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Notice on the Revision of the Performance Forecast for the Fiscal Year Ended March 2008

April 15, 2008

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Kenwood Corporation (hereinafter referred to as the Company) has revised its performance forecast as follows because it anticipates that consolidated sales and earnings for the fiscal year ended March 2008 (from April 1, 2007 to March 31, 2008) will, although the timely disclosure regulations are not applicable, fall short of the forecasted figures announced on May 15, 2007.

1. Revision of the Consolidated Performance Forecast for the Fiscal Year Ended March 2008 (from April 1, 2007 to March 31, 2008)

(JPY in Million)

	Net Sales	Operating Profit	Ordinary Income	Net Income	Net Income per Share (yen)
Previous announced forecast (A) (Announced on May 15, 2007)	183,000	8,300	5,000	4,000	10.90
Revised forecast (B)	165,000	6,300	3,600	3,000	8.18
Amount of change (B - A)	-18,000	-2,000	-1,400	-1,000	-2.72
Rate of change (%)	-9.8%	-24.1%	-28.0%	-25.0%	-25.0%
(Reference) Previous fiscal year's result (Fiscal year ended March 2007)	169,194	5,617	2,339	1,586	4.32

2. Reasons for Revision of the Performance Forecast for the Fiscal Year Ended March 2008 (from April 1, 2007 to March 31, 2008)

In the fiscal year ended March 2008, Car Electronics OEM Business results fell short of our forecast and this affected overall company sales and earnings, and in addition, the rapid yen rise against the dollar going into the fourth quarter largely affected overall company sales.

As a result of this revision, sales are forecasted to decrease by about 2% year-on-year, while on a local currency basis, excluding the effects of currency fluctuations, sales will increase by about 4% year-on-year. In addition, operating profit, ordinary income and net income, on which the impact of currency fluctuations is minor, thanks to the effects of forward exchange, will increase by 12%, 54% and 89%, respectively, year-on-year.

The Car Electronics OEM Business has been trending below our forecast due to the stagnation of automobile sales, and the more-than-expected sluggishness in the installation rate for genuine products, the primary business of the OEM Business. Meanwhile, the favorable conditions continued in the Car Electronics Consumer Business and introductions of new products in the fourth quarter were successful, but there were supply bottlenecks for some new products in March, when sales and earnings are especially concentrated, and the favorable factors did not compensate for the greater than anticipated drop in earnings in the Car Electronics OEM Business.

In addition, since the Company has adopted the accounting method of converting aggregated foreign currency denominated overseas sales and partial earnings from the beginning of the term into yen currency using the term-end exchange rate, the abrupt yen rise in the fourth quarter will impact the performance for the entire year, including the nine months up to the third quarter of the fiscal year.

During the fiscal year ended March 2008, the Car Electronics Consumer Business and the Communications Equipment Business, which have a high proportion of sales overseas, were greatly affected by currency fluctuations. Sales for these two businesses on a local currency basis are projected to be in line with the term-beginning forecast; however, overall company sales for the fiscal year ended March 2008 are expected to undershoot the term-beginning forecast by about JPY 11 billion, as a result of currency fluctuations.

Meanwhile, the effect of currency fluctuations on earnings was minor, thanks to the effects of forward exchange.

For reference, the predicted exchange rate at the time of formulation of term-beginning forecast was JPY 118 for U.S. dollars and JPY 155 for the EURO; however, for the accounts settlement for the fiscal year ended March 2008, accounting processing is planned to be performed using the exchange rate at the end of March 2008 (JPY 100 for U.S. dollars and JPY 158 for EURO).

As a result of the above, net sales for the fiscal year ended March 2008 are expected to underachieve the previous forecast by about JPY 18 billion, and the Company is expected to suffer a decrease in net sales by 2% compared to the previous term, and operating profit for the fiscal year ended March 2008 is expected to underachieve the previous forecast by about JPY 2 billion, but will achieve increase in operating profit at 12% compared to the previous term.

Ordinary income is expected to barely miss the previous forecast by about JPY 1.4 billion, since non-operating profit was above the expectations from the beginning of the term, and partially compensate for the effects of the decline of operating profit, and ordinary income is expected to increase by 54% compared to the previous term.

Additionally, net income is anticipated to barely miss the previous forecast by about JPY 1.0 billion, since extraordinary income was above the expectation from the beginning of the term and partially compensate for the effects of the decline of ordinary income, and net income is expected to increase by 89% compared to the previous term.

3. Prospective Policy for the Time Ahead

(1) Structural Reform for Dramatic Improvement of Earnings

In working toward an improvement of earnings with regard to the Car Electronics OEM Business, which was a primary factor in the revision of a performance forecast for the fiscal year ended March 2008, and another non-profitable business, Home Electronics Business, the Company will carry out the following structural reforms.

a) Car Electronics OEM Business

While the Car Electronics Consumer Business has been strong, as for the Car Electronics OEM Business in the fiscal year ended March 2008, sales continue to be sluggish due to the stagnation of automobile sales and, additionally, due to the fact that the installation rate of the genuine products for automobile manufacturers fell significantly short of the projection, and hindered the improvement in earnings of the entire Car Electronics Business. Since it is predicted that this situation will continue in the medium run as well, the Company will carry out cost a structural reform of the genuine products business, and work toward improving earnings through structural reform - while maintaining and even expanding sales - with an expansion of the dealer option products business for automobile dealers and the device business, which are not strongly affected by automobile sales market conditions, with an aim at achieving profitability in the business at an early stage.

*** Earnings Improvement of Genuine Products Business (separately disclosed on April 15)**

Specific contents of the structural reforms are as in the “Notice on Structural Reform of Car Electronics OEM Business and Reorganization of Manufacturing Subsidiaries in Japan,” as disclosed separately today, in order to respond to the abovementioned stagnation of the genuine products business, the Company will reexamine development resources and transfer a portion thereof to other business domains and lighten the burden of development costs, and carry out a merger of two manufacturing subsidiaries in Japan resulting from the reorganization of manufacturing subsidiaries in Japan and a reduction of manufacturing lines, thus aiming at improvement of earnings through cost reductions via reduction of fixed expenses and efficiency improvements of factory management.

*** Reinforcement of Dealer Option Products Business (Announced on March 25)**

Sales of new-concept car navigation systems through collaboration with Garmin Ltd., The global leader in the field of the Portable/Personal Navigation Devices (PNDs), have been strong, centering on overseas markets, and since even further sales expansion can be expected through an exclusive sales right agreement for AV-integrated navigation systems for the consumer aftermarket announced on March 25, the Company will activate the sales potential of its products and work at business expansion in the dealer option products business as well.

Last October, the Company readied a system in which the dealer option products business in overseas markets is covered by further improved consumer business sales resources, and going forward the Company will enter full gear with business expansion of the dealer option products business using the 2008 model enhanced line-up as merchandise.

*** Reinforcement of Device Business (Announced on April 9)**

In the device business, the Company has made progress in its business expansion centering on optical disk drive mechanisms for automobile-mounted AV equipment, and completed the building of an expansion at Shanghai Kenwood Electronics Co. Ltd. (“Shanghai Kenwood”) in August 2005 in preparation of a system for increasing production, and meanwhile transferred the production line from Kenwood Nagano Corporation to Shanghai Kenwood, promoted a vertical integration of both companies, and reinforced cost competitiveness. Additionally, in order to reinforce product competitiveness, the Company advanced the development of new-type optical disk drives and self-manufacturing of optical pickups.

As a result of these efforts, the Company obtained large-scale orders from automobile accessories manufacturers in Japan, U.S. and Europe, and plans to manufacture and ship about 10 million units of DVD and CD mechanisms in sum total for the three years from March ending 2009 to March ending 2011.

In so doing, the Company will raise the sales ratio of the device business in the Car Electronics OEM Business from about 10% for current fiscal year to about 30% for the fiscal year ending March 2011, and advance the preparation of a stable earnings basis of the OEM Business.

b) Home Electronics Business (announced on March 21)

The Company finished up its focus on non-profitable models and sales areas in the previous fiscal year ended March 2007, and in the fiscal year ended March 2008 the Company attempted to improve its line-up through the injection of high-value-added products, and promoted conversion to a high-value-added type business structure by extending premium long tail strategies. As a result, earnings was improved and a profit was successfully posted in the second half of the fiscal year.

In even further reforms of the profit structure for the fiscal year ending March 2009, the Company reorganized the existing business organizational system as of April 1, 2008, and consigned the production function and partial development function to other business departments and to external companies including Victor Company of Japan, Limited. ("JVC"), moved to a flexible and low-cost organizational system specializing in product planning and design, and marketing and sales of existing areas.

By so doing the Company will reinforce the ability to deal with market or technology changes and cost competitiveness, aim at achieving profitability in the business throughout the fiscal year, and transfer a part of development resources to new business domains, including other businesses expected to grow in the future, and also by activating the results of joint development with JVC, the Company will explore areas for new growth.

(2) About Management Integration with JVC

Kenwood and JVC concluded a capital and business alliance agreement on July 24, 2007, targeting a management integration, as an entity to survive in the intensely competitive audio visual industry.

Both companies are positioning this capital and business alliance as a first step toward realignment of Japanese AV specialized manufacturers, and now are moving forward on collaboration with regard to the Car Electronics Business and Home/Portable Audio Business, in which both companies are engaged.

Now the two companies are moving forward an inquiry on management integration as a second step in the realization thereof as early as possible, and will publicize it promptly when the stages reached where it can be announced, after ascertaining the stabilization of the management of the two companies.

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Notes on Earnings Outlook

The earnings outlook described above is an estimate of the future state of affairs reflecting the judgments that the Group has made on the basis of currently available information. Please note that actual results may vary materially from the results projected and presented in this outlook for a variety of reasons. Accordingly, the Group recommends that you refrain from making your investment decisions solely on the strength of this outlook.