

News Release

For Immediate Release
September 7, 2018

**Pioneer Announces Transfer of Shares of
Its Consolidated Subsidiary (Tohoku Pioneer EG Corporation)**

Pioneer Corporation (hereinafter “Pioneer”) announced that it has resolved, at a meeting of its board of directors held today, to transfer (hereinafter the “Share Transfer”) all shares of Tohoku Pioneer EG Corporation (hereinafter “Tohoku Pioneer EG”) owned by Tohoku Pioneer Corporation (hereinafter “Tohoku Pioneer”), a consolidated subsidiary of Pioneer, to DENSO Corporation (hereinafter “DENSO”).

1. Reasons for the Share Transfer

Since its establishment in 1988, Tohoku Pioneer EG, as our consolidated subsidiary engaged in the factory automation (hereinafter “FA”) business, has provided the highest quality and unique FA production systems that meet customers’ needs across various industries, including the automobile industry as well as the electrical goods and electronics, pharmaceutical and medical device, food, semiconductors and IT industries.

Aiming to become a leading company in “Comprehensive Infotainment” that creates comfort, excitement, reliability and safety in vehicles, Pioneer has concentrated its management resources on its core Car Electronics business, and is proceeding the Group-wide business selection and concentration by comprehensively examining various factors, including the strengths of each business of the Group, synergies to the Car Electronics business, profitability and market growth. While proceeding the business selection and concentration, Pioneer has concluded that the transfer of all of Tohoku Pioneer EG’s shares to DENSO would expedite FA business expansion under DENSO and, therefore, made this resolution.

2. Outline of the consolidated subsidiary to be transferred

(1) Trade name	Tohoku Pioneer EG Corporation
(2) Location	2-1-57 Ishidorii, Tendo, Yamagata, Japan
(3) Title and name of representative	Heikichi Muneta, President and Representative Director
(4) Business activities	Manufacture of various kinds of custom-made automated production equipment and high precision flow measurement devices
(5) Stated capital	350 million yen
(6) Date of incorporation	May 6, 1988

(7) Major share-holders and their shareholding ratios	Tohoku Pioneer Corporation	100.0%
	Capital relationship	Tohoku Pioneer, which is a wholly-owned subsidiary of Pioneer, owns all of Tohoku Pioneer EG's shares.
(8) Relationship between Pioneer and Tohoku Pioneer EG	Personnel relationship	As of today, two employees of Tohoku Pioneer serve as a director or a corporate auditor of Tohoku Pioneer EG. In addition, as of March 31, 2018, 98 employees of Tohoku Pioneer were seconded to Tohoku Pioneer EG.
	Business relationship	Tohoku Pioneer has been entrusted with a part of the back office operations of Tohoku Pioneer EG. In addition, Pioneer and Tohoku Pioneer provide and receive lending to/from Tohoku Pioneer EG.

(9) Tohoku Pioneer EG's business results for the last three years

	(In millions of yen except dividend information)		
	Fiscal Year ended/As of March 31		
	2016	2017	2018
Total equity	4,866	5,410	6,484
Total assets	9,321	10,044	12,351
Total equity per share	4.9	5.4	6.5
Net sales	11,308	12,911	12,442
Operating income	1,594	1,604	1,916
Ordinary income	1,590	1,576	1,878
Net income	1,052	1,070	1,274
Net income per share	1.1	1.1	1.3
Dividend per share (yen)	450,000	525,000	200,000

3. Outline of the company to which the shares are to be transferred

(1) Trade name	DENSO Corporation
(2) Location	1-1, Showa-cho, Kariya, Aichi, Japan
(3) Title and name of representative	Koji Arima, President & CEO
(4) Business activities	Manufacture and sale of automotive components and systems, and industrial products and consumer products
(5) Stated capital	187,457 million yen (as of March 31, 2018)
(6) Date of incorporation	December 16, 1949
(7) Consolidated total equity	3,774,293 million yen (as of March 31, 2018)

(8)	Consolidated total assets	5,764,417 million yen (as of March 31, 2018)	
(9)	Major shareholders and their shareholding ratios (as of March 31, 2018)	Toyota Motor Corporation	24.23%
		TOYOTA INDUSTRIES CORPORATION	8.89%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	5.25%
		Japan Trustee Services Bank, Ltd. (Trust Account)	4.38%
		Towa Real Estate Co., Ltd.	4.27%
		Nippon Life Insurance Company	2.49%
		AISIN SEIKI Co., Ltd.	1.60%
		DENSO Employees' Shareholding Association	1.53%
		Mitsui Sumitomo Insurance Company, Limited	1.22%
		STATE STREET BANK WEST CLIENT - TREATY 505234	1.13%
(10)	Relationship between Pioneer and DENSO	Capital relationship	Not applicable.
		Personnel relationship	Not applicable.
		Business relationship	There are sales and purchase transactions for goods and components between Pioneer and its affiliates, and DENSO and its affiliates. There is no other business relationship to be specified.
		Related party or not	Not applicable.

4. Outline of Tohoku Pioneer Corporation

(1)	Trade name	Tohoku Pioneer Corporation
(2)	Location	1105 Nikko, Kunomoto, Tendo, Yamagata, Japan
(3)	Title and name of representative	Hiroyuki Mineta, President and Representative Director
(4)	Business activities	Manufacture and sale of car electronics products and organic light-emitting diode (OLED) products, and business incidental and related to these businesses
(5)	Stated capital	10,800 million yen

5. Number of shares to be transferred, transfer price and status of shares owned before and after the Share Transfer

(1)	Number of shares owned before the Share Transfer	1,001 shares (Number of voting rights: 1,001) (Ratio of voting rights: 100.0%)
(2)	Number of shares to be transferred	1,001 shares (Number of voting rights: 1,001)
(3)	Transfer price	10,900 million yen
(4)	Number of shares owned after the Share Transfer	0 (Number of voting rights: 0) (Ratio of voting rights: 0%)

6. Schedule

(1) Date of the resolution of the board of directors	September 7, 2018
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(2) Execution date of the Share Transfer agreement	September 7, 2018
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(3) Date of the Share Transfer	December 1, 2018 (Scheduled)
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7. Future Prospects

Due to the Share Transfer, Pioneer expects to record approximately 3,300 million yen of extraordinary income in the consolidated financial results for the fiscal year ending March 31, 2019.

The forecast for net income (loss) attributable to owners of Pioneer Corporation for the fiscal year ending March 31, 2019 has not currently been disclosed but Pioneer will announce it once it has been estimated.

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