



## Issue of New Shares through Allocation to Third Parties

February 25, 2005

Company Name: Kenwood Corporation (Code No.: 6765, TSE/OSE, Section1)  
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The board of directors of Kenwood Corporation resolved on February 25, 2005, to issue new shares through allocation to third parties as follows.

### 1. Overview of new shares issue

(1) Number of new shares to be issued	Common stock:	5,069,000 shares
(2) Issue price	Per share:	211 yen
(3) Total amount of shares to be issued		1,069,559,000 yen
(4) Amount capitalized	Per share:	106 yen
(5) Total amount capitalized		537,314,000 yen
(6) Stock subscription date		March 17, 2005
(7) Payment date		March 18, 2005
(8) Date of delivery of new shares		March 22, 2005
(9) Date of record for dividend		April 1, 2004
(10) Recipient and number of shares allocated	Icom Inc.	5,069,000 shares
(11) Agreement concerning continual ownership of the new shares		

Kenwood will ask the recipient of the new shares to make a commitment to report the details, whenever any partial or whole transfer of the new shares takes place within two years from the issue date.

(12) Each of the above provisions is based on the premise that the notification according to the Securities and Exchange Law becomes effective.

Note: The method of determining the issue price:

The figure of 211 yen per share was determined on the basis of the last six month average closing price (rounded down to the yen) to February 24, 2005 for Kenwood's share on the Tokyo Stock Exchange.

### 2. Change in total shares outstanding (change in capital) after capital increase

	Total shares outstanding (including treasury stocks)			Capital (in million yen)
	Total	Common stock	Preferred stock	
As of February 25, 2005	333,705,995	302,455,995	31,250,000	14,409
Number of new shares to be issued and increase in capital after capital increase	5,069,000	5,069,000	-	537
As of March 18, 2005 (after capital increase)	338,774,995	307,524,995	No change	14,947

**3. Reason for capital increase and use of the fund**

## (1) Reason for capital increase

Through the joint research towards standardization of technical specifications of digital wireless radio equipment for extensive business use in the U.S., Europe and Japan, Kenwood and Icom Inc. intend to promote practical applications of competitive digital wireless radio equipment and further enhance its business in that sector, notwithstanding that leading communication companies in the U.S. and Europe are currently at the cutting edge of this technology.

In establishing technical alliance, Kenwood will acquire 3% of total shares outstanding of Icom, issue new shares through allocation to third parties in the corresponding amount (about 1.07 billion yen) and form a capital alliance by allocating the new shares of Kenwood (about 1.5% of total shares outstanding) to Icom. In doing so, both companies intend to strengthen the technical alliance and strive mutually for the development of wireless radio equipment business.

Kenwood is confident that this will accelerate its growth strategy for wireless radio equipment business and open up future business prospects in the wireless radio equipment field, where ongoing digitization is expected to bring significant change.

## (2) Use of capital

The capital obtained from this issue of new shares will be used to form a capital alliance with Icom, that will lead to a technical alliance, for research towards standardization of technical specifications of digital wireless radio equipment for business use in the U.S., Europe and Japan.

## (3) Effect on earnings

The earnings forecasts for fiscal year ending March 2005 announced on November 12, 2004 are unaffected by this capital increase.

**4. Equity financing over the past three fiscal years**

## (1) Equity financing

Date	Capital increase (yen)	Capital after capital increase (yen)	Details
October 30, 2002	1,032,408,000	26,969,876,000	New shares through allocation to third parties
December 27, 2002	12,500,000,000	39,469,876,000	New shares through allocation to third parties via debt-for-equity swap
July 1, 2004	11,040,000,000	50,509,876,000	New shares through public offering

## (2) Share prices during the past three fiscal years and immediately before the new issue

	Fiscal year ended March 2002	Fiscal year ended March 2003	Fiscal year ended March 2004	Fiscal year ending March 2005
Opening price (yen)	207	93	193	340
High (yen)	290	225	398	362
Low (yen)	47	73	166	173
Closing price (yen)	91	190	337	214
Price earnings ratio (times)	-	8.9	9.9	-

TRANSLATION - FOR REFERENCE ONLY -

Notes:

1. The closing price for fiscal year ending March 2005 shall be the closing price on February 24, 2005.
2. Price earnings ratio is calculated by dividing the share price (closing price) at the end of term by consolidated net income per share.
3. No price earnings ratio is recorded for fiscal years ended March 2002 and March 2005, as Kenwood recorded a net loss for the year to March 2002, and as the ratio has not been determined for the year to March 2005.

**5. Overview of the entity allocated**

Corporate name of subscriber		Icom Inc.		
Number of shares allocated to Icom		5,069,000		
Amount to be paid in		1,069,559,000 yen		
Details of subscriber	Address of headquarters		1-6-19 Kamikuratsukuri, Hirano-ku, Osaka-shi, Osaka	
	Contact address		1-1-32 Kamiminami, Hirano-ku, Osaka-shi, Osaka	
	Name and title of representative		Tokuzo Inoue, President	
	Paid-in capital		7.081 billion yen	
	Business domains		Manufacturing and sales of wireless communication and computer equipment	
	Major shareholders and ratio of shareholdings		Tokuzo Inoue Gigapalace Inc. The Bank of New York, Treaty Jasdec Account (Standing proxy: The Bank of Tokyo-Mitsubishi) Morgan Stanley and Company International Limited (Standing proxy: Morgan Stanley Japan Limited Tokyo Branch) Icom Foundation for electronic communications engineering	15.27% 11.56% 8.91% 8.15% 6.73%
Relationship to Kenwood	Investment relationship	Number of subscriber's shares owned by Kenwood	-	
		Number of Kenwood's shares owned by the subscriber	-	
	Business relationship	Operating transactions	None	
		Connections through personnel	None	

Note: The amount of paid-in capital, major shareholders and ratio of shareholdings are as of September 30, 2004.