

News Release

***For Immediate Release
September 16, 2014***

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

Pioneer Corporation (hereinafter "Pioneer") announced today that it resolved, at the meeting of the Board of Directors held on September 16, 2014, with respect to the transfer of the Pioneer group's business relating to development, manufacturing and sale of DJ equipment (hereinafter the "DJ equipment business") to PDJ Holdings Co., Ltd. (hereinafter "PDJHD") (the "Transfer of the DJ equipment business"), all of whose shares are beneficially owned by the investment fund that is an affiliate of Kohlberg Kravis Roberts & Co. L.P. (hereinafter "KKR"), by way of a company split and business transfer, to enter into a share purchase agreement with PDJHD, as described below. Pioneer will (i) cause a company to be 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 DJ equipment business of Pioneer 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 (hereinafter the "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 PDJHD (hereinafter the "Transfer of Shares") on the same date (scheduled).

Pioneer, in conjunction with the Transfer of the DJ equipment business, will subscribe for shares representing 14.95% of the voting rights ratio of PDJHD who is the transferee of the shares of the Successor Company. As a result of the Transfer of the DJ equipment business, the DJ equipment business will be excluded from the scope of consolidation of Pioneer.

I. Purpose and summary of the Transfer of the DJ equipment business

Pioneer will continue to pursue selection and concentration of its businesses other than the Car Electronics business by comprehensively examining various factors, including Pioneer's strength, synergies to the Car Electronics business, profitability and market growth, in order to accelerate the concentration of management resources on the Car Electronics business and to implement its growth strategies quickly and steadily. As part of those efforts, with respect to the DJ equipment business, Pioneer decided to seek the expansion of its business and brand with the most suitable outside partner.

Pioneer's DJ equipment business has been consistently taking on the challenge of the "world-first" for about twenty (20) years, including the sale of the world's first flat-top

DJ player in 1994, and has led the market growth against a background of is overwhelming brand power and technical strength in the DJ equipment market. Pioneer's DJ equipment has been widely embraced by both the top professional and amateur DJ in the world, including in Europe and North America, and has outstanding awareness and market share in the DJ equipment market. While Pioneer has continued until now to develop the DJ equipment business together with its core Car Electronics business, it concluded that it was most suitable to take on a partner that has the financial resources and know-how and will be able to share the same business vision as Pioneer in order to achieve its further growth.

Therefore, Pioneer resolved (i) to cause the newly established Successor Company and the Sales Subsidiaries, which are the subsidiaries of the Successor Company, to succeed to the DJ equipment business by the Company Split and the Business Transfer, and (ii) to transfer all of the Successor Company's shares to PDJHD. Pioneer, in conjunction with the Transfer of the DJ equipment business, will subscribe for new shares of PDJHD issued by way of a third-party allotment and as a result, Pioneer will own shares representing 14.95% of the voting rights ratio of the said corporation. In addition, Pioneer will give the right to use the trademarks and the trade name of Pioneer and Pioneer DJ to the Successor Company. Accordingly, Pioneer believes that it will be possible to maintain a win-win cooperative structure between Pioneer and PDJHD for the growth of the DJ equipment business and the enhancement of the value of Pioneer brand in the future.

Pioneer will seek to further enhance its corporate value as the world's number-one independent car electronics manufacturer by fundamentally transforming its businesses, including (i) concentrating its management resources on the core Car Electronics business and (ii) utilizing external capital in other businesses.

To examine the Transfer of the DJ equipment business, Pioneer has appointed Merrill Lynch Japan Securities Co., Ltd. as financial advisor.

II. The Company Split

1. Summary of the Company Split

(1) Schedule of the Company Split

Board of Directors to approve the Absorption-Type Company Split Agreement (Pioneer)	November 2014 (Scheduled)
Execution of the Absorption-Type Company Split Agreement	To be executed by January 31, 2015 (Scheduled)
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.

(2) Method of the Company Split

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.

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

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.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in the Company Split

Pioneer has not issued any stock acquisition rights or bonds with stock acquisition rights.

(5) Increase or decrease of stated capital upon the Company Split

There will be no increase or decrease of the stated capital of Pioneer as a result of the Company Split.

(6) Rights and obligations to be succeeded to by the Successor Company

The Successor Company will succeed to assets, obligations, employment agreements and rights and obligations regarding the DJ equipment business from Pioneer.

(7) Expectation of the performance capabilities of the Successor Company's obligations

Pioneer expects no problems with respect to the Successor Company's performance of its obligations on and after the effective date of the Company Split.

2. Summary of parties to the Company Split

	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	To be determined
(6)	Date of incorporation	May 8, 1947	To be determined
(7)	Number of shares issued	372,223,436 common shares	To be determined
(8)	Fiscal year-end	March 31	December 31 (Scheduled)
(9)	Major shareholders and shareholding ratios	Sharp Corporation	8.05%
		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	To be determined
		Business relationship	To be determined
		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 is to be established in the future.

3. Summary of the business department subject to the Company Split

(1) Business of the department subject to the Company Split

Design, manufacture and sales/marketing of DJ equipment, and DJ equipment-related services

(2) Performance of the department succeeded to by the Company Split

	Department results for the fiscal year ended March 31, 2014
Sales	21,621 million yen

Note: The amount of the sales above includes a certain amount of sales regarding the DJ equipment business in the Pioneer group other than Pioneer, which business is subject to the "Business Transfer."

(3) Assets and liabilities to be succeeded to upon the Company Split (as of March 31, 2014)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	4,036 million yen	Current liabilities	230 million yen
Fixed assets	568 million yen	Fixed liabilities	666 million yen
Total	4,604 million yen	Total	897 million yen

Note: Each amount of the items above includes a certain amount of the items regarding the DJ equipment business in the Pioneer group other than Pioneer, which business is subject to the "Business Transfer."

4. Pioneer's status after the Company Split

There will be no impact on the name, location, representative, principal businesses, stated capital or fiscal year-end of Pioneer upon the completion of the contemplated Company Split.

III. Summary of the Business Transfer

Pioneer will cause the Successor Company and the Sales Subsidiaries to succeed to the DJ equipment business in the Pioneer group other than Pioneer by way of a business transfer.

1. Subsidiaries that will transfer the businesses

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.

2. Companies that are planning to receive the transfer

The Successor Company and the Sales Subsidiaries.

3. Scale of the DJ equipment business that is subject to the transfer

The scale of the DJ equipment business that is subject to the transfer is as described in “(2) Performance of the department succeeded to by the Company Split” and “(3) Assets and liabilities to be succeeded to upon the company split (as of March 31, 2014)” of item 3. Summary of the business department subject to the Company Split in “II. The Company Split.”

IV. Summary of the Transfer of the Shares

1. Summary of Pioneer DJ Corporation (Provisional name)

The summary of Pioneer DJ Corporation (Provisional name) is as stated in “Successor Company” of “2. Summary of parties of the Company Split” in “II. The Company Split.”

2. Summary of the transferee (PDJHD) (as of September 16, 2014)

(1)	Trade name	PDJ Holdings Co., Ltd. (Note 1)	
(2)	Location	Tokyo Ginko Kyokai Building 6F, 1-3-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	
(3)	Representative	William J. Janetschek	
(4)	Principal businesses	Commerce and all businesses incidental and related thereto.	
(5)	Date of incorporation	August 12, 2014	
(6)	Major shareholders and shareholding ratios	KKR PDJ Investment L.P. 100%	
(7)	Relationship between the concerned listed corporation and the concerned parties	Capital relationship	Not applicable (Note 2)
		Personnel relationship	Not applicable
		Business relationship	Not applicable
		Related party relationship	Not applicable

- Notes:
1. All of the shares of PDJHD are beneficially owned by the investment fund that is an affiliate of KKR.
 2. Pioneer, in conjunction with the Transfer of the DJ equipment business, will own shares representing 14.95% of the voting rights ratio of PDJHD.

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

(1) Number of shares held by Pioneer before the Transfer	To be determined (Number of voting rights: To be determined) (Ratio to the total voting rights: 100.0%)
(2) Number of shares to be transferred	To be determined (Number of voting rights: To be determined) (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.

4. Schedule of the Transfer of Shares

Board of Directors to approve the Share Purchase Agreement	September 16, 2014
Execution of the Share Purchase Agreement	September 16, 2014
Closing of the Transfer of shares	March 2, 2015 (Scheduled)

V. Outlook

Pioneer expects to record extraordinary income of approximately 55 billion yen due to the Transfer of the DJ equipment business. Pioneer is currently reviewing its consolidated business forecasts for the fiscal year ending March 31, 2015, which includes a review of the business portfolio and factors other than the Transfer of the DJ equipment business. Pioneer will announce its revised consolidated business forecasts once it becomes available.

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