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## Press Release

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### Introduction of a Voluntary Early Retirement Incentive Program

The following is an overview of D&M Holdings' labor discussion concerning the implementation of a Voluntary Early Retirement Incentive Program.

#### 1. Reason for the introduction of a Voluntary Early Retirement Incentive Program

Three years after the management integration of Denon and Marantz, the business merger of our corporate group is progressing satisfactorily. However, there is escalating competition with other manufacturers in the AV market where we operate, and we immediately need to improve business efficiency and profitability.

Given these circumstances, our corporate group is currently carrying out worldwide function integration and improvement activities in various areas, as well as cost restructuring, as the second stage of our post merger integration (PMI). In Japan, the group has decided to implement a Voluntary Early Retirement Incentive Program, in order to realize further efficiency and profitability through the integration of back office operations that encompass all the sales divisions, and the flattening of sales division organizations.

In the future D&M Holdings Group will continue to promote further improvements to efficiency and profitability, in order to strengthen our corporate competitiveness.

#### 2. Program overview

- (1) Number of candidates sought: Dozens of persons
- (2) Candidate criteria: Regular employees aged 50 or older, as of October 31, 2005
- (3) Application period: About three weeks starting in mid November 2005
- (4) Retirement date: December 31 2005
- (5) Other: Along with the payment of a special additional retirement bonus, the retirees will receive re-employment support services including re-employment mediation and guidance counseling.

#### 3. Future outlook

The special additional retirement bonuses for this program are expected to total approximately 700 million yen, and will be treated as an extraordinary loss for the year ending March 2006. This loss amount was included in the business performance forecast released on November 16, 2005. If the amount ends up differing greatly once the actual number of program applicants is ascertained, it will be announced separately.