

News Release

***For Immediate Release
September 12, 2018***

**Pioneer Announces
Execution of Memorandum of Understanding
Concerning Support by Sponsor**

Pioneer Corporation (hereinafter “Pioneer”) announced that Pioneer has executed, in accordance with the resolution of a meeting of its board of directors held today, a memorandum of understanding concerning support by sponsor (hereinafter the “MOU”) with Kamerig B.V. (hereinafter the “Fund”) under Baring Private Equity Asia (hereinafter “BPEA”).

1. Background and Reasons for the Execution of the MOU

Although Pioneer has examined the group-wide management improvement plans and the significant revision measures in the OEM business, Pioneer has now concluded that it would be the best option for stable operation of the business to aim to solve the issues with respect to its business and financial affairs thoroughly at an early stage by newly selecting a sponsor who can provide support including funding through capital contribution, etc., to Pioneer, and utilizing the funding, etc., provided by such sponsor to regulate financing and cash flow at present and to secure funds to repay the existing loans and to invest for future growth. Therefore, Pioneer sounded several potential sponsors on the possibility of providing support including funding through capital contribution, etc., to Pioneer, and carefully examined the details of the proposals made by such several potential sponsors, including the amount of funds they can provide, when they can provide such funds and the possibility of the realization, their views on Pioneer’s management and business and their attitude toward the management improvement at an early stage and the medium-to-long term growth of the Pioneer Group (hereinafter the “Group”) subsequent to their participation as a sponsor. As a result, Pioneer has executed the MOU with the Fund, who presents the conditions that are considered to be most desirable for Pioneer. In the MOU, the Fund represents that it intends to provide, or cause its controlling entity (hereinafter the “Allottee Candidate”) to provide, Pioneer with capital contribution of a total of around 50 - 60 billion yen (hereinafter the “Third Party Allotment”) and confirms that, in relation to Pioneer’s management after the Third Party Allotment, each matter described in “3. Outline of the MOU (2) Basic Policies for Management” below shall be the basic policies, and shows a strong intention to make efforts to realize the management improvement at an early stage and the medium-to-long term growth of the Group in cooperation with the Group. Moreover, in combination with the execution of the MOU, the Fund agrees to provide Pioneer with loan of a total of 25 billion yen on September 18, 2018 (hereinafter the “Bridge Loan”), prior to the Third Party Allotment, and to appropriate the funds from such loan to the working capital and the repayment of the existing loans. When the Third Party Allotment is implemented, the Bridge Loan is planned to be repaid with a portion of the funds invested through the Third Party Allotment. For the specific description of the MOU, please see “3. Outline of the MOU”

below.

The Fund's indication of its intention in the MOU regarding the implementation of the Third Party Allotment is not legally binding (unlike such indication, the loan agreement concerning the Bridge Loan is legally binding), and the final selection of the sponsor is planned to be implemented upon the execution of the definitive agreement concerning the Third Party Allotment and so forth, which will be legally binding (hereinafter the "Definitive Agreement"). Pioneer and the Fund will consult with each other on the specific details of the Definitive Agreement, taking the results of the due diligence conducted hereafter and so forth into account.

2. Overview of BPEA

The Fund is a subsidiary of a fund advised by BPEA.

BPEA is a leading international private equity firm that advises seven funds with over US\$16 billion of commitments under management. BPEA is differentiated by its experience and capability advising affiliated funds that invest in multinational cross-border transactions, and supports the investments of affiliated investment funds from global offices in Hong Kong, Mumbai, Singapore, Jakarta, Tokyo, Beijing, Shanghai, London and Los Angeles. Funds affiliated with BPEA have been investing in leading companies across the Asia-Pacific region and globally since 1997 and today have over 40 active portfolio companies.

3. Outline of the MOU

(1) Funding through Third Party Allotment

Pioneer and the Fund shall mutually confirm that, in accordance with the provisions of the Definitive Agreement, the Fund intends to provide Pioneer with an aggregate amount of around 50 – 60 billion yen by way of subscription by Allottee Candidate of common stock or preferred stock carrying voting rights (including a put option for common stock as the consideration for such preferred stock) to be issued by Pioneer to the Allottee Candidate.

The amount to be paid in per share of Pioneer to be issued through the Third Party Allotment will be determined in the Definitive Agreement based on, among others, the results of the due diligence on Pioneer and its subsidiaries.

If an approval at a meeting of shareholders of Pioneer is required for the implementation of the Third Party Allotment, the Third Party Allotment shall be conditional upon such approval.

(2) Basic policies for Management

With respect to the management of Pioneer after the Third Party Allotment is implemented, at present, the following shall be the basic policies, which shall be agreed in the MOU.

- Management of the Group

The Allottee Candidate shall respect autonomy and agility of the management of the Group and cooperate in reforms necessary for increasing the corporate value of the Group.

- Maintenance of listing

For the time being after the Third Party Allotment is implemented, the common shares of Pioneer shall remain listed.

- Maintenance of, and Respect for, Trade name and Brand
Pioneer and its subsidiaries shall maintain their current trade names and brands unless the circumstances change otherwise.
- Maintenance and Continuation of Business Relationship
Unless the circumstances change otherwise, the current business relationship between the Group and each customer shall be maintained and continued.
- Support for Alliance with Third Parties
Pioneer and the Allottee Candidate shall consult with each other on the alliance with the third parties necessary for the purpose of maintenance, continuation, development of existing business, and commencement of new business in order to increase the corporate value of the Group, and, in accordance with such consultation, the Allottee Candidate shall provide support therefor.
- Others
With respect to the business plans and other basic policies for the management, Pioneer and the Allottee Candidate shall consult with each other separately in good faith in light of each agreed matter above.

(3) Schedule

Pioneer and the Fund shall mutually confirm that each has the intention of implementing the Third Party Allotment according to the schedule below after the drawdown of the Bridge Loan on September 18, 2018, and shall make their best efforts to realize the Third Party Allotment.

Execution of Definitive Agreement	By the end of October, 2018 (Scheduled)
Payment for Third Party Allotment	By the end of December, 2018 (Scheduled)

4. Future Prospects

The effect that the execution of the MOU will have on the consolidated financial results for the fiscal year ending March 31, 2019, is currently uncertain but Pioneer will announce it once it has been estimated.

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Note:

This news release is intended as general information regarding Pioneer's execution of memorandum of understanding concerning support by sponsor 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.