

News Release

**For Immediate Release
December 2, 2015**

Pioneer Announces Issuance of Zero Coupon Convertible Bonds due 2020 Through Third-Party Allotment

Pioneer Corporation (hereinafter “Pioneer”) announced today that Pioneer resolved, at the meeting of its board of directors held on December 2, 2015, to issue Zero Coupon Convertible Bonds due 2020 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuen-tsuki shasai*, hereinafter referred to as the “Convertible Bonds,” of which bonds, excluding stock acquisition rights, are to be hereinafter referred to as the “Bonds”) for the total amount of 15,075,000,000 yen, through a third party allotment to Deutsche Securities Inc. Pioneer has been informed that Deutsche Securities Inc. will sell call options of the Convertible Bonds as warrants to non-Japanese institutional investors.

1. Purpose of and reason for the Issuance of the Convertible Bonds

Pioneer has been rebuilding its business portfolio and improving its financial standing after the withdrawal from the plasma TV business in order to concentrate management resources in the car electronics business, with the aim of being a leading “comprehensive infotainment” company that creates comfort, excitement, safety and reliability in vehicles. Last fiscal year, Pioneer strengthened its management base by transferring its home AV and DJ equipment businesses, streamlining its organization and restructuring its organization to a function-based organizational structure. As part of these measures, this fiscal year, Pioneer decided to sell the property of its head office.

From this fiscal year, Pioneer commenced business development centering on the car electronics business. While the environment surrounding the car electronics industry has entered a phase of major change, Pioneer aims to be a leading “comprehensive infotainment” company for vehicles by maximizing synergies between the consumer and OEM businesses. In order to achieve the aim, Pioneer engages in “growing the connected car business,” “growing the OEM business” by expanding existing OEM accounts and acquiring new accounts, and “pursuing challenges in emerging markets” where an increase in automobile sales is expected.

As the OEM business is expanding, Pioneer will work to increase sales and strengthen its profitability by expanding its business with existing OEM accounts and acquiring new accounts, through measures such as strengthening our ability to provide solutions, improving development efficiency by promoting the use of modular designs and integrating car AV product models and car navigation systems, reinforcing

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This news release is intended as general information regarding Pioneer’s issuance of the securities referred to above. This news release does not constitute an offer of securities for sale in the United States. The securities referred to above have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”). The securities referred to above may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.

mainly the key modules that comprise the area around the driver’s seat and making a full-scale entry into the car speaker business. The number of orders from existing OEM accounts for car AV products and car navigation systems is increasing. In addition, automakers are expanding into emerging markets where the automobile market is expected to drastically grow. Pioneer has established a sales subsidiary in Indonesia and has decided to establish a new production site in Mexico, and will further strengthen its OEM business in emerging markets.

In consideration of the need to raise long-term stable funds based on favorable terms in order to further promote the above measures toward its sustainable growth and enhancement of its corporate value, Pioneer has decided to issue the Convertible Bonds. All proceeds from the issuance of the Convertible Bonds will be used for investment to develop software and capital expenditures related to additional large orders in the OEM business, as well as improving financial position through the repayment of short-term borrowings.

2. Use of Proceeds

The estimated net proceeds from the issuance of the Convertible Bonds will be 15,059 million yen, out of which 12,000 million yen will be used for investment to develop software and capital expenditures related to additional large orders in the OEM business by the end of December 2017. In particular, 9,000 million yen will be used for investment to develop software for car AV products and car navigation systems, 1,000 million yen will be used for capital expenditures for molds and experiment and research expenses, 1,000 million yen will be used for capital expenditures for building automated production lines and 1,000 million yen will be used for establishing the new plant in Mexico. 3,059 million yen will be used for the repayment of short-term borrowings borrowed from financial institutions as working capital in order to reduce interest expenses and improve financial position by the end of December 2016.

3. Summary of the Convertible Bonds

(1) Launch and pricing date	December 2, 2015
(2) Issue date	December 18, 2015
(3) Face value of the Bonds	15,000,000,000 yen
(4) Issue price	100.50% of the face value of the Bonds
(5) Aggregate issue price	15,075,000,000 yen
(6) Coupon	Zero
(7) Maturity date	December 18, 2020
(8) Redemption price	100.00% of the face value of the Bonds
(9) Initial conversion price	456 yen. Conversion premium is 20% above the closing price (380 yen) on the pricing date on the Tokyo Stock Exchange.

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(10) Other

- Soft call option:
 - When each of the closing prices of the shares of Pioneer common stock on the Tokyo Stock Exchange, Inc. on 20 consecutive trading days are 120% or more of the conversion price of the Convertible Bond applicable on those trading days, Pioneer has an option to redeem all the remaining Convertible Bonds on a specified redemption date on or after March 18, 2019 with 60-90 days prior notice.
 - Reset of conversion price:
 - In the event that the average (any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen) of the closing prices of the shares of common stock of Pioneer on the Tokyo Stock Exchange for 15 consecutive trading days ending on and including the Reset Calculation Date falls below the conversion price in effect on the Reset Calculation Date by one yen or more, the conversion price shall, on the Reset Effective Date, be reset downwards to the average of the closing prices of the shares so calculated, provided, however, that if the aforementioned average is less than the Floor Reset Price, the conversion price shall be the Floor Reset Price.
 - Reset Calculation Date: December 18, 2018
 - Reset Effective Date: December 25, 2018
 - Floor Reset Price: 85% of initial conversion price
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4. Outlook

Pioneer believes that the anticipated impact of the issuance of the Convertible Bonds on its consolidated business forecasts for fiscal year ending on March 31, 2016 is immaterial.

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