

# News Release

---

***For Immediate Release***  
***May 13, 2013***

**Pioneer Announces Capital/Business Alliance  
with NTT DOCOMO, INC. and Issuance of New Shares  
Through Third-Party Allotment**

Pioneer Corporation (hereinafter “Pioneer”) announced today that Pioneer resolved, at a meeting of its board of directors held on May 13, 2013, to enter into an investment agreement for a capital alliance with and to issue new shares through a third-party allotment to NTT DOCOMO, INC. (hereinafter NTT DOCOMO, INC. shall be referred to as “DOCOMO” and such issuance of new shares shall be referred to as the “Third-Party Allotment”) with the aim to build the business alliance smoothly with respect to the business related to cloud information services for automobile users. Pioneer has cooperated with DOCOMO on “docomo Drive Net™,” DOCOMO’s information service for smartphones. Further details are provided below.

In addition to the above resolution, Pioneer resolved, at such meeting of its board of directors, to strengthen the business alliance with Mitsubishi Electric Corporation (hereinafter “Mitsubishi Electric”) and, in connection therewith, to issue new shares through third-party allotment to Mitsubishi Electric. For the details thereof, please see the announcement “Pioneer Announces Strengthening of Capital/Business Alliance with Mitsubishi Electric Corporation and Issuance of New Shares Through Third-Party Allotment.”

## I. Capital/Business Alliance

### 1. Purpose of and Reason for the Capital/Business Alliance

Pioneer has designated its car electronics business, with its outstanding technological expertise, product lineup and brand power, as a core business. The car electronics industry is in the midst of transformation, including integration with cloud services under an environment in which each automobile has Internet access and is enabled to intercommunicate with other automobiles, and diversification of services utilizing large volumes of data. Regarding this transformation as a business opportunity, Pioneer will promptly respond to the change through this capital/business alliance, and will strive to enhance competitiveness.

By further strengthening the relationship with DOCOMO, with which Pioneer already has a business alliance in such field as “docomo Drive Net™,” Pioneer will work to promptly establish a new business model in which various devices such as smartphones, in-vehicle equipment and tablet PCs are connected seamlessly.

## 2. Details of Business Alliance

Pioneer and DOCOMO will jointly establish a cloud service infrastructure, which is a large-sized systems group providing the services, etc. in connection with Intelligent Transport Systems for automobile users, and will promote business utilizing such infrastructure.

Both companies will build a cloud service infrastructure, and will provide users with high-quality information services by using (i) Pioneer's original map data, map contents information and server technology for in-vehicle equipment and DOCOMO's numerous content services for smartphones, as well as (ii) information related to driving such as traffic information generated by location information collected from smartphones and large quantities of probe information, which is vehicle tracking data, from the in-vehicle equipment.

Both companies aim (i) to provide, by way of the cloud services alliance, seamless services in various devices such as smartphones, in-vehicle equipment and tablet PCs, and (ii) to provide the most suitable user interface.

Also, both companies will promote the penetration of (a) communications-enabled in-vehicle equipment which can be used in the cloud services and (b) communication modules.

## 3. Details of Capital Alliance

Pioneer will allot 25,773,100 shares of common stock of Pioneer (ratio of voting rights held: 7.02%; ratio to the total number of issued shares: 6.92%, each on a basis after the Third-Party Allotment and the third-party allotment to Mitsubishi Electric) to DOCOMO through the Third-Party Allotment. For the details of the capital alliance, please see "II. Issuance of New Shares Through Third-Party Allotment" below.

## 4. Outline of Alliance Partner

For an outline of DOCOMO, please see "II. Issuance of New Shares Through Third-Party Allotment – 6. Reason for Selecting DOCOMO and Other Related Matters – (1) Outline of DOCOMO" below.

## 5. Schedule

- |  |                      |
|--|----------------------|
| (1) Date of the Resolution of the Board of Directors:  | Monday, May 13, 2013 |
| (2) Execution Date of the Investment Agreement:        | Monday, May 13, 2013 |
| (3) Execution Date of the Business Alliance Agreement: | Monday, May 13, 2013 |

## 6. Future Prospects

Investment in building a cloud service infrastructure is expected to affect the business results for fiscal 2014, year ending March 31, 2014; therefore, Pioneer has included the effects of the business alliance announced herein, in the Business Forecasts for fiscal 2014 announced today in the earnings release "Consolidated Business Results for the Year Ended March 31, 2013." Pioneer will vigorously promote the joint working in order to promptly obtain the benefit of the business alliance. In addition, Pioneer has included the effects on the business results subsequent to fiscal 2014, in the Medium-Term Plan separately announced today.

## II. Issuance of New Shares Through Third-Party Allotment

### 1. Outline of Offering

(1) Payment Date	Friday, June 28, 2013
(2) Number of Shares to Be Newly Issued	25,773,100 shares of common stock
(3) Issue Price	194 yen
(4) Amount of Funds to Be Raised	4,841,981,400 yen (estimated net proceeds)
(5) Method of Offering or Allotment (Party to Which Shares Will Be Allotted)	Third-party allotment  (NTT DOCOMO, INC.)
(6) Other	Each of the items above will be subject to (i) the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan and (ii) satisfaction of the conditions precedent set forth in the investment agreement which is entered into between Pioneer and DOCOMO as of today.

### 2. Purpose of and Reason for the Issuance of New Shares Through Third-Party Allotment

As described in I. 1. above, Pioneer has designated its car electronics business, with its outstanding technological expertise, product lineup and brand power, as a core business. The car electronics industry is in the midst of transformation, including integration with cloud services under an environment in which each automobile has Internet access and is enabled to intercommunicate with other automobiles, and diversification of services utilizing large volumes of data. Regarding this transformation as a business opportunity, Pioneer will promptly respond to the change through this capital/business alliance, and will strive to enhance competitiveness.

By further strengthening the relationship with DOCOMO, with which Pioneer already has a business alliance in such field as “docomo Drive Net™,” Pioneer will work to promptly establish a new business model in which various devices such as smartphones, in-vehicle equipment and tablet PCs are connected seamlessly, and will proceed with business expansion in the field of Telematics, which provides live information by combining automobiles and telecommunications systems.

### 3. Amount, Use and Scheduled Timing of Expenditure of Funds to Be Raised

#### (1) Amount of Funds to Be Raised

(i) Aggregate amount to be paid:	4,999,981,400 yen
(ii) Estimated costs of issuance:	158,000,000 yen
(iii) Estimated net proceeds:	4,841,981,400 yen

- Notes: 1. Estimated costs of issuance do not include consumption taxes.  
2. The breakdown of the estimated costs of the issuance of new shares is scheduled to comprise expenses related to the commercial registration, expenses related to retaining attorneys and financial advisers, and listing fees and other expenses.

(2) Use and Scheduled Timing of Expenditure of Funds to Be Raised

With respect to the funds to be raised through the Third-Party Allotment, approximately 3 billion yen will be used for strengthening technology in respect of the service engine, the contents, and collection and utilization of the probe information, which is vehicle tracking data, in the cloud infrastructure, which provides services in connection with Intelligent Transport Systems, and investment relating to external sales using the cloud infrastructure; and approximately 2 billion yen will be used for investment in connection with the expansion of existing business utilizing the cloud infrastructure. Specific details will be determined after the payment date through discussions on a business alliance between Pioneer and DOCOMO. The former approximately 3 billion yen will be used during the period from fiscal 2014 through fiscal 2016, and the latter approximately 2 billion yen will be used during the period from fiscal 2014 through fiscal 2018. Until then, such funds will be kept in Pioneer's bank account.

4. Rationale for the Use of Funds

Pioneer believes that the use of the funds to be raised, necessary for ensuring the progress on the business alliance with DOCOMO, will contribute to enhance the corporate value of Pioneer, and is therefore a reasonable application.

5. Rationale for Conditions of Issuance

(1) Basis of Calculation of the Amount to Be Paid and Details Thereof

The amount to be paid was determined to be 194 yen, the simple average (any amount less than one yen being disregarded; hereinafter the same shall apply) of the closing prices for the regular trading of shares of common stock of Pioneer on the Tokyo Stock Exchange for the three-month period until May 10, 2013, which is the business day immediately preceding the date of the resolution of the board of directors with respect to the Third-Party Allotment (hereinafter the "Immediately Preceding Business Day") (from February 11, 2013 to May 10, 2013) (hereinafter the "Three-Month Average").

The reason the Three-Month Average is adopted for calculation of the amount to be paid with respect to the Third-Party Allotment is as follows: in addition to the fact that the Business Results for 3Q fiscal 2013 announced on February 12, 2013 fell behind Pioneer's plan, Pioneer, on the same day, announced downward revisions to the business forecasts for fiscal 2013. Consequently, the price of shares of Pioneer decreased significantly. Thereafter, in April 2013, the price turned to an increase with the benefit from the recovery of the entire stock market. However, the price decreased again due to further downward revision of business forecasts for fiscal 2013 announced on April 26, 2013. Taking into consideration the significant volatility of the price during the most recent time frame, using the average share price, which is an equalized figure, instead of using the share price on the Immediately Preceding Business Day, is considered to be highly objective as a basis for calculation. It is also considered reasonable to take into account the prices for period which includes the period affected by these announcements by Pioneer. The reason the simple average of the closing prices for

the one-month period until the Immediately Preceding Business Day (from April 11, 2013 to May 10, 2013) which is 206 yen, is not adopted is that such amount is calculated mainly based on the period affected by the recovery of the entire stock market subsequent to April 2013, and the reason the simple average of the closing prices for the six-month period until the Immediately Preceding Business Day (from November 11, 2012 to May 10, 2013) which is 203 yen, is not adopted is that it is not considered reasonable to calculate such amount based on the prices for the period prior to the period affected by the above-mentioned announcements.

194 yen, the amount to be paid, respectively represents a 9.8% discount against 215 yen, the closing price on the Immediately Preceding Business Day; a 5.8% discount against 206 yen, the average of the closing prices for the one-month period until the Immediately Preceding Business Day; and a 4.4% discount against 203 yen, the average of the closing prices for the six-month period until the Immediately Preceding Business Day. This calculation of the amount to be paid is in compliance with the “Guidance Concerning Handling of Capital Increase, Etc. Through a Third-Party Allotment” established by the Japan Securities Dealers Association.

Pioneer has determined that such amount to be paid is reasonable and does not fall within a specially favorable price under the Companies Act of Japan and all three (3) Corporate Auditors (of which two (2) Corporate Auditors are Outside Corporate Auditors) attending the meeting of the board of directors with respect to the Third-Party Allotment represented their opinion that the relevant amount to be paid is determined in compliance with the aforementioned guidance and does not fall within the specially favorable price.

(2) Rationale for the Judgment that the Number of Shares to Be Issued and the Level of Dilution of Shares Are Reasonable

The total number of shares to be newly issued through the Third-Party Allotment and the third-party allotment to Mitsubishi Electric is 46,129,600 shares (number of voting rights: 461,296), and the ratio to the current total number of issued shares of Pioneer (326,093,836 shares (total number of voting rights as of March 31, 2013: 3,208,959)) is 14.1% (ratio in voting rights: 14.4%).

Pioneer determined that the proposed size of the issuance of new shares this time is necessary in order to further bolster alliances with DOCOMO and Mitsubishi Electric, respectively. Pioneer believes that bolstering alliances with DOCOMO will contribute to expanding the business in the field of Telematics, which provides live information by combining automobiles and telecommunications systems, and to enhancing the corporate value of Pioneer; and bolstering alliances with Mitsubishi Electric will contribute to enhancing cost competitiveness commensurate with the ever-intensifying competition in the market, to strengthening capabilities in respect of the development of next generation car navigation systems, and to enhancing the corporate value of Pioneer. Further, with the funds to be raised through the Third-Party Allotment and the third-party allotment to Mitsubishi Electric, Pioneer believes that bolstering these alliances will also contribute to creating new value by transforming the business model, which is one of the key themes of the Medium-Term Plan announced by Pioneer on May 13, 2013.

## 6. Reason for Selecting DOCOMO and Other Related Matters

### (1) Outline of DOCOMO

(i)	Trade name	NTT DOCOMO, INC.	
(ii)	Location	2-11-1, Nagatacho, Chiyoda-ku, Tokyo, Japan	
(iii)	Title and Name of Representative	Kaoru Kato President and CEO	
(iv)	Principal businesses	Telecommunications business and other businesses	
(v)	Stated capital	949,680 million yen	
(vi)	Date of incorporation	August 14, 1991	
(vii)	Number of issued shares	43,650,000 shares	
(viii)	Fiscal year end	March 31	
(ix)	Number of employees	23,890 (consolidated)	
(x)	Major business partners	General customers, companies, etc.	
(xi)	Major transaction banks	-	
		NIPPON TELEGRAPH AND TELEPHONE CORPORATION	63.32%
		THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	1.91%
		JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	1.84%
		SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	0.83%
(xii)	Major shareholders and their shareholding ratio	THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS	0.57%
		STATE STREET BANK AND TRUST COMPANY	0.49%
		JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT 9)	0.40%
		STATE STREET BANK AND TRUST COMPANY 505225	0.38%
		MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	0.37%
		BARCLAYS CAPITAL INC.	0.36%
		Capital relationship	Not applicable
(xiii)	Relationship between Pioneer and DOCOMO	Personnel relationship	Not applicable
		Business relationship	Transaction with respect to communication car navigation services accessed using smart phones.
		Related party relationship	Not applicable

(xiv) Consolidated results of operations and financial condition for the last three years (U.S. GAAP)

	Business Year ended/As of March 31		
	2011	2012	2013
Shareholders' equity (million yen)	4,850,436	5,062,527	5,427,575
Total assets (million yen)	6,791,593	6,948,082	7,228,825
Shareholders' equity per share (yen)	116,969.29	122,083.91	130,887.12
Operating revenues (million yen)	4,224,273	4,240,003	4,470,122
Operating income (million yen)	844,729	874,460	837,180
Income before income taxes (million yen)	835,338	876,958	841,658
Net income attributable to DOCOMO (million yen)	490,485	463,912	495,633
Basic net income attributable to DOCOMO per share (yen)	11,797.07	11,187.34	11,952.29
Cash dividend per share (yen)	5,200	5,600	6,000

- Notes: 1. Stated capital, total number of issued shares and number of employees above are as of March 31, 2013. The major shareholders and their shareholding ratio are based on the register of shareholders as of September 30, 2012.
2. DOCOMO is listed on the First Section of the Tokyo Stock Exchange. Pioneer has determined that DOCOMO, or the officers or major shareholders of DOCOMO are not members of antisocial forces, and that they do not have any relationship with antisocial forces, by confirming on the home page of the Tokyo Stock Exchange, the basic policy and status of eliminating any relationship with antisocial forces described in the Corporate Governance Report filed with the Tokyo Stock Exchange by DOCOMO.

(2) Reason for Selecting DOCOMO

As described in I. 1. above, Pioneer and DOCOMO have decided to form a business alliance for the purpose of promoting the joint establishment of the Telematics business, which provides live information by combining automobiles and telecommunications systems through this business alliance. In order to further smoothen and stabilize the operation of this business alliance and to contribute to enhancing the competitiveness and corporate value of Pioneer, Pioneer has selected DOCOMO as the party to which shares will be allotted through the Third-Party Allotment.

(3) Policy of DOCOMO on Holding Shares of Pioneer

DOCOMO has confirmed orally that DOCOMO intends to hold the new shares to be allotted for the medium- and long-term. In addition, Pioneer will request of DOCOMO a written confirmation agreeing and/or acknowledging that, if DOCOMO assigns all or a part of the new shares to be allotted within two years of the payment date, (i) DOCOMO will immediately report to Pioneer, in writing, the name of the assignee, the number of shares assigned and other related matters, (ii) Pioneer will report such assignment to the Tokyo Stock Exchange, and (iii)

DOCOMO will consent to the substance of such report being made available for public inspection.

(4) Details of the Confirmation of the Payment Capacity of DOCOMO Required for the Payment for the Third-Party Allotment

After confirming the status of operating revenues, total assets, shareholders' equity, cash and cash equivalents, and other related matters described in the latest Annual Securities Report (filed on June 20, 2012) and the latest Quarterly Report (filed on February 5, 2013) that were filed by DOCOMO with the Director-General of the Kanto Local Finance Bureau of Japan, Pioneer has confirmed that there would be no problems with regard to payment by DOCOMO for the Third-Party Allotment.

7. Major Shareholders and Their Shareholding Ratio of Pioneer

Before the issuance (as of March 31, 2013)		After the issuance	
Sharp Corporation	9.19%	Sharp Corporation	8.05%
HONDA MOTOR CO., LTD.	4.50%	Mitsubishi Electric Corporation	7.49%
National Mutual Insurance Federation of Agricultural Cooperatives	4.44%	NTT DOCOMO, INC.	6.92%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.05%	HONDA MOTOR CO., LTD.	3.94%
Japan Trustee Services Bank, Ltd. (Trust Account)	3.91%	National Mutual Insurance Federation of Agricultural Cooperatives	3.89%
JP MORGAN CHASE BANK 385078	2.82%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.55%
Mitsubishi Electric Corporation	2.30%	Japan Trustee Services Bank, Ltd. (Trust Account)	3.42%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.99%	JP MORGAN CHASE BANK 385078	2.47%
Bank of New York GCM Client Account JPRD ISG (FE-AC)	1.69%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.74%
Pioneer Employee Stock Ownership Plan	1.49%	Bank of New York GCM Client Account JPRD ISG (FE-AC)	1.48%

Notes: 1. The table above is based on the register of shareholders as of March 31, 2013. In addition, Pioneer held treasury stocks at the ratio of 1.54% of its total issued shares as of March 31, 2013, which are not included in the table above.

2. The shareholding ratios of the major shareholders after the issuance have been calculated by adding (i) the sum of (a) the number of shares to be issued through the Third-Party Allotment (25,773,100 shares) and (b) the number of shares to be issued through the third-party allotment to Mitsubishi Electric (20,356,500 shares) to (ii) the total number of issued shares (326,093,836 shares) as of March 31, 2013.

8. Future Prospects

Pioneer believes that the Third-Party Allotment will improve and strengthen Pioneer's financial strength and will contribute to the medium- to long-term growth of, and the improvement of the profitability of, Pioneer.



9. Matters concerning Procedures in the Code of Corporate Conduct

Pioneer is not required to obtain the opinion of an independent third party or to confirm the consent of its shareholders concerning the Third-Party Allotment, as provided for in Rule 432 of the Securities Listing Regulations by the Tokyo Stock Exchange, since (i) the dilution rate of the Third-Party Allotment and/or the third-party allotment to Mitsubishi Electric is less than 25% and (ii) the Third-Party Allotment and/or the third-party allotment to Mitsubishi Electric does not involve any change in the controlling shareholder(s).

10. Business Results for and Equity Finance Executed in the Last Three Years

(1) Consolidated Business Results for the Last Three Years

	Year ended/As of March 31		
	2011	2012	2013
Operating revenue (million yen)	457,545	436,753	451,841
Operating income (million yen)	12,487	9,216	5,997
Ordinary income (million yen)	12,331	9,863	812
Net income (loss) (million yen)	10,350	3,670	(19,552)
Net income (loss) per share (yen)	32.24	11.43	(60.90)
Dividend per share (yen)	0	0	0
Net assets per share (yen)	264.78	261.98	237.97

(2) Total Number of Issued Shares and Dilutive Shares

	Number of shares	Ratio to total number of issued shares
Total number of issued shares	326,093,836	100%
Number of dilutive shares	-	-%

(3) Recent Stock Prices

(i) Stock Prices for the Last Three Years

	Year ended March 31		
	2011	2012	2013
Opening	351	349	427
High	452	434	434
Low	240	287	153
Closing	346	423	168

(ii) Stock Prices for the Last Six Months

	Year ended March 31					
	2012 November	December	2013 January	February	March	April
Opening	191	193	223	228	190	171
High	207	234	235	262	206	233
Low	160	185	201	186	168	166
Closing	193	214	228	192	168	200

(iii) Stock Price on the Business Day Immediately Preceding the Date of the Resolution Authorizing the Issuance

(In yen)

	May 10, 2013
Opening	213
High	215
Low	209
Closing	215

- (4) Equity Finance in the Last Three Years  
Not applicable

## 11. Terms and Conditions of Issuance

- (1) Number of Shares to Be Newly Issued:  
25,773,100 shares of common stock
- (2) Amount to Be Paid: 194 yen
- (3) Aggregate Amount to Be Paid: 4,999,981,400 yen
- (4) Amount of Increase in Stated Capital:  
2,499,990,700 yen (97 yen per share)
- (5) Amount of Increase in Additional Paid-in Capital:  
2,499,990,700 yen (97 yen per share)
- (6) Method of Offering or Allotment: Third-party allotment
- (7) Payment Date: Friday, June 28, 2013
- (8) Party to Which Shares Will Be Allotted and Number of Shares to Be Allotted:  
NTT DOCOMO, INC.; 25,773,100 shares of common stock
- (9) Each of the items above shall be subject to (i) the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan and (ii) satisfaction of the conditions precedent set forth in the investment agreement which is entered into between Pioneer and DOCOMO as of today.

# # # # # #

For further information, please contact:

Hideki Okayasu

Representative Director and Senior Managing Executive Officer

Pioneer Corporation, Japan

Phone: +81-44-580-3211 / Fax: +81-44-580-4064

E-mail: [pioneer\\_shr@post.pioneer.co.jp](mailto:pioneer_shr@post.pioneer.co.jp)

IR Website: <http://pioneer.jp/ir-e/>