

# News Release

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***For Immediate Release  
May 13, 2013***

**Pioneer Announces Strengthening of Capital/Business Alliance  
with Mitsubishi Electric Corporation and Issuance of New Shares  
Through Third-Party Allotment**

Pioneer Corporation (hereinafter “Pioneer”) announced today that Pioneer resolved, at a meeting of its board of directors held on May 13, 2013, to enter into a new capital/business alliance agreement with and to issue new shares through a third-party allotment to Mitsubishi Electric Corporation (hereinafter Mitsubishi Electric Corporation shall be referred to as “Mitsubishi Electric” and such issuance of new shares shall be referred to as the “Third-Party Allotment”) with the aim to further strengthen the alliance with Mitsubishi Electric with respect to the development of platforms for car navigation systems. Further details are provided below.

In addition to the above resolution, Pioneer resolved, at such meeting of its board of directors, to form the business alliance with NTT DOCOMO, INC. (hereinafter “DOCOMO”) and, in connection therewith, to issue new shares through third-party allotment to DOCOMO. For the details thereof, please see the announcement “Pioneer Announces Capital/Business Alliance with NTT DOCOMO, INC. and Issuance of New Shares Through Third-Party Allotment.”

I. Strengthening of Capital/Business Alliance

1. Purpose of and Reason for Strengthening the Capital/Business Alliance

Pioneer has designated its car electronics business, with its outstanding technological expertise, product lineup and brand power, as a core business. Pioneer is actively proceeding with strengthening and enriching existing business alliances to enhance the competitiveness of its car electronics business and to establish the top position globally in such business.

To date, Pioneer and Mitsubishi Electric have jointly developed platforms for car navigation systems, and have engaged in strengthening the capability and improving the efficiency of development. With this enhancement of the business alliance, both companies will further strengthen the relationship in order to enhance cost competitiveness commensurate with the ever-intensifying competition in the market, and to build and strengthen the joint development structure for next generation in-vehicle equipment, to meet the changes in trend in the car electronics industry, such as the drop of product prices associated with the downsizing and lowering prices of automobiles, expanding OEM business and slowdown of Japanese consumer-market sales.

## 2. Details of Strengthening of Business Alliance

Both companies will deal with (i) establishment of future in-vehicle multimedia technology infrastructure and (ii) technological innovations, by integrating Pioneer's product development capability and Mitsubishi Electric's technologies aimed at connectivity with the vehicle information (vehicle control information), in order to strengthen and enrich the development capability in respect of platforms for car navigation systems which has been developed by the business alliance between both companies.

## 3. Details of Capital Alliance

Pioneer will allot 20,356,500 shares of common stock of Pioneer (ratio of voting rights held: 7.59%; ratio to the total number of issued shares: 7.49%, together with the shares of common stock of Pioneer which Mitsubishi Electric already held, each on a basis after the Third-Party Allotment and the third-party allotment to DOCOMO) to Mitsubishi Electric through the Third-Party Allotment. For the details of the capital alliance, please see "II. Issuance of New Shares Through Third-Party Allotment" below.

## 4. Outline of Alliance Partner

For an outline of Mitsubishi Electric, please see "II. Issuance of New Shares Through Third-Party Allotment – 6. Reason for Selecting Mitsubishi Electric and Other Related Matters – (1) Outline of Mitsubishi Electric" below.

## 5. Schedule

- (1) Date of the Resolution of the Board of Directors: Monday, May 13, 2013
- (2) Execution Date of the Capital/Business Alliance Agreement: Monday, May 13, 2013
- (3) A new joint development agreement is scheduled to be entered into by and between Pioneer and Mitsubishi Electric no later than Friday, June 28, 2013.

## 6. Future Prospects

Pioneer is examining the effects of the strengthening of the business alliance announced herein on the business results for fiscal 2014, year ending March 31, 2014, and will immediately announce such effects as necessary. With respect to the medium-term business performance, Pioneer will vigorously promote the joint development in order to promptly obtain the benefit of the business alliance.

## II. Issuance of New Shares Through Third-Party Allotment

### 1. Outline of Offering

(1) Payment Date	Friday, June 28, 2013
(2) Number of Shares to Be Newly Issued	20,356,500 shares of common stock
(3) Issue Price	194 yen
(4) Amount of Funds to Be Raised	3,799,161,000 yen (estimated net proceeds)
(5) Method of Offering or Allotment (Party to Which Shares Will Be Allotted)	Third-party allotment  (Mitsubishi Electric Corporation)
(6) Other	Each of the items above will be subject to (i) the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan and (ii) satisfaction of the conditions precedent, which include that (a) the details of the new joint development agreement by and between Pioneer and Mitsubishi Electric have been agreed to and (b) such agreement has been executed, set forth in the capital/business alliance agreement which is entered into between Pioneer and Mitsubishi Electric as of today.

### 2. Purpose of and Reason for the Issuance of New Shares Through Third-Party Allotment

As described in I. 1. above, Pioneer has designated its car electronics business, with its outstanding technological expertise, product lineup and brand power, as a core business. Pioneer is actively proceeding with strengthening and enriching existing business alliances to enhance the competitiveness of its car electronics business and to establish the top position globally in such business.

To date, Pioneer and Mitsubishi Electric have jointly developed platforms for car navigation systems, and have engaged in strengthening the capability and improving the efficiency of development. As announced in the news release "Pioneer Announces Strengthening of Business Alliance with Mitsubishi Electric Corporation and Issuance of New Shares Through Third-Party Allotment" on February 9, 2010, Pioneer entered into a capital alliance agreement on February 9, 2010 with Mitsubishi Electric, and issued new shares through a third-party allotment to Mitsubishi Electric. Thereafter, Pioneer and Mitsubishi Electric have proceeded with the business alliance. With this enhancement of the business alliance, Pioneer and Mitsubishi Electric agreed that Pioneer issues new shares through a third-party allotment to Mitsubishi Electric in order to enhance cost competitiveness commensurate with the ever-intensifying competition in the market, to strengthen capabilities in respect of the development of next generation car navigation systems, and to further strengthen the relationship, to meet the changes in trend in the car electronics industry.

### 3. Amount, Use and Scheduled Timing of Expenditure of Funds to Be Raised

#### (1) Amount of Funds to Be Raised

(i) Aggregate amount to be paid:	3,949,161,000 yen
(ii) Estimated costs of issuance:	150,000,000 yen
(iii) Estimated net proceeds:	3,799,161,000 yen

Notes: 1. Estimated costs of issuance do not include consumption taxes.

2. The breakdown of the estimated costs of the issuance of new shares is scheduled to comprise expenses related to the commercial registration, expenses related to retaining attorneys and financial advisers, and listing fees and other expenses.

#### (2) Use and Scheduled Timing of Expenditure of Funds to Be Raised

The entire amount of approximately 3.8 billion yen, the funds to be raised through the Third-Party Allotment, will be used for the joint development, etc. with Mitsubishi Electric of the hardware and software platforms for next generation car navigation systems. Specific details thereof will be determined after the payment date through discussions on the joint development, etc. between Pioneer and Mitsubishi Electric. The funds to be raised will be used during the period from fiscal 2014 through fiscal 2016, and until then, such funds will be kept in Pioneer's bank account.

### 4. Rationale for the Use of Funds

Pioneer believes that the use of the funds to be raised, necessary for ensuring the progress on strengthening of the business alliance with Mitsubishi Electric, will contribute to enhance the corporate value of Pioneer, and is therefore a reasonable application.

### 5. Rationale for Conditions of Issuance

#### (1) Basis of Calculation of the Amount to Be Paid and Details Thereof

The amount to be paid was determined to be 194 yen, the simple average (any amount less than one yen being disregarded; hereinafter the same shall apply) of the closing prices for the regular trading of shares of common stock of Pioneer on the Tokyo Stock Exchange for the three-month period until May 10, 2013, which is the business day immediately preceding the date of the resolution of the board of directors with respect to the Third-Party Allotment (hereinafter the "Immediately Preceding Business Day") (from February 11, 2013 to May 10, 2013) (hereinafter the "Three-Month Average").

The reason the Three-Month Average is adopted for the calculation method for the amount to be paid with respect to the Third-Party Allotment is as follows: in addition to the fact that the Business Results for 3Q fiscal 2013 announced on February 12, 2013 fell behind Pioneer's plan, Pioneer, on the same day, announced downward revisions to the business forecasts for fiscal 2013.

Consequently, the price of shares of Pioneer decreased significantly. Thereafter, in April 2013, the price turned to an increase with the benefit from the recovery of the entire stock market. However, the price decreased again due to further downward revision of business forecasts for fiscal 2013 announced on April 26, 2013. Taking into consideration the significant volatility of the price during the

most recent time frame, using the average share price, which is an equalized figure, instead of using the share price on the Immediately Preceding Business Day, is considered to be highly objective as a basis for calculation. It is also considered reasonable to take into account the prices for period which includes the period affected by these announcements by Pioneer. The reason the simple average of the closing prices for the one-month period until the Immediately Preceding Business Day (from April 11, 2013 to May 10, 2013) which is 206 yen, is not adopted is that such amount is calculated mainly based on the period affected by the recovery of the entire stock market subsequent to April 2013, and the reason the simple average of the closing prices for the six-month period until the Immediately Preceding Business Day (from November 11, 2012 to May 10, 2013) which is 203 yen, is not adopted is that it is not considered reasonable to calculate such amount based on the stock prices for the period prior to the period affected by the above-mentioned announcements.

194 yen, the amount to be paid, respectively represents a 9.8% discount against 215 yen, the closing price on the Immediately Preceding Business Day; a 5.8% discount against 206 yen, the average of the closing prices for the one-month period until the Immediately Preceding Business Day; and a 4.4% discount against 203 yen, the average of the closing prices for the six-month period until the Immediately Preceding Business Day. This calculation of the amount to be paid is in compliance with the “Guidance Concerning Handling of Capital Increase, Etc. Through a Third-Party Allotment” established by the Japan Securities Dealers Association.

Pioneer has determined that such amount to be paid is reasonable and does not fall within a specially favorable price under the Companies Act of Japan and all three (3) Corporate Auditors (of which two (2) Corporate Auditors are Outside Corporate Auditors) attending the meeting of the board of directors with respect to the Third-party Allotment represented their opinion that the relevant amount to be paid is determined in compliance with the aforementioned guidance and does not fall within the specially favorable price.

(2) Rationale for the Judgment that the Number of Shares to Be Issued and the Level of Dilution of Shares Are Reasonable

The total number of shares to be newly issued through the Third-Party Allotment and the third-party allotment to DOCOMO is 46,129,600 shares (number of voting rights: 461,296), and the ratio to the current total number of issued shares of Pioneer (326,093,836 shares (total number of voting rights as of March 31, 2013: 3,208,959)) is 14.1% (ratio in voting rights: 14.4%).

Pioneer determined that the proposed size of the issuance of new shares this time is necessary in order to further bolster alliances with Mitsubishi Electric and DOCOMO, respectively. Pioneer believes that bolstering alliances with Mitsubishi Electric will contribute to enhancing cost competitiveness commensurate with the ever-intensifying competition in the market, to strengthening capabilities in respect of the development of next generation car navigation systems, and to enhancing the corporate value of Pioneer; and bolstering ties with DOCOMO will contribute to expanding the business in the field of Telematics, which provides live information by combining automobiles and telecommunications systems, and to

enhancing the corporate value of Pioneer. Further, with the funds to be raised through the Third-Party Allotment and the third-party allotment to DOCOMO, Pioneer believes that bolstering these alliances will also contribute to creating new value by transforming the business model, which is one of the key themes of the Medium-Term Plan announced by Pioneer on May 13, 2013.

## 6. Reason for Selecting Mitsubishi Electric and Other Related Matters

### (1) Outline of Mitsubishi Electric

(i)	Trade name	Mitsubishi Electric Corporation
(ii)	Location	2-7-3, Marunouchi, Chiyoda-ku, Tokyo, Japan
(iii)	Title and Name of Representative	Kenichiro Yamanishi President & CEO
(iv)	Principal businesses	Development, production, sales and provision of service in respect of energy and electric systems, industrial automation systems, information and communication systems, electronic devices, home appliances, etc.
(v)	Stated capital	175,820 million yen
(vi)	Date of incorporation	January 15, 1921
(vii)	Number of issued shares	2,147,201,551 shares
(viii)	Fiscal year end	March 31
(ix)	Number of employees	120,958 (consolidated)
(x)	Major business partners	Private companies such as manufacturers and non-manufacturers and public agencies worldwide.
(xi)	Major transaction banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Corporate Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited
		The Master Trust Bank of Japan, Ltd. (Trust Account) 7.49%
		State Street Bank and Trust Company 5.46%
		Japan Trustee Services Bank, Ltd. (Trust Account) 4.77%
		Meiji Yasuda Life Insurance Company 3.81%
		Nippon Life Insurance Company 3.37%
(xii)	Major shareholders and their shareholding ratio	Mitsubishi Electric Group Employees Shareholding Union 2.44%
		SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS 2.24%
		The Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.72%
		Japan Trustee Services Bank, Ltd. (Trust Account 4) 1.55%
		The Chase Manhattan Bank, NA. London SL Omnibus Account 1.51%

(xiii) Relationship between Pioneer and Mitsubishi Electric	Capital relationship	Mitsubishi Electric holds 7,530,000 shares of Pioneer (shareholding ratio: 2.30%).
	Personnel relationship	Not applicable
	Business relationship	Sales transactions of electronic devices, etc.
	Related party relationship	Not applicable

(xiv) Consolidated results of operations and financial condition for the last three years (U.S. GAAP)

	Business Year ended/As of March 31		
	2011	2012	2013
Shareholders' equity (million yen)	1,050,340	1,132,465	1,300,070
Total assets (million yen)	3,332,679	3,391,651	3,410,410
Shareholders' equity per share (yen)	489.23	527.48	605.56
Net sales (million yen)	3,645,331	3,639,468	3,567,184
Operating income (million yen)	233,761	225,444	152,095
Income before income taxes (million yen)	210,237	224,080	65,141
Net income attributable to Mitsubishi Electric (million yen)	124,525	112,063	69,517
Basic net income per share attributable to Mitsubishi Electric (yen)	58.00	52.20	32.38
Dividend per share (yen)	12.00	12.00	11.00

- Notes: 1. Stated capital, total number of issued shares and number of employees above are as of March 31, 2013. The major shareholders and their shareholding ratio are based on the register of shareholders as of March 31, 2013.
2. Mitsubishi Electric is listed on the First Section of the Tokyo Stock Exchange. Pioneer has determined that Mitsubishi Electric, or the officers or major shareholders of Mitsubishi Electric are not members of antisocial forces, and that they do not have any relationship with antisocial forces, by confirming, on the home page of the Tokyo Stock Exchange, the basic policy and status of eliminating any relationship with antisocial forces described in the Corporate Governance Report filed with the Tokyo Stock Exchange by Mitsubishi Electric.

(2) Reason for Selecting Mitsubishi Electric

As described in I. 1. above, to date, Pioneer and Mitsubishi Electric have jointly developed platforms for car navigation systems, and have engaged in strengthening the capability and improving the efficiency of development; Pioneer and Mitsubishi Electric have decided to strengthen the business alliance in order to enhance cost competitiveness commensurate with the ever-intensifying competition in the market, and to strengthen capabilities in respect of the development of next generation car navigation systems, to meet the changes in trend in the car electronics industry. In order to further smoothen and stabilize the operation of this business alliance and to contribute to enhancing the competitiveness and corporate value of Pioneer, Pioneer has selected Mitsubishi Electric as the party to which shares will be allotted through the Third-Party Allotment.

(3) Policy of Mitsubishi Electric on Holding Shares of Pioneer

Mitsubishi Electric has confirmed orally that Mitsubishi Electric intends to hold the new shares to be allotted for the medium- and long-term.

In addition, Pioneer will request of Mitsubishi Electric a written confirmation agreeing and/or acknowledging that, if Mitsubishi Electric assigns all or a part of the new shares to be allotted within two years of the payment date, (i) Mitsubishi Electric will immediately report to Pioneer, in writing, the name of the assignee, the number of shares assigned and other related matters, (ii) Pioneer will report such assignment to the Tokyo Stock Exchange, and (iii) Mitsubishi Electric will consent to the substance of such report being made available for public inspection.

(4) Details of the Confirmation of the Payment Capacity of Mitsubishi Electric Required for the Payment for the Third-Party Allotment

After confirming the status of net sales, total assets, net assets, cash and cash equivalents, and other related matters described in the latest Annual Securities Report (filed on June 28, 2012) and the latest Quarterly Report (filed on February 12, 2013) that were filed by Mitsubishi Electric with the Director-General of the Kanto Local Finance Bureau of Japan, Pioneer has confirmed that there would be no problems with regard to payment by Mitsubishi Electric for the Third-Party Allotment.

## 7. Major Shareholders and Their Shareholding Ratio of Pioneer

Before the issuance (as of March 31, 2013)		After the issuance	
Sharp Corporation	9.19%	Sharp Corporation	8.05%
HONDA MOTOR CO., LTD.	4.50%	Mitsubishi Electric Corporation	7.49%
National Mutual Insurance Federation of Agricultural Cooperatives	4.44%	NTT DOCOMO, INC.	6.92%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.05%	HONDA MOTOR CO., LTD.	3.94%
Japan Trustee Services Bank, Ltd. (Trust Account)	3.91%	National Mutual Insurance Federation of Agricultural Cooperatives	3.89%
JP MORGAN CHASE BANK 385078	2.82%	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.55%
Mitsubishi Electric Corporation	2.30%	Japan Trustee Services Bank, Ltd. (Trust Account)	3.42%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.99%	JP MORGAN CHASE BANK 385078	2.47%
Bank of New York GCM Client Account JPRD ISG (FE-AC)	1.69%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.74%
Pioneer Employee Stock Ownership Plan	1.49%	Bank of New York GCM Client Account JPRD ISG (FE-AC)	1.48%

Notes: 1. The table above is based on the register of shareholders as of March 31, 2013. In addition, Pioneer held treasury stocks at the ratio of 1.54% of its total issued shares as of March 31, 2013, which are not included in the table above.

2. The shareholding ratios of the major shareholders after the issuance have been calculated by adding (i) the sum of (a) the number of shares to be issued through the Third-Party Allotment (20,356,500 shares) and (b) the number of shares to be issued through the third-party allotment to DOCOMO (25,773,100 shares) to (ii) the total number of issued shares (326,093,836 shares) as of March 31, 2013.

## 8. Future Prospects

Pioneer believes that the Third-Party Allotment will improve and strengthen Pioneer's financial strength and will contribute to the medium- to long-term growth of, and the improvement of the profitability of, Pioneer.

## 9. Matters concerning Procedures in the Code of Corporate Conduct

Pioneer is not required to obtain the opinion of an independent third party or to confirm the consent of its shareholders concerning the Third-Party Allotment, as provided for in Rule 432 of the Securities Listing Regulations by the Tokyo Stock Exchange, since (i) the dilution rate of the Third-Party Allotment and/or the third-party allotment to DOCOMO is less than 25% and (ii) the Third-Party Allotment and/or the third-party allotment to DOCOMO does not involve any change in the controlling shareholder(s).

## 10. Business Results for and Equity Finance Executed in the Last Three Years

### (1) Consolidated Business Results for the Last Three Years

	Year ended/As of March 31		
	2011	2012	2013
Operating revenue (million yen)	457,545	436,753	451,841
Operating income (million yen)	12,487	9,216	5,997
Ordinary income (million yen)	12,331	9,863	812
Net income (loss) (million yen)	10,350	3,670	(19,552)
Net income (loss) per share (yen)	32.24	11.43	(60.90)
Dividend per share (yen)	0	0	0
Net assets per share (yen)	264.78	261.98	237.97

### (2) Total Number of Issued Shares and Dilutive Shares

	Number of shares	Ratio to total number of issued shares
Total number of issued shares	326,093,836	100%
Number of dilutive shares	-	-%

### (3) Recent Stock Prices

#### (i) Stock Prices for the Last Three Years

(In yen)

	Year ended March 31		
	2011	2012	2013
Opening	351	349	427
High	452	434	434
Low	240	287	153
Closing	346	423	168

#### (ii) Stock Prices for the Last Six Months

(In yen)

	2012		2013			
	November	December	January	February	March	April
Opening	191	193	223	228	190	171
High	207	234	235	262	206	233
Low	160	185	201	186	168	166
Closing	193	214	228	192	168	200

#### (iii) Stock Price on the Business Day Immediately Preceding the Date of the Resolution Authorizing the Issuance

(In yen)

	May 10, 2013
Opening	213
High	215
Low	209
Closing	215

(4) Equity Finance in the Last Three Years

Not applicable

11. Terms and Conditions of Issuance

- (1) Number of Shares to Be Newly Issued:  
20,356,500 shares of common stock
- (2) Amount to Be Paid: 194 yen
- (3) Aggregate Amount to Be Paid: 3,949,161,000 yen
- (4) Amount of Increase in Stated Capital:  
1,974,580,500 yen (97 yen per share)
- (5) Amount of Increase in Additional Paid-in Capital:  
1,974,580,500 yen (97 yen per share)
- (6) Method of Offering or Allotment: Third-party allotment
- (7) Payment Date: Friday, June 28, 2013
- (8) Party to Which Shares Will Be Allotted and Number of Shares to Be Allotted:  
Mitsubishi Electric Corporation; 20,356,500 shares of common stock
- (9) Each of the items above shall be subject to (i) the effectiveness of the securities registration statement to be filed under the Financial Instruments and Exchange Act of Japan and (ii) satisfaction of the conditions precedent, which include that (a) the details of the new joint development agreement by and between Pioneer and Mitsubishi Electric have been agreed to and (b) such agreement has been executed, set forth in the capital/business alliance agreement which is entered into between Pioneer and Mitsubishi Electric as of today.

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