

*For Immediate Release*  
*May 14, 2007*

**Pioneer Announces Commencement of Tender Offer for Shares of Tohoku Pioneer Corporation**

Pioneer Corporation (the "Company") announced that it resolved, at the meeting of its board of directors held on May 14, 2007, to acquire the shares and the stock acquisition rights of Tohoku Pioneer Corporation (the "Target Company") through a tender offer (the "Tender Offer"), as follows.

1. Purpose of Tender Offer

In order to enhance the corporate value of the Pioneer Group, the Company has concentrated its resources to the "Home Electronics business" and "Car Electronics business", which are the core businesses of the Pioneer Group. In light of this group management policy, the Target Company has played an important role in the car stereo mechanisms and car speaker related businesses (in the Car Electronics business) and the audio accessories related businesses (in the Home Electronics business). The Target Company has also engaged in plans for the mass production and commercialization of the organic light-emitting diode ("OLED") displays, and the FA (factory automation) business as an original part of the Target Company's business. The Target Company listed its stock on the Second Section of the Tokyo Stock Exchange in March 2000 with an aim to enhance its capacity by expanding its original business, mainly the OLED business, as well as maintaining an important position in the Pioneer Group's core businesses with respect to car stereos and speakers. However, the Target Company cancelled its plan for the mass production of active-matrix OLED displays, which were previously expected to be the next generation product for the OLED business, and sales to the Company (the parent company of the Target Company) and the Company's subsidiaries now account for approximately 60% of the Target Company's net sales.

The Company currently holds 67.08% of the aggregate number of the issued and outstanding shares of the Target Company (13,446,200 shares). The Company regards the Target Company as one of the important subsidiaries to promote the Pioneer Group's core businesses described above. In recent years, the Pioneer Group has faced various challenges in the Car Electronics business, including the need to expand the original equipment manufacturing ("OEM") business for automobile manufacturers, increasingly intensified competition in the consumer market, and the need for prompt measures to respond to technological innovations, mainly seen in telematics, among others. Furthermore, with respect to the speaker business, the Pioneer Group will need to effectively utilize its resources for further growth of such businesses not only in the field of car electronics but also in home appliances and mobile devices.

The Company decided to undertake a dynamic reorganization of its resources, which included technology resources, production capacity, intellectual property and manufacturing know-how of the Pioneer Group including the Company and its affiliated companies, and determined that it is necessary to restructure its business. Accordingly, through reorganization and restructuring, the Company plans to cause the Target Company to develop itself as a core company of the Pioneer Group with higher aspirations for competitiveness and profitability with respect to the production of car stereos and speakers. The Pioneer Group's goal is to further reinforce its market superiority in the foregoing businesses. In addition, the Company believes that the Target Company's development as an entity with a higher earning capacity will significantly contribute to the further enhancement of the corporate value of the Pioneer Group. With respect to such reorganization and restructuring, the Company concluded that the Pioneer Group needs, more than ever, to promptly make decisions and flexibly and efficiently implement strategies. Therefore, in order to realize the above, the Company has a plan to make the Target Company its wholly owned subsidiary.

As a part of the above reorganization and restructuring, the Company plans to integrate the Target Company's speaker business with the Company's speaker business, and thereafter, to take charge of planning and sales, while the Target Company will take charge of technology (R&D) and production. Since the establishment of the Company, the manufacturing and sales of the speakers have been important, being the core of the Company's audio business. Demand for high-grade speakers has increased not only in the field of the traditional household-use and

car audio equipments, but also mobile telephones and personal computers. In connection with the above, the Company has rolled out its production and R&D capabilities in Japan, North America, Asia and China. Following the above business integration the Company and the Target Company will jointly work on restructuring their respective technology (R&D), production and sales systems in Japan and overseas, in order to efficiently use the resources and further strengthen the competitiveness of the Pioneer Group.

The Company plans to make the Target Company its wholly-owned subsidiary through the Tender Offer and a series of subsequent procedures. If all of the shares of the Target Company, excluding its treasury stock, cannot be acquired through the Tender Offer, the Company plans to conduct a share exchange (the "Share Exchange") with the Target Company in which the Company becomes the parent company and the Target Company becomes the wholly-owned subsidiary after the completion of the Tender Offer. Through the Share Exchange, all of the shares which had not been bid in the Tender Offer will be exchanged with the Company's shares, and the shareholders of the Target Company who are entitled to receive one or more shares of the Company will become the shareholders of the Company. The Company decided to implement the Tender Offer by taking into account among other things the factors discussed below. The Tender Offer would provide the shareholders of the Target Company with the opportunity to receive consideration in cash and the shareholders would receive such consideration sooner than in case of a share exchange conducted without having gone through a tender offer. The shareholders of the Target Company are afforded an opportunity to choose the form and the timing of consideration; as such shareholders would also have the opportunity to receive the Company's shares pursuant to the Share Exchange following the Tender Offer. As such Share Exchange will make the Target Company a wholly owned subsidiary of the Company, the shares of the Target Company are expected to be delisted pursuant to the delisting criteria for shares of the Tokyo Stock Exchange. Furthermore, depending on the results of the Tender Offer, the shares of the Target Company may be delisted pursuant the prescribed procedures of the delisting criteria for shares of the Tokyo Stock Exchange following the completion of the Tender Offer.

In order to ensure the fairness of the purchase price of common stock of the Target Company for the Tender Offer, when determining the purchase price, the Company obtained a share valuation report (the "Share Valuation Report") from Nomura Securities Co., Ltd. ("Nomura"), a third party valuation institution independent from the Company and the Target Company, and referred to its opinion. The purchase price of 2,210 yen per share is determined by the Company, based on the Share Valuation Report submitted by Nomura and its opinion, as well as the actual examples of premiums added to the market price in tender offers of shares and other securities by non-issuers in the past, and taking into consideration the possibility of obtaining the Target Company's approval to the Tender Offer, the prospects for the application to the Tender Offer, and the results of consultations and negotiations with the Target Company and other factors. The purchase price of 2,210 yen per share for the Tender Offer represents a premium of approximately 29.39% (rounded to the nearest hundredth) to the simple average closing price of 1,708 yen (rounded to the nearest yen) of the Target Company's shares on the Second Section of the Tokyo Stock Exchange for the past three month period ended on May 11, 2007.

The board of directors of the Target Company resolved, at the meeting held on May 14, 2007, to announce its approval to the Tender Offer. For such resolution with respect to the approval, the board of directors of the Target Company had obtained a "Report on Share Valuation" of the Target Company's shares prepared by Mitsubishi UFJ Securities Co., Ltd., a third party valuation institution independent from the Company and the Target Company.

In the Share Exchange (if implemented), the share exchange ratio is expected to be determined through consultation between the Company and the Target Company following the completion of the Tender Offer taking into consideration the purchase price of the Tender Offer and the level of the share price of the Company and the results of the corporate value evaluation which will be carried out by the Company and the Target Company and other factors as well as taking into sufficient consideration the benefits of shareholders of each of the Company and the Target Company. There is no assurance that the economic value of the consideration received by the shareholders of the Target Company through the Share Exchange (shares of the Company or other assets; provided, however, that if any fractional share less than one share of the Company is allocated, proceeds from the sale of such fractional shares will be distributed) is equivalent to the consideration (in cash) received through the Tender Offer. Shareholders who accept the Tender Offer will be able to receive the consideration in cash earlier than the receipt of the shares of the Company or other assets through the Share Exchange. In the Share Exchange, any shareholder of the Target Company are entitled to require the Target Company to purchase the shares it holds in accordance with the provisions of the Company Law of Japan, and any holder of the Stock Acquisition Rights is also entitled to require the Target Company to purchase the Stock Acquisition Rights it holds in accordance with the provisions of the Company Law of Japan; provided, however, that the purchase price in such case may differ from the purchase price for the Tender Offer.

Depending on the number of shares tendered into the Tender Offer, possible changes to laws, tax practices and procedures (or the interpretation thereof by the authorities concerned) related to the Share Exchange, the percentage of shares of the Target Company held by the Company, the status of other shareholders' holdings of Target Company's shares after the Tender Offer and other factors, the Company may implement measures other than the Share Exchange which have an effect equivalent to the Share Exchange.

The implementation of the Tender Offer and the Share Exchange following the completion of the Tender Offer has been approved by the board of directors of the Target Company. The Company has been informed that the resolution of the board of directors of the Target Company was adopted by all of the directors who participated in the resolution. Also, all corporate auditors of the Target Company including the outside corporate auditors stated their opinion that they endorsed the opinion expressed by the board of directors of the Target Company that it approved the Tender Offer. Further, from the perspective of preventing conflicts of interest between the Company and the Target Company, the two directors among the directors of the Target Company, who are also an executive officer or an employee of the Company, did not participate in the discussion and resolution at the above meeting of the board of directors.

## 2. Outline of Tender Offer

### (1) Outline of Target Company

(As of March 31, 2007)

|    |  |   |  |
|----|--|---|--|
| 1) | Trade name   | Tohoku Pioneer Corporation  |  |
| 2) | Business description   | Manufacture and sale of electronics-related products and industrial equipment, and business incidental and related thereto. |  |
| 3) | Date of establishment  | August 1, 1966  |  |
| 4) | Location of head office  | 1105 Kunomoto, Tendo-shi, Yamagata  |  |
| 5) | Title and name of representative                               | President and Representative Director<br>Shunji Shiono  |  |
| 6) | Capital  | 10,800 million yen  |  |
| 7) | Major shareholders and respective share holding ratio          | Pioneer Corporation          67.08%   |  |
| 8) | Relationship between the Tender Offeror and the Target Company | Capital Relationship  | The Company holds 67.08 % of the number of the issued and outstanding shares of the Target Company.                    |
|    |  | Personnel Relationship  | Two of seven directors of the Target Company are also an executive officer or an employee of the Company.              |
|    |  | Business Relationship   | Tohoku Pioneer Corporation manufactures and sells to the Company, mainly car speakers and parts for car audio systems. |
|    |  | Related party relationship  | Since Tohoku Pioneer Corporation is a consolidated subsidiary of the Company, it falls under the related party.        |

### (2) Period for Tender Offer

#### 1) Period Planned at the time of Filing

From Tuesday, May 15, 2007 through Tuesday, June 19, 2007 (26 business days)

#### 2) Possible Extension of Period for Tender Offer Based on Request by Target Company

In accordance with the provisions of Article 27-10, Paragraph 3 of the Securities and Exchange Law (Law No. 25 of 1948, as amended) (the "Law"), in the event that the Target Company submits an opinion report including request for an extension of the period for the Tender Offer (the "Tender Offer Period"), the Tender Offer Period shall be extended to 30 business days, until Monday, June 25, 2007.

(3) Price for Tender Offer

1) Common Stock: 2,210 yen per share

2) Stock acquisition rights issued pursuant to the special resolution passed at the ordinary general meeting of shareholders of the Target Company held on June 25, 2004 and the resolution adopted by the board of directors of the Target Company held on the same date (the "Stock Acquisition Rights"): 1 yen per right

(4) Basis for Calculation of Price for Tender Offer

1) Basis of Calculation

(i) Common Stock

In determining the purchase price of the common stock for the Tender Offer, the Company referred to the Share Valuation Report submitted by Nomura as a financial adviser to the Company. Nomura conducted a share valuation of the Target Company's shares by using the average market price method, the comparable company comparison method, and the DCF (discounted cash flow) method, and the Share Valuation Report indicated a per share value of the Target Company's shares in the ranges set forth below:

average market price method: from 1,707 yen to 1,793 yen;

comparable company comparison method: from 1,059 yen to 1,491 yen; and

DCF method: from 1,881 yen to 2,418 yen.

In the average market price method, share valuation was conducted based on the average price of the Target Company's shares on the Second Section of the Tokyo Stock Exchange for each of the periods set forth below:

| Share Price Adoption Period           |   | Per Share Value             |
|---------------------------------------|---|-----------------------------|
| Base Date for Valuation               | May 10, 2007                                | 1,793 yen                   |
| Average for the Previous One Month    | from April 11, 2007 through May 10, 2007    | 1,737 yen                   |
| Average for the Previous Three Months | from February 13, 2007 through May 10, 2007 | 1,707 yen                   |
| Valuation Results                     |   | from 1,707 yen to 1,793 yen |

The Company made a comparative study of each share valuation results, and determined the range from 1,059 yen (the lowest value of the share valuation results based on the comparable company comparison method) to 2,418 yen (the highest value of the share valuation results based on the DCF method) as the price range for Target Company's shares. In addition, the Company deliberated the valuation based on precedent transactions in which a premium was added to the market price in tender offers for shares and other securities by non-issuers. Furthermore, as a result of taking into consideration the possibility of obtaining the Target Company's approval to the Tender Offer, the prospects for the application to the Tender Offer, the outcome of consultations and negotiations with the Target Company and other factors, the purchase price of the Tender Offer was determined to be 2,210 yen per share.

Although the offer price at the time of the listing of the Target Company was 4,500 yen, the Company considers the purchase price for the Tender Offer adequate since the premium is added taking into consideration movements in the share price after the listing reflecting the business results of the Target Company and shift in its strategy due to changes in the business environment, the effect enhancing the corporate value of the Pioneer Group achieved by making the Target Company a wholly-owned subsidiary of the Company as planned and other factors.

The purchase price for the Tender Offer represents a premium of approximately 29.39% (rounded to the nearest hundredth) to the average closing price of 1,708 yen (rounded to the nearest yen) of the Target Company's common stock on the Second Section of the Tokyo Stock Exchange during the three month period ended on May 11, 2007.

(ii) Stock Acquisition Rights

The per share exercise price of the Stock Acquisition Rights as of May 11, 2007 is 2,631 yen, which is higher than 2,210 yen, the purchase price per share of common stock for the Tender Offer.

The Stock Acquisition Rights were granted in connection with a stock option given to the directors, executive officers and employees of the Target Company, as well as the directors of the Target Company's subsidiaries, and (i) holders of the Stock Acquisition Rights are in principle required to remain a director, auditor, officer or employee of any of the Target Company or the Target Company's affiliated companies at the time of exercise and (ii) approval by the board of directors of the Target Company is required for a

transfer of the Stock Acquisition Rights by the holders there, and the holders of the Stock Acquisition Rights are prohibited from transferring, pledging or otherwise disposing of all or any of the Stock Acquisition Rights pursuant to the allotment agreement entered into with the Target Company.

Accordingly, it is understood that, even if the Company purchases the Stock Acquisition Rights through the Tender Offer, the exercise of the Stock Acquisition Rights by the Company may not be possible. Therefore the Company has determined the purchase price of the Stock Acquisition Rights to be 1 yen per right as described above.

## 2) Background of Calculation

The Company and the Target Company have discussed issues relating to the Pioneer Group's management and future opportunities since the middle of October 2006. As a result, the Company has concluded that it would be the best strategy to make the Target Company its wholly-owned subsidiary with a view to enhancing the medium- and long-term corporate value of the Pioneer Group. The Company examined the Tender Offer in detail and has determined the purchase price of the shares for the Tender Offer as described below.

### (i) Name of third party that provided an opinion regarding the calculation

In determining the purchase price for the Tender Offer, the Company obtained the Share Valuation Report on the share value of the Target Company from Nomura on May 11, 2007.

### (ii) Summary of opinion

Nomura conducted a share valuation of the Target Company's shares by using the average market price method, the comparable company comparison method and the DCF method. The Share Valuation Report indicates valuation results of the Target Company's share value in the ranges set forth below:

average market price method: from 1,707 yen to 1,793 yen;

comparable company comparison method: from 1,059 yen to 1,491 yen; and

DCF method: from 1,881 yen to 2,418 yen.

### (iii) Background of the purchase price determined based on the opinion

The Company considered the purchase price by taking into account the above valuation results and Nomura's opinion. In addition, the Company thought that a certain level of premium should be added, as the goal of the Tender Offer is for the Company to acquire all of the issued and outstanding shares of the Target Company. Therefore, the Company took into account precedents in which a premium was added to the market price in tender offers for shares and other securities by non-issuers. By taking into consideration the possibility of obtaining the Target Company's approval to the Tender Offer, the prospects for the application to the Tender Offer, the outcome of consultations and negotiations with the Target Company and other factors, the purchase price for the Tender Offer was determined to be 2,210 yen per share at the meeting of the board of directors of the Company held on May 14, 2007. The purchase price of the Stock Acquisition Rights has been also determined to be 1 yen per right for the reasons described in "(2) Certificates of Stock Acquisition Rights" of "1) Basis of Calculation" above.

### (iv) Other measures for securing the fairness of the purchase price

The Target Company has obtained the "Report on Share Valuation" concerning the share valuation of the Target Company's shares from Mitsubishi UFJ Securities Co., Ltd., an independent third party valuation institution, and an opinion as to the legality of purchase procedures, the appropriateness of the business judgement of the Target Company's board of directors at this point and related matters from its legal counsel. The board of directors of the Target Company referred to such valuation and opinion, and as the result of thorough consideration of the terms and conditions of the Tender Offer, the board of directors of the Target Company resolved to approve the Tender Offer at its meeting held on May 14, 2007. The board of directors of the Target Company determined that such terms and conditions of the Tender Offer were reasonable, the Tender Offer would contribute to reinforcement of the management, business restructuring and future opportunities of the Target Company and the Tender Offer would enable the shareholders of the Target Company to sell their shares at a reasonable price. The board of directors of the Target Company also resolved to recommend the shareholders of the Target Company to apply for the Tender Offer.

### (v) Preventive Measures against conflicts of interest

To prevent conflicts of interest, the Company and the Target Company has separately obtained opinions concerning the share valuation of the Target Company from third party valuation institutions independent

from the Company and the Target Company and took into account such opinions at the determination of purchase price or the judgement of the approval of the Tender Offer. There is no director or corporate auditor who serves concurrently as director or corporate auditor of the Target Company.

In addition, the Company has been informed that the board of directors of the Target Company described in 4) above unanimously resolved to approve the Tender Offer. In addition, all of the corporate auditors, including the outside corporate auditors, of the Target Company provided opinions that endorsed the decision of the board of directors of the Target Company to announce its approval of the Tender Offer. Further, from the perspective of preventing conflicts of interest between the Company and the Target Company, two directors of the Target Company, who are either an executive officer or an employee of the Company, did not participate in the discussions and resolution at the above-referenced meeting of the board of directors.

### 3) Relationship with Valuation Institution

Neither Nomura nor Mitsubishi UFJ Securities Co., Ltd. is a related party of the Company or the Target Company.

### (5) Number of Share Certificates and Other Securities to be Purchased

| Type of Share Certificates and Other Securities                     | 1) Number to be Purchased as Converted into Shares | 2) Number to be Over-Purchased as Converted into Shares |
|---|--|---|
| Share Certificates  | - shares   | - shares  |
| Certificates of Stock Acquisition Rights                            | - shares   | - shares  |
| Certificates of Bonds with Stock Acquisition Rights                 | - shares   | - shares  |
| Depository Receipts for Share Certificates and Other Securities ( ) | - shares   | - shares  |
| Total   | - shares   | - shares  |

(Note 1) The Company will purchase all of the tendered share certificates and certificates of Stock Acquisition Rights. The number of share certificates and other securities to be purchased through the Tender Offer (the "Number to be Purchased") should be 6,678,388 shares, which number is obtained by adding (i) the maximum number of the Target Company's shares (78,500 shares) which may be issued or transferred upon exercise of the Stock Acquisition Rights (785 rights) to (ii) the remaining number of shares of the total number of issued shares of the Target Company as of September 30, 2006 (20,046,200 shares) described in the semi-annual securities report for the 42nd interim period filed by the Target Company on December 22, 2006 after the deduction of (a) the number of shares held by the Company (13,446,200 shares) and (b) the number of treasury stock held by the Target Company (112 shares as of September 30, 2006). With respect to the Stock Acquisition Rights, each Stock Acquisition Right which had not been exercised as of September 30, 2006 is converted into 100 shares.

(Note 2) The Company does not plan to acquire treasury stock held by the Target Company (112 shares as of September 30, 2006) through the Tender Offer.

(Note 3) Shares constituting less than one unit shall also be subject to the Tender Offer. To apply for the Tender Offer, it is necessary to submit the relevant share certificates (unless such share certificates are kept in custody by the Japan Securities Depository Center, Inc. through the tender offer agent). Upon exercise of the right to require the Target Company to purchase shares constituting less than one unit by a shareholder in accordance with the Company Law of Japan, the Target Company may purchase its own shares during the Tender Offer Period pursuant to the procedures provided for in the laws and regulations.

(Note 4) Any of the Stock Acquisition Rights may be exercised on or prior to the last day of the Tender Offer Period. The Target Company's shares that are to be issued or transferred upon such exercise are also subject to the Tender Offer.

(6) Change in Ownership Percentage of Share Certificates and Other Securities as a result of Tender Offer

|  |               |   |
|--|---------------|---|
| Number of Voting Rights Represented by Share Certificates and Other Securities Held by the Company before the Tender Offer             | 134,462 units | (Ownership Percentage of Share Certificates and Other Securities before the Tender Offer<br>67.00%) |
| Number of Voting Rights Represented by Share Certificates and Other Securities Held by Special Related Parties before the Tender Offer | 813 units     | (Ownership Percentage of Share Certificates and Other Securities before the Tender Offer<br>0.41%)  |
| Number of Voting Rights Represented by Share Certificates and Other Securities to be Purchased   | 66,783 units  | (Ownership Percentage of Share Certificates and Other Securities after the Tender Offer<br>100.00%) |
| Total Number of Voting Rights of Shareholders of the Target Company  | 200,457 units |   |

(Note 1) The “Number of Voting Rights Represented by Share Certificates and Other Securities Held by Special Related Parties before the Tender Offer” is the total number of voting rights represented by share certificates and other securities held by each special related party (excluding treasury stock held by the Target Company). Such total number of voting rights includes 247 units of the voting rights represented by the maximum number of the Target Company’s shares (24,700 shares) which may be issued or transferred upon exercise of the Stock Acquisition Rights held by special related parties.

(Note 2) The “Total Number of Voting Rights of Shareholders of the Target Company” is the total number of voting rights of shareholders as of September 30, 2006 described in the semi-annual securities report for the 42nd interim period filed by the Target Company on December 22, 2006.

(Note 3) The “Ownership Percentage of Share Certificates and Other Securities before the Tender Offer” and the “Ownership Percentage of Share Certificates and Other Securities after the Tender Offer” have been rounded to the nearest hundredth.

(7) Aggregate Price of Tender Offer

14,759 million yen

(Note) The “Aggregate Price of Tender Offer” is the purchase price per share multiplied by the number of share certificates and other securities planned to be purchased (6,678,388 shares), based on the assumption that all of the tendered share certificates and other securities are the common stock.

(8) Method of Settlement

1) Name and Location of Head Office of Securities Company, Bank or Other Institution in Charge of Settlement for Tender Offer  
Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo

2) Commencement Date of Settlement

Tuesday, June 26, 2007

(Note) If the Target Company submits an opinion report including request for an extension of the Tender Offer Period pursuant to the provisions of Article 27-10, Paragraph 3 of the Law, the commencement date of settlement will be extended to Monday, July 2, 2007.

3) Method of Settlement

A notice of purchase through the Tender Offer will be mailed to the address of the shareholders or holders of the Stock Acquisition Rights who are applying for the Tender Offer (the “Applying Shareholders”) (or the standing proxy in the case of the non-Japanese shareholder) without delay after the end of the Tender Offer Period. Payment of the purchase price will be made in cash. The tender offer agent will, in accordance with the instructions by the Applying Shareholder, remit the price for the share certificates or certificates of the Stock Acquisition Rights sold through the Tender Offer without delay on and after the commencement date of settlement to the account designated by the Applying Shareholder or pay at the head office or branch offices of the tender offer agent.

(9) Other Conditions and Methods of Tender Offer

1) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Law

Not applicable.

The Company will purchase all of the tendered share certificates and certificates of the Stock Acquisition Rights.

2) Conditions of Withdrawal, of Tender Offer, Details thereof and Method of Disclosure of Withdrawal

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1 (a) through 1 (i) and Items 1 (l) through 1 (r), Item 2 and Items 3 (a) through 3 (h), as well as Article 14, Paragraph 2, Items 3 through 6 of the Securities and Exchange Law Enforcement Order (Cabinet Order No. 321 of 1965, as amended) (the “Enforcement Order”), the Tender Offer may be withdrawn. Should the Company intend to withdraw the Tender Offer, it will make a public notice thereof electronically, and this fact is to be published in the Nihon Keizai Shimbun; provided, however, if it is deemed difficult to make such public notice on or prior to the last day of the Tender Offer Period, the Company will make a public announcement in such manner as provided for in Article 20 of the Cabinet Office Ordinance regarding Disclosure of Tender Offers of Share Certificates and Other Securities by Non-Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended) (the “TOB Ordinance”) and forthwith make a public notice.

3) Conditions of Price Reduction of Purchase, etc., Details thereof and Method of Disclosure of Price Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Law, if the Target Company takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order, the Company may reduce the purchase price for the Tender Offer, in accordance with the standard provided for in Article 19, Paragraph 1 of the TOB Ordinance. Should the Company intend to reduce the purchase price for the Tender Offer, it will make a public notice thereof electronically, and this fact is to be published in the Nihon Keizai Shimbun; provided, however, if it is deemed difficult to make such public notice on or prior to the last day of the Tender Offer Period, the Company will make a public announcement in such manner as provided for in Article 20 of the TOB Ordinance and forthwith make a public notice. If the purchase price for the Tender Offer is reduced, the Company will purchase any share certificates or certificates of the Stock Acquisition Rights tendered on or prior to the date of such public notice at the purchase price for the Tender Offer after the reduction.

4) Matters concerning Applying Shareholders’ Rights of Cancellation of Agreement

Applying Shareholders may, at any time during the Tender Offer Period, cancel any agreement concerning the Tender Offer. In the case of such cancellation, the Applying Shareholders must deliver or mail a document requesting the cancellation of the agreement concerning the Tender Offer (the “Document of Cancellation”), with the receipt of the application for the Tender Offer to the head office or a branch office in Japan of the below designated tender offer agent, by 15:30 on the last day of the Tender Offer Period. When mailing the documents, the cancellation of the agreement concerning the Tender Offer will not be effective unless the Document of Cancellation is delivered by 15:30 on the last day of the Tender Offer Period.

Authorized agent to receive the Document of Cancellation:

Nomura Securities Co., Ltd. 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo  
(and branch offices of Nomura Securities Co., Ltd. located in Japan)

No claim for compensation for damages or penalty payment will be made to any Applying Shareholders by the Company, even if the agreement is canceled by the Applying Shareholders. The cost of returning the tendered share certificates and certificates of the Stock Acquisition Rights held in custody will be borne by the Company.

5) Method of Disclosure if the Conditions or Other Terms of Tender Offer are Changed

Should any terms or conditions of the Tender Offer be changed, the Company will make a public notice thereof electronically, and this fact is to be published in the Nihon Keizai Shimbun; provided, however, that if it is deemed difficult to make such public notice on or prior to the last day of the Tender Offer Period, the Company will make a public announcement in such manner as provided for in Article 20 of the TOB Ordinance, and forthwith make a public notice. If any terms or conditions of the Tender Offer are changed, the share certificates and certificates of the Stock Acquisition Rights tendered on or prior to the date of such public notice shall be purchased under the terms and conditions of the Tender Offer after the change.

6) Method of Disclosure if an Amendment Statement is Filed

If an amendment statement is filed to the Director-General of the Kanto Local Finance Bureau, the Company will forthwith make a public announcement of the contents thereof to the extent relevant to the contents of the public notice of the commencement of the Tender Offer, in such manner as provided for in Article 20 of the TOB Ordinance. The Company will also forthwith amend the Tender Offer Explanatory Statement and provide the amended Tender Offer Explanatory Statement to the Applying Shareholders who have received the previous Tender Offer Explanatory Statement. If the amendments are made only to the limited extent,

however, the Company may, instead of providing an amended Tender Offer Explanatory Statement, prepare and deliver a document stating the reason for the amendments, the matters amended and the details thereof to the Applying Shareholders.

7) Method of Disclosure of Results of Tender Offer

The Company will make a public announcement regarding the results of the Tender Offer in such manner as provided for in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Ordinance on the day following the last day of the Tender Offer Period.

(10) Date of the Public Notice of the Commencement of Tender Offer  
Tuesday, May 15, 2007

(11) Tender Offer Agent  
Nomura Securities Co., Ltd.

3. Others

(1) Agreement between Company and Target Company or its Directors and Officers

1) Agreement between Company and Target Company or its Directors and Officers

The Tender Offer was approved by the board of directors of the Target Company.

2) Process of Determining the Implementation of Tender Offer

In order to enhance the corporate value of the Pioneer Group, the Company has concentrated its resources to the "Home Electronics business" and "Car Electronics business", which are the core businesses of the Pioneer Group. In light of this group management policy, the Target Company has played an important role in the car stereo mechanisms and car speaker related businesses (in the Car Electronics business) and the audio accessories related businesses (in the Home Electronics business). The Target Company has also engaged in plans for the mass production and commercialization of the OLED displays, and FA (factory automation) as an original part of the Target Company's business.

The Target Company listed its stock on the Second Section of the Tokyo Stock Exchange in March 2000 with an aim to enhance its capacity by expanding its original business, mainly the OLED business, as well as maintaining an important position in the Pioneer Group's core businesses with respect to car stereos and speakers. However, the Target Company cancelled its plan for the mass production of active-matrix OLED displays, which were previously expected to be the next generation product for the OLED business, and sales to the Company (the parent company of the Target Company) and the Company's subsidiaries now account for approximately 60% of the Target Company's net sales.

In recent years, the Pioneer Group has faced various challenges in the Car Electronics business, including the need to expand the OEM business for automobile manufacturers, increasingly intensified competition in the consumer market, and the need for prompt measures to respond to technological innovations, mainly seen in telematics, among others. Furthermore, with respect to the speaker business, the Pioneer Group will need to effectively utilize its resources for further growth of such businesses not only in the field of car electronics but also in home appliances and mobile devices. In the context of the foregoing operating environment, the Company and the Target Company have discussed issues relating to the Pioneer Group's management and future opportunities since the middle of October 2006. As a result, the Company decided to undertake a dynamic reorganization of its resources, which included technology resources, production capacity, intellectual property and manufacturing know-how of the Pioneer Group including the Company and its affiliated companies, and determined that it is necessary to restructure its business. Accordingly, through reorganization and restructuring, the Company plans to cause the Target Company to develop itself as a core company of the Pioneer Group with higher aspirations for competitiveness and profitability with respect to the production of car stereos and speakers. The Pioneer Group's goal is to further reinforce its market superiority in the foregoing businesses. With respect to such reorganization and restructuring, the Company concluded that the Pioneer Group needs, more than ever, to promptly make decisions and flexibly and efficiently implement strategies. Therefore, in order to realize the above, the Company has concluded that it would be best to make the Target Company its wholly owned subsidiary.

As a part of the above reorganization and restructuring, the Company plans to integrate the Target Company's speaker business with the Company's speaker business, and thereafter, to take charge of planning

and sales, while the Target Company will take charge of technology (R&D) and production. Since the establishment of the Company, the manufacturing and sales of the speakers have been important, being the core of the Company's audio business. Demand for high-grade speakers has increased not only in the field of the traditional household-use and car audio equipments, but also mobile telephones and personal computers. In connection with the above, the Company has rolled out its production and R&D capabilities in Japan, North America, Asia and China. Following the above business integration the Company and the Target Company will jointly work on restructuring their respective technology (R&D), production and sales systems in Japan and overseas, in order to efficiently use the resources and further strengthen the competitiveness of the Pioneer Group.

### 3) Preventive Measures against Conflicts of Interest

Since the Target Company is a subsidiary (as provided for in Article 2, Item 3 of the Company Law) of the Company, from the perspective of preventing conflicts of interest, the Company and the Target Company has separately obtained opinions concerning the share valuation of the Target Company from third party valuation institutions independent from the Company and the Target Company and took into account such opinions at the determination of purchase price or the judgement of the approval of the Tender Offer. There is no director or corporate auditor who serves concurrently as director or corporate auditor of the Target Company. In addition, after obtaining an opinion of its legal counsel, the Target Company referred to such valuation and opinion, and as a result of thorough consideration of various terms and conditions of the Tender Offer, the board of directors of the Target Company, with five directors attending unanimously resolved to approve the Tender Offer at its meeting held on May 14, 2007. The board of directors of the Target Company determined that such terms and conditions of the Tender Offer were reasonable, and the Tender Offer would enable the shareholders of the Target Company to sell their shares at a reasonable price. The board of the directors of the Target Company also resolved to recommend the shareholders of the Target Company to apply for the Tender Offer.

The Company has been informed that the board of directors of the Target Company unanimously resolved to approve the Tender Offer. In addition, all of the corporate auditors, including the outside corporate auditors, of the Target Company provided opinions that endorsed the decision of the board of directors of the Target Company to announce its approval of the Tender Offer. Further, from the perspective of preventing conflicts of interest between the Company and the Target Company, two directors of the Target Company, who are either an executive officer or an employee of the Company, did not participate in the discussions and resolution at the above-referenced meeting of the board of directors.

### (2) Other Relevant Information Necessary for Investors' Decision to Apply for Tender Offer

Not applicable.

[End of document]

This Press Release is for the announcement of the tender offer for the shares of Tohoku Pioneer Corporation by the Company to the public and has not been prepared for the purpose of an offer to purchase, or solicitation of an offer to sell the shares or the stock acquisition rights. If you would like to offer your shares for sale in the Tender Offer, please ensure that you review the Tender Offer Explanatory Statement for the Tender Offer in advance and offer your shares for sale at your own discretion.

This Press Release describes prospects based on the views of the management of the Company at the time the Company acquires the shares of Tohoku Pioneer Corporation. Actual results may deviate considerably from such descriptions due to various factors. Neither this Press Release (or a part thereof) nor its distribution shall be interpreted to be the basis of any agreement in relation to the tender offer, and this Press Release should not be relied on at the time of concluding any such agreement.

There may be some nations or regions which legally restrict the announcement or distribution of this Press Release. In such case, please pay attention to those restrictions and comply with the laws and regulations in such nations or regions. In the nations or regions where the implementation of the Tender Offer is illegal, even if you receive this Press Release, it shall not be deemed as an offer to purchase, or a solicitation of an offer to sell the shares or the stock acquisition rights in connection with the Tender Offer, and it shall be deemed as the distribution of information for reference purposes only.