- (1) Corporate name: Zetron, Inc.
- (2) Representative: John Reece (President and CEO)
- (3) Location: Redmond, Washington, U.S.A.
- (4) Year established: 1980
- (5) Main business: Development, production and sales of products and systems used in mission-critical command and control and private mobile network communications for both the governmental and commercial markets
- (6) Fiscal year ended: December 31
- (7) Number of employees: 290 (as of December 31, 2006)
- (8) Main business offices: U.S.A., U.K., Australia
- (9) Shareholder (%): Zetron Holdings, Inc. (Zetron's 100% holding company)
- (10) Recent business results:

(In thousand US dollars)

	Fiscal Year ended December 2005	Fiscal Year ended December 2006
Net Sales	43,065	44,365
Operating Profit	3,368	4,284

3. Assignor of Capital Stock Acquired, and Status of Shareholding before and after Acquisition

By way of the Stock Purchase Agreement, Kenwood will acquire 100% of the issued and outstanding capital stock of Zetron from Zetron Holdings, Inc. thereby converting Zetron into its wholly-owned subsidiary.

4. Schedule

- April 4, 2007: Execution of Stock Purchase Agreement based on Board resolution
- By the end of April, 2007: Closing (tentative)