

News Release

**For Immediate Release
November 7, 2014**

Pioneer Announces Progress of Transfer of DJ Equipment Business and Accompanying Company Split, and Transfer of Subsidiary's Shares

As announced on September 16, 2014, Pioneer will (i) cause a company newly established by Pioneer (the "Successor Company") and the Successor Company's sales subsidiaries that are to be established in the United Kingdom and the United States (the "Sales Subsidiaries"), to succeed to (a) the Pioneer group's business relating to development, manufacturing and sale of DJ equipment (hereinafter the "DJ equipment business") by way of an absorption-type company split (hereinafter the "Company Split") and (b) the DJ equipment business of the Pioneer group other than Pioneer by way of a business transfer, respectively, as of the effective date of March 2, 2015 (scheduled), and (ii) transfer all of the Successor Company's outstanding shares to PDJ Holdings Corporation (hereinafter "PDJHD"), all of whose shares are beneficially owned by the investment fund that is an affiliate of Kohlberg Kravis Roberts & Co. L.P. on the same date (scheduled). In this connection, the Board of Directors of Pioneer has approved today the details of the absorption-type company split agreement for the Company Split and the execution of such agreement.

The matters announced in the news release titled "Pioneer Announces Transfer of DJ Equipment Business and Accompanying Company Split, and Transfer of Subsidiary's Shares" dated September 16, 2014 have been partially amended and certain matters that were to be determined have been fixed, as described below. Changes from the news release dated on September 16, 2014 are underlined.

II. The Company Split

1. Summary of the Company Split

(1) Schedule of the Company Split

[Before Amendment]

Board of Directors to approve the Absorption-Type Company Split Agreement (Pioneer)	November 2014 <u>(Scheduled)</u>
Execution of the Absorption-Type Company Split Agreement	To be executed <u>by January 31, 2015 (Scheduled)</u>
Scheduled date of the Absorption-Type Company Split (effective date)	March 2, 2015 (Scheduled)

Note: General meetings of shareholders of Pioneer and the Successor Company with respect to the approval of the absorption-type company split will not be held since the contemplated Company Split falls under (i) a simplified absorption-type company split set forth in Paragraph 3 of Article 784 and (ii) a summary form absorption-type company split set forth in Paragraph 1 of Article 796 of the Companies Act of Japan.

[After Amendment]

Board of Directors to approve the Absorption-Type Company Split Agreement (Pioneer)	November <u>7</u> , 2014
Execution of the Absorption-Type Company Split Agreement	To be executed <u>on December 26, 2014</u> (Scheduled)
Scheduled date of the Absorption-Type Company Split (effective date)	March 2, 2015 (Scheduled)

Note: General meeting of shareholders of Pioneer with respect to the approval of the absorption-type company split will not be held since the contemplated Company Split falls under a simplified absorption-type company split set forth in Paragraph 3 of Article 784 of the Companies Act of Japan.

(2) Method of the Company Split

[Before Amendment]

The method of the contemplated Company Split is an absorption-type company split (a simplified absorption-type and a summary form absorption-type company split) between Pioneer (as the splitting company) and the Successor Company.

[After Amendment]

The method of the contemplated Company Split is an absorption-type company split (a simplified absorption-type company split) between Pioneer (as the splitting company) and the Successor Company.

(3) Details of consideration to be allotted upon the Company Split

[Before Amendment]

The Successor Company will issue common shares upon its incorporation and will allocate all of such shares to Pioneer. Pioneer will transfer to PDJHD all of the shares of the Successor Company, including the shares that may be allocated to Pioneer by the Successor Company due to the Company Split, on the effective date of the Company Split.

[After Amendment]

The Successor Company will issue one common share upon the Company Split and will allocate such share to Pioneer. Pioneer will transfer to PDJHD all of the shares of the Successor Company, including the share that will be allocated to Pioneer by the Successor Company due to the Company Split, on the effective date of the Company Split.

2. Summary of parties to the Company Split

[Before Amendment]

	Splitting Company (Pioneer) (As of March 31, 2014)	Successor Company (Scheduled)
(1) Trade name	Pioneer Corporation	Pioneer DJ Corporation (Provisional name)
(2) Location	1-1, Shin-ogura, Saiwai-ku, Kawasaki-shi, Kanagawa, Japan	To be determined

(3) Representative	Susumu Kotani, Representative Director, President and CEO	Yoshiaki Ide
(4) Principal businesses	Development, manufacture and sale of car electronics products and home electronics products	Design, manufacture and sales/marketing of DJ equipment, and DJ equipment-related services
(5) Stated capital	91,732 million yen	<u>To be determined</u>
(6) Date of incorporation	May 8, 1947	<u>To be determined</u>
(7) Number of shares issued	372,223,436 common shares	<u>To be determined</u>
(8) Fiscal year-end	March 31	<u>December 31 (Scheduled)</u>
(9) Major shareholders and shareholding ratios	Sharp Corporation 8.05%	Pioneer Corporation 100%
	Mitsubishi Electric Corporation 7.49%	
	NTT DOCOMO, INC. 6.92%	
	The Chase Manhattan Bank, N.A. London S.L. Omnibus Account 4.38%	
	Honda Motor Co., Ltd. 3.94%	
(10) Relationship between the concerned parties	Capital relationship	Pioneer will hold all of the issued shares of the Successor Company.
	Personnel relationship	<u>To be determined</u>
	Business relationship	<u>To be determined</u>
	Related party relationship	The Successor Company will be a subsidiary of Pioneer and therefore falls under the definition of a related party.
(11) Shareholders' equity	77,816 million yen (consolidated)	-
(12) Total assets	327,913 million yen (consolidated)	-
(13) Shareholders' equity per share	197.33 yen (consolidated)	-
(14) Net sales	498,051 million yen (consolidated)	-
(15) Operating income	11,169 million yen (consolidated)	-
(16) Ordinary income	5,111 million yen (consolidated)	-
(17) Net income	531 million yen (consolidated)	-
(18) Net income per share	1.49 yen (consolidated)	-

(19) Dividend per share	-	-
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Note: There are no financial positions or operating results of the Successor Company since the Successor Company is a company that is to be established in the future.

[After Amendment]

	Splitting Company (Pioneer) (As of March 31, 2014)	Successor Company (As of November 7, 2014)
(1) Trade name	Pioneer Corporation	Pioneer DJ Corporation
(2) Location	1-1, Shin-ogura, Saiwai-ku, Kawasaki-shi, Kanagawa, Japan	<u>1-1, Shin-ogura, Saiwai-ku, Kawasaki-shi, Kanagawa, Japan</u>
(3) Representative	Susumu Kotani, Representative Director, President and CEO	<u>Yoshiaki Ide, Representative Director, President</u>
(4) Principal businesses	Development, manufacture and sale of car electronics products and home electronics products	Design, manufacture and sales/marketing of DJ equipment, and DJ equipment-related services
(5) Stated capital	91,732 million yen	<u>1 million yen</u>
(6) Date of incorporation	May 8, 1947	<u>October 22, 2014</u>
(7) Number of shares issued	372,223,436 common shares	<u>20 common shares</u>
(8) Fiscal year-end	March 31	<u>Last day of February</u>
(9) Major shareholders and shareholding ratios	Sharp Corporation 8.05%	Pioneer Corporation 100%
	Mitsubishi Electric Corporation 7.49%	
	NTT DOCOMO, INC. 6.92%	
	The Chase Manhattan Bank, N.A. London S.L. Omnibus Account 4.38%	
	Honda Motor Co., Ltd. 3.94%	
(10) Relationship between the concerned parties	Capital relationship	Pioneer will hold all of the issued shares of the Successor Company.
	Personnel relationship	<u>One executive officer and two employees from Pioneer hold office as directors of the Successor Company and one employee from Pioneer holds office as a corporate auditor of the Successor Company.</u>
	Business relationship	<u>Not applicable</u>
	Related party relationship	The Successor Company will be a subsidiary of Pioneer and therefore falls under the definition of a related party.

(11) Shareholders' equity	77,816 million yen (consolidated)	-
(12) Total assets	327,913 million yen (consolidated)	-
(13) Shareholders' equity per share	197.33 yen (consolidated)	-
(14) Net sales	498,051 million yen (consolidated)	-
(15) Operating income	11,169 million yen (consolidated)	-
(16) Ordinary income	5,111 million yen (consolidated)	-
(17) Net income	531 million yen (consolidated)	-
(18) Net income per share	1.49 yen (consolidated)	-
(19) Dividend per share	-	-

Note: There are no financial positions or operating results of the Successor Company since the Successor Company is a company that was established on October 22, 2014.

III. Summary of the Business Transfer

1. Subsidiaries that will transfer the businesses

[Before Amendment]

Pioneer Home Electronics Corporation
Tohoku Pioneer Corporation
Pioneer Electronics Asiacentre Pte. Ltd.
Pioneer Europe NV
Pioneer Electronics (USA) Inc.
Pioneer Electronics de Mexico, S.A de C.V.
Pioneer International Latin America, S.A.

[After Amendment]

Pioneer Home Electronics Corporation
Tohoku Pioneer Corporation
Pioneer Electronics Asiacentre Pte. Ltd.
Pioneer Europe NV
Pioneer Electronics (USA) Inc.
Pioneer International Latin America, S.A.
Pioneer RUS Limited Liability Company
Pioneer Gulf, Fze.
Pioneer Korea Corporation

IV. Summary of the Transfer of the Shares

3. Number of shares to be transferred, transfer price and number of shares held by Pioneer before/after the Transfer

[Before Amendment]

(1) Number of shares held by Pioneer before the Transfer	<u>To be determined</u> (Number of voting rights: <u>To be determined</u>) (Ratio to the total voting rights: 100%)
(2) Number of shares to be transferred	<u>To be determined</u> (Number of voting rights: <u>To be determined</u>) (Ratio to the shares issued: 100%) (Transfer price: 59,000 million yen) (Note 1)
(3) Number of shares to be held by Pioneer after the Transfer	0 shares (Number of voting rights: 0 rights) (Ratio to the total voting rights: 0%) (Note 2)

Notes: 1. The transfer price in the Transfer of Shares includes the consideration of the Business Transfer. The final transfer price may be adjusted depending on fluctuations in the financial figures of the DJ equipment business and certain other factors.
2. Pioneer will own shares representing 14.95% of the voting rights ratio of PDJHD, who owns all of the Successor Company's shares.

[After Amendment]

(1) Number of shares held by Pioneer before the Transfer	<u>21 shares</u> (Number of voting rights: <u>21 rights</u>) (Ratio to the total voting rights: 100%)
(2) Number of shares to be transferred	<u>21 shares</u> (Number of voting rights: <u>21 rights</u>) (Ratio to the shares issued: 100%) (Transfer price: 59,000 million yen) (Note 1)
(3) Number of shares to be held by Pioneer after the Transfer	0 shares (Number of voting rights: 0 rights) (Ratio to the total voting rights: 0%) (Note 2)

Notes: 1. The transfer price in the Transfer of Shares includes the consideration of the Business Transfer. The final transfer price may be adjusted depending on fluctuations in the financial figures of the DJ equipment business and certain other factors.
2. Pioneer will own shares representing 14.95% of the voting rights ratio of PDJHD, who owns all of the Successor Company's shares.

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