

*(Summarized Translation)*

**Convocation Notice  
of the 72nd Ordinary General Meeting of Shareholders**

to be held on June 27, 2018

***Pioneer***

PIONEER CORPORATION

JAPAN

(Stock code: 6773, ISIN: JP3780200006)

---

Note: This is a summarized translation of the original convocation notice written in the Japanese language.

June 5, 2018

## Convocation Notice of the 72nd Ordinary General Meeting of Shareholders

To our shareholders:

Notice is hereby given that the 72nd Ordinary General Meeting of Shareholders of the Company will be held as described hereunder and your attendance is cordially requested.

You are entitled to vote in writing or through internet if you are unable to attend the meeting in person. In this regard, we cordially request that you study the following documents, and indicate your approval or disapproval of the proposal on the voting directive form, and return it to us no later than 5:00 pm, June 26, 2018, Japan time.

If you attend the meeting in person, please submit the voting directive form at the reception desk of the meeting.

Very truly yours,

Susumu Kotani  
President and CEO  
Pioneer Corporation  
28-8, Honkomagome 2-chome, Bunkyo-ku,  
Tokyo, Japan

### Description

1. Date and time: 10:00 a.m. on Wednesday, June 27, 2018, Japan time
2. Place: HOTEL GAJOEN TOKYO, Banquet Hall  
8-1, Shimomeguro 1-chome, Meguro-ku, Tokyo, Japan
3. Objectives of the meeting:

#### Matters to be reported on:

Reports on the Business Report, Non-consolidated and Consolidated Financial Statements for the 72nd Accounting Period (from April 1, 2017 to March 31, 2018), and Reports on Results of the Audit of the Accounting Auditor and the Audit & Supervisory Board on Consolidated Financial Statements

#### Matters to be acted on:

**Agenda Item No. 1.** Election of Eight (8) Individuals as Directors

**Agenda Item No. 2.** Election of One (1) Individual as Audit & Supervisory Board Member

**Agenda Item No. 3.** Election of Two (2) Individuals as Substitute Audit & Supervisory Board Members in Case of Vacancy

# # # # # #

## ATTACHED DOCUMENTS

### **BUSINESS REPORT**

(from April 1, 2017 to March 31, 2018)

#### **1. MATTERS WITH RESPECT TO THE STATUS OF THE COMPANY**

##### **(1) Principal Substance of Business**

The Company engages primarily in the business of manufacture and sales of car electronics, and all businesses incidental and related to this business.

The following table sets forth the principal products of the Company and the ratio of each segment sales to consolidated net sales:

<u>Segment</u>	<u>Principal Products and Services in Each Segment</u>	<u>Ratio of Segment Sales to Consolidated Net Sales</u>	
		<u>71st Accounting Period</u>	<u>72nd Accounting Period</u>
Car Electronics	Car navigation systems, car stereos, car AV systems, car speakers, telematics services, and map software	80.8%	81.9%
Others	Optical disc drive-related products, factory automation systems, electronic devices and parts, organic light-emitting diode (OLED) displays, DJ equipment (subcontracted manufacturing and sales), and home AV products	19.2%	18.1%

## (2) Result of Business Operations and Issues to Be Addressed

### (a) Result of Business Operations

#### Consolidated Net Sales by Segment

Business Segment	(In millions of yen)		
	71st Accounting Period	72nd Accounting Period	% to Previous Period
Japan	123,631	114,089	92.3%
Overseas	188,858	185,235	98.1
Car Electronics	312,489	299,324	95.8
Japan	39,083	37,721	96.5
Overseas	35,110	28,372	80.8
Others	74,193	66,093	89.1
Japan	162,714	151,810	93.3
Overseas	223,968	213,607	95.4
Total sales	386,682	365,417	94.5%

In the 72nd accounting period, the year ended March 31, 2018, consolidated net sales declined 5.5% year on year, to ¥365,417 million, mainly from a decrease in Car Electronics sales due to a decline in sales of the OEM business, despite the positive effect of the Japanese yen's depreciation.

Operating income was ¥1,194 million, a 71.3% decrease year on year, reflecting a decrease in net sales, despite reduced selling, general and administrative (SG&A) expenses and an improvement in the cost of sales ratio. Net loss attributable to owners of Pioneer was ¥7,123 million, compared with a net loss of ¥5,054 million for fiscal 2017. This was mainly due to recordings of foreign exchange loss and equity in losses of affiliated companies, in addition to the decrease in operating income.

During the 72nd accounting period, the average value of the Japanese yen declined 2.2% against the U.S. dollar year on year, to ¥110.85=1 U.S. dollar, and declined 8.4% against the euro, to ¥129.70=1 euro.

The results for the period under review by each business segment are given below:

Car Electronics sales declined 4.2% year on year, to ¥299,324 million, due to a decrease in sales of the OEM business, despite the positive effect of the Japanese yen's depreciation.

Sales of the consumer market business were almost unchanged year on year. This was because of favorable sales in telematics services for automobile insurance, as well as higher sales in car audio products due mainly to an increase in Europe and Central and South America supported by the positive effect of the Japanese yen's depreciation, despite lower sales in car navigation systems which was primarily caused by a decrease in North America and Japan.

Sales of the OEM business declined year on year. Sales of car audio products increased because of higher sales mainly in Japan and China, despite a decrease in North America. Car navigation system sales decreased, due mainly to lower sales in Japan.

OEM business sales accounted for 58% of total Car Electronics sales, compared with 60% in the previous fiscal year.

Operating income declined 82.4% year on year, to ¥1,067 million, due to the decline in sales, as well as a deterioration in the cost of sales ratio and an increase of SG&A expenses both as a result of foreign exchange rate movements.

In the Others segment, sales declined 10.9% year on year, to ¥66,093 million, mainly because of lower sales of home AV products and the effect of the transfer of the cable TV system-related equipment business.

Operating income was ¥383 million, compared with an operating loss of ¥780 million for fiscal 2017, due to an improvement in the cost of sales ratio and a decrease in SG&A expenses, although sales declined.

- Notes: 1. Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.
2. In Car Electronics, some overseas car navigation systems are reclassified from “the consumer market business” to “the OEM business” from fiscal 2018. Figures shown for fiscal 2017 have been reclassified accordingly.

As explained above, Pioneer posted net loss for the period under review. Therefore, we have decided to continue non-payment of year-end dividend for the 72nd accounting period. We deeply apologize to our shareholders for this decision.

#### (b) Issues to Be Addressed

With regard to the automotive industry, car sales are expected to increase, mainly in emerging markets. Meanwhile, we are entering a stage of drastic change, with the advance of technological innovation toward the implementation of safety- and comfort-oriented autonomous driving systems, as well as toward the popularization of electronic vehicles and connected cars.

Amid such circumstances, while implementing measures to improve business performance, Pioneer is pursuing its growth strategies tailored to the stage of reform of the car electronics industry, to become a leading company in “Comprehensive Infotainment” that creates comfort, excitement, reliability and safety in vehicles.

In the OEM business, which has faced harsh profitability conditions, we will make every possible effort to turn profitable at an early stage by examining and discussing significant revision measures with business partners, including establishment of a joint venture.

In the consumer market business, our main source of revenue, we plan to promote Pioneer’s proprietary “connected car life” by launching new products with enhanced smartphone-link functions and pursuing sound-centric entertainment in a timely manner. We will also proactively strengthen our new businesses, such as solutions businesses that combine Pioneer’s strengths in both hardware and software, including telematics services for automobile insurance and Vehicle Assist, a driving management service for fleet vehicles, and thereby we will pursue increase profit again.

In the map business and autonomous driving field, which are drivers for future growth, we are currently undertaking evaluations and validations through the roll-out of the first samples of the 3D-LiDAR driving space sensor essential for autonomous driving, aiming for its commercialization. Furthermore, Pioneer is steadily working to become an “essential company” in an era of autonomous driving, mainly through strengthening its alliance with HERE Technologies (HERE), a Netherlands-based global provider of mapping and location services, as well as through the development of high-definition maps.

In the 73rd accounting period, we will make every possible effort to set a course toward improved profitability through the implementation of significant measures in the OEM business, to solidify our autonomous driving-related business as a means for future growth.

### (3) Environmental Preservation Activities

Pioneer is making efforts to always contribute to realizing a rich and safe global environment, based on the deep understanding that it is one of our corporate missions to maintain, improve, and hand over the global environment to the next generation.

Specifically, we are promoting group-wide the reduction of environmental burdens throughout the entire product lifecycle from the procurement of materials and parts to manufacturing, use, disposal and recycling, and environmental contribution through our products and services. In recognition of our activities, on October 2017, a subsidiary of Pioneer won the President's Prize of the "3Rs (Reduce, Reuse, and Recycle) Promotion Merit Awards," which is supported by the Ministry of Economy, Trade and Industry, and relevant ministries and agencies in Japan.

Going forward, we will continue to promote activities for the reduction of environmental burdens and environmental contribution, and proactively disclose related information.

### (4) Capital Expenditures

Business Segment	Amount	(In millions of yen)
		% to Previous Period
Car Electronics	34,797	183.6%
Others	1,942	74.5
Corporate	322	82.6
Total	37,061	168.8%

Note: Above figures represent the increases of property, plant and equipment and intangible assets recorded in the consolidated balance sheet.

The principal of the above capital expenditures was invested in software to be installed in products, molds for production and production facilities.

### (5) Financing

In order to further strengthen its collaboration with HERE in various business fields centered on the map business and autonomous driving field, and to increase the viability of the business alliance, Pioneer has decided to enter into a capital alliance with HERE. Consequently, Pioneer raised funds by issuing new shares through a third-party allotment to HERE GLOBAL B.V., all of whose shares were indirectly held by HERE, on October 5, 2017, as follows:

Company	Number of New Shares Issued	Raised Amount
HERE GLOBAL B.V.	11,117 thousand	17,343 thousand euros (2,299 million yen)

**(6) Summary of Business Operations** (on consolidated basis)

(In millions of yen except per share information)

	Year Ended March 31			
	2015	2016	2017	2018
	69th Accounting Period	70th Accounting Period	71st Accounting Period	72nd Accounting Period
Net sales	501,676	449,630	386,682	<b>365,417</b>
Operating income	7,778	7,304	4,167	<b>1,194</b>
Ordinary income (loss)	(2,915)	7,250	2,966	<b>(3,121)</b>
Net income (loss) *	14,632	731	(5,054)	<b>(7,123)</b>
Net income (loss) per share *	39.85	1.99	(13.76)	<b>(19.12)</b>
Total assets	328,277	298,012	281,786	<b>287,510</b>
Total equity	107,066	90,486	86,789	<b>84,934</b>
Total equity per share	277.05	233.32	224.72	<b>212.84</b>

\* Net income (loss) attributable to owners of Pioneer Corporation

- Notes: 1. Effective from the 70th accounting period, the reference to “net income (loss)” was changed to “net income (loss) attributable to owners of Pioneer Corporation” by the application of the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No.21, issued on September 13, 2013), etc.
2. In the 69th accounting period, the Company recorded a large increase in net income attributable to owners of Pioneer Corporation. This was mainly the result of an extraordinary income mainly due to the transfer of the DJ equipment business.
3. In the 71th accounting period, the Company recorded a net loss attributable to owners of Pioneer Corporation. This was the result of an extraordinary loss mainly due to the recording of restructuring costs and a loss on business transfer.

## (7) Present State of the Company's Group

### (a) Status of the Company's Major Subsidiaries

<u>Name</u>	<u>Location</u>	<u>Capital</u>	<u>*</u>	<u>Principal Business</u>
Tohoku Pioneer Corporation	Yamagata, Japan	10,800 million yen	100.0%	Manufacture of car electronics products, etc.
Increment P Corporation	Tokyo, Japan	434 million yen	100.0%	Planning, creation, development and distribution of digital map contents and software
Pioneer North America, Inc.	U.S.A.	124,807 thousand U.S. dollars	100.0%	Coordination of the activities of the Company's subsidiaries in North America
Pioneer Europe NV	Belgium	39,892 thousand euro	100.0% (30.5%)	Coordination of the activities of the Company's subsidiaries in Europe, and distribution of the Company's products
Pioneer Electronics Asiacentre Pte. Ltd.	Singapore	28,055 thousand U.S. dollars	100.0%	Coordination of the activities of the Company's subsidiaries in Southeast Asia and South Asia, and manufacture and distribution of the Company's products
Pioneer China Holding Co., Ltd.	China	644,362 thousand yuan	100.0%	Coordination of the activities of the Company's subsidiaries in China, and distribution of the Company's products
Pioneer do Brasil Ltda.	Brazil	32,407 thousand real	100.0%	Coordination of the activities of the Company's subsidiaries in South America, and manufacture and distribution of car electronics products

Notes: 1. All capital amounts less than one unit are disregarded.

2. \* indicates percentage of the Company's contribution, directly or indirectly, to the subsidiaries. The figures in parentheses indicate the indirect portion of such contribution.

### (b) New Development in the Company's Group

None



**(8) Principal Offices and Plants** (as of March 31, 2018)

(a) Pioneer Corporation (Parent Company)

Head Office (Tokyo, Japan)  
Kawagoe Plant (Saitama, Japan)

(b) Principal Sales and Manufacturing Subsidiaries

Sales Subsidiaries

Pioneer Sales & Marketing Corporation (Tokyo, Japan)  
Pioneer Electronics (USA) Inc. (U.S.A.)  
Pioneer Europe NV (Belgium)  
Pioneer China Holding Co., Ltd. (China)

Manufacturing Subsidiaries

Tohoku Pioneer Corporation (Yamagata, Japan)  
Pioneer Manufacturing (Thailand) Co., Ltd. (Thailand)  
Pioneer Technology (Shanghai) Co., Ltd. (China)  
Pioneer Technology (Dongguan) Co., Ltd. (China)  
Pioneer do Brasil Ltda. (Brazil)

**(9) Employees** (as of March 31, 2018)

<u>Business Segment</u>	<u>Number of Employees</u>	<u>Change from the End of the Previous Period</u>
Car Electronics	12,249	Increase of 555
Others	3,947	Decrease of 376
Corporate	602	Decrease of 144
<u>Total</u>	<u>16,798</u>	<u>Increase of 35</u>

Note: The number of employees excludes contract employees with a contract period of less than one year and temporary/other contract employees in the table above.

**(10) Major Lenders** (as of March 31, 2018)

<u>Name</u>	<u>(In millions of yen) Amount</u>
Syndicated Loan of which The Bank of Tokyo-Mitsubishi UFJ, Ltd. is the arranger and the agent	15,800
Syndicated Loan of which Sumitomo Mitsui Banking Corporation is the arranger and the agent	4,400

Note: The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd., effective April 1, 2018.

## 2. MATTERS WITH RESPECT TO SHARES (as of March 31, 2018)

### (1) Number of Shares the Company May Issue

800,000,000 shares

### (2) Number of Shares of Common Stock Issued

383,340,936 shares

Notes: 1. During the period under review, the Company issued new shares as follows:

<u>Issue Date</u>	<u>Method of Offering or Allotment</u>	<u>Number of New Shares Issued</u>
October 5, 2017	Third-party allotment to HERE GLOBAL B.V.	11,117,500

2. 5,032,512 shares of treasury stock held by the Company are included.

### (3) Number of Shareholders

60,411 shareholders (an increase of 13,532 from the end of the previous period)

### (4) Composition of Shareholders

	<u>Number of Shareholders</u>	<u>Number of Shares Held</u>	<u>Percentage of Shareholdings to Total Issued Shares</u>
Japanese financial institutions	31	77,005 thousand	20.09%
Japanese securities companies	68	16,453	4.29
Other Japanese business corporations	340	61,385	16.01
Foreign corporations and individuals	310	78,648	20.52
Japanese individuals and others	59,662	149,847	39.09
<u>Total</u>	<u>60,411</u>	<u>383,340 thousand</u>	<u>100.00%</u>

Notes: 1. All numbers of shares less than one thousand are disregarded.

2. All percentage figures are calculated based on the total number of shares issued.

3. "Japanese individuals and others" include 5,032 thousand shares (1.31%) as treasury stock held by the Company.

**(5) Principal Shareholders (Ten Largest Shareholders)**

Name of Shareholders	Number of Shares Held	Percentage of Shareholdings to Total Issued Shares
Mitsubishi Electric Corporation	27,886 thousand	7.37%
NTT DOCOMO, INC.	25,773	6.81
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,566	4.90
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV	18,059	4.77
HERE GLOBAL B.V.	11,117	2.93
Japan Trustee Services Bank, Ltd. (Trust Account)	10,359	2.73
STATE STREET BANK AND TRUST COMPANY	8,894	2.35
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,490	1.71
SMBC Nikko Securities Inc.	6,405	1.69
Japan Trustee Services Bank, Ltd. (Trust Account 5)	6,366	1.68

Notes: 1. All numbers of shares less than one thousand are disregarded.

2. All percentage figures are calculated based on the total number of shares issued and outstanding after deduction of treasury stock, and such figures less than the second decimal place are disregarded.

3. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd., as of April 1, 2018.

**3. MATTERS WITH RESPECT TO SHARE ACQUISITION RIGHTS (as of March 31, 2018)**

First Series Unsecured Zero Coupon Convertible Bonds (Bonds with Share Acquisition Rights)  
(issued on December 18, 2015)

Number of Share Acquisition Rights	150
Conversion Price	456 yen
Exercise period	December 25, 2015 to December 11, 2020
Class and Number of Shares Underlying the Share Acquisition Rights	32,894,736 shares of common stock

#### 4. MATTERS WITH RESPECT TO DIRECTORS, AUDIT & SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS

##### (1) Directors, Audit & Supervisory Board Members and Executive Officers

###### (a) Directors and Audit & Supervisory Board Members

Title	Name	Occupation in the Company <Important Occupation in Other Business Entities>
Representative Director	Susumu Kotani	
Director	Kunio Kawashiri	
Director	Harumitsu Saito	
Director	Koichi Moriya	
Director	Satoshi Ohdate	
Director	Shinsuke Nishimura	
Director	Masahiro Tanizeki	
Director	Shunichi Sato	<Other Important Occupation> Outside Audit & Supervisory Board Member of Nakano Corporation
Full-Time Audit & Supervisory Board Member	Mikio Shimoda	
Audit & Supervisory Board Member	Keiichi Nishikido	Attorney-at-law <Other Important Occupation> Representative lawyer of Kohwa Sohgo Law Offices Outside Audit & Supervisory Board Member of Saibo Co., Ltd.
Audit & Supervisory Board Member	Hiroyuki Wakamatsu	Certified Public Accountant Certified Public Tax Accountant <Other Important Occupation> Representative of Wakamatsu CPA Office Outside Audit & Supervisory Board Member of Withus Corporation Outside Audit & Supervisory Board Member of Mixi, Inc. Outside Audit & Supervisory Board Member of RENOVA, Inc.

- Notes: 1. Messrs. Masahiro Tanizeki and Shunichi Sato are Outside Directors pursuant to the Companies Act of Japan, and are Independent Directors satisfying the requirements of the Tokyo Stock Exchange.
2. Messrs. Keiichi Nishikido and Hiroyuki Wakamatsu are Outside Audit & Supervisory Board Members pursuant to the Companies Act of Japan, and are Independent Audit & Supervisory Board Members satisfying the requirements of the Tokyo Stock Exchange.
3. Mr. Hiroyuki Wakamatsu is a Certified Public Accountant and has considerable experience and knowledge as a financial expert.

(b) Executive Officers

<u>Title</u>	<u>Name</u>	<u>Occupation in the Company</u>
* President and CEO	Susumu Kotani	In charge of new businesses, related businesses, and export management in general
* Senior Executive Officer	Kunio Kawashiri	In charge of Accounting Division, Finance Division, and Intellectual Property Division
* Senior Executive Officer	Harumitsu Saito	General Manager of Corporate Management Division
Senior Executive Officer	Masao Kase	General Manager of Kawagoe Plant and in charge of Procurement Division
* Senior Executive Officer	Koichi Moriya	In charge of Human Resources Division, General Administration Division, IT Division, Legal & Risk Management Division, Investor Relations & Public Relations Division, Audit Division, CSR, and ecology
* Senior Executive Officer	Satoshi Ohdate	General Manager of Consumer Car Electronics Business Division, and in charge of Design Division, and Pioneer Sales & Marketing Corporation
Executive Officer	Minoru Maruyama	General Manager of Production Management Division
Executive Officer	Ichio Kitamura	In charge of Quality Assurance Division
Executive Officer	Naoto Takashima	General Manager of OEM Car Electronics Business Division
* Executive Officer	Shinsuke Nishimura	General Manager of Autonomous Driving Systems Business Development Division, and in charge of Research & Development Division
Executive Officer	Mitsumasa Kato	General Manager of Engineering Development Division
Executive Officer	Gregory R. Pierson	Chief Legal Officer for the Americas, and Executive Vice President, Pioneer Electronics (USA) Inc.
Executive Officer	Steven R. Moerner	In charge of Car OEM Business for the Americas, President & COO, Pioneer Automotive Technologies, Inc.

Note: \* indicates an Executive Officer who is also a Director.

## **(2) Remuneration of Directors and Audit & Supervisory Board Members**

### **(a) Remuneration of Directors and Audit & Supervisory Board Members with Respect to the Period Under Review**

266 million yen for 11 Directors

44 million yen for three Audit & Supervisory Board Members

Notes: 1. The above amounts include remuneration of three Directors who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 28, 2017.

2. Out of the above amounts, remuneration of Outside Directors and Outside Audit & Supervisory Board Members is 35 million yen for four persons.

### **(b) Policies of Determining the Remuneration of Directors and Audit & Supervisory Board Members**

Pioneer has established Compensation Committee as an advisory organ to the Board of Directors, which discusses issues such as policies and systems for remuneration and other benefits for Directors and Executive Officers as well as individual evaluations and compensation levels.

Remuneration of Directors is properly determined pursuant to “Policies with Respect to the Remuneration of Directors and Executive Officers” which were verified by the Compensation Committee, as described below.

- Benefits for Directors and Executive Officers (such as compensation and bonus, etc.) are not in contradiction to the benefit of shareholders.
- Levels of compensation are not in contradiction to the consolidated business performance (both results and forecasts).
- Compensation of individuals relates to each role and responsibility, and properly reflects the degree of achievement, performance and contribution of each occupation with its executive responsibility.

Amounts of compensation for Directors and Audit & Supervisory Board Members are determined within the range approved at the 52nd Ordinary General Meeting of Shareholders held on June 26, 1998 (maximum amount payable to Directors of ¥900 million, per annum, and maximum amount payable to Audit & Supervisory Board Members of ¥100 million, per annum), and such amounts with respect to Directors are determined on the basis of the results of discussion at the Compensation Committee, and with respect to Audit & Supervisory Board Members properly determined by the discussion of Audit & Supervisory Board Members.

**(3) Matters with Respect to Outside Directors and Outside Audit & Supervisory Board Members**

(a) Outside Director: Masahiro Tanizeki

(i) Relation Between the Company and Other Business Entities at Which the Outside Director Has Important Occupation

None

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended all of the 11 meetings of the Board of Directors held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a management member of business enterprises.

(b) Outside Director: Shunichi Sato

(i) Relation Between the Company and Other Business Entities at Which the Outside Director Has Important Occupation

There is no special relation between the Company and Nakano Corporation.

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended nine out of the 11 meetings of the Board of Directors held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a diplomat.

(c) Outside Audit & Supervisory Board Member: Keichi Nishikido

(i) Relation Between the Company and Other Business Entities at Which the Outside Audit & Supervisory Board Member Has Important Occupation

There is no special relation between the Company and Kohwa Sohgo Law Offices or Saibo Co., Ltd.

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended all of the 11 meetings of the Board of Directors and all of the 15 meetings of the Audit & Supervisory Board, both held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a legal expert.

(d) Outside Audit & Supervisory Board Member: Hiroyuki Wakamatsu

(i) Relation Between the Company and Other Business Entities at Which the Outside Audit & Supervisory Board Member Has Important Occupation

There is no special relation between the Company and Wakamatsu CPA Office, Withus Corporation, Mixi, Inc. or RENOVA, Inc.

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended all of the 11 meetings of the Board of Directors and all of the 15 meetings of the Audit & Supervisory Board, both held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a financial expert.

#### **(4) Agreement on Limitation of Liabilities**

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act of Japan, the Company has entered into agreements with Outside Directors and Outside Audit & Supervisory Board Members which limit their liabilities specified in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities under the agreement is the amount provided by laws and regulations.



## **5. MATTERS WITH RESPECT TO ACCOUNTING AUDITOR**

### **(1) Name of Accounting Auditor**

Deloitte Touche Tohmatsu LLC

### **(2) Remuneration of Accounting Auditor for the Period Under Review**

- (a) Remuneration as Accounting Auditor of Pioneer Corporation with Respect to the Period Under Review

117 million yen

Note: The amounts being derived from the audit under the Companies Act of Japan, the audit under the Financial Instruments and Exchange Act of Japan and the audit concerning the consolidated financial statements in English are not clearly distinguished and those amounts cannot be practicably distinguished. The above amount indicates the total of these amounts.

- (b) Total Amount of Money and Other Property Benefits Payable by Pioneer Corporation and Its Subsidiaries

154 million yen

Note: The Company's overseas subsidiaries entrust audit services on the financial statements to accounting firms other than the above Accounting Auditor.

### **(3) Reason the Audit & Supervisory Board Agreed on Compensation etc., of the Accounting Auditor for the Period Under Review**

The Audit & Supervisory Board examined factors such as contents of the auditing plan, status of business execution, and assumptions for calculation of compensation estimates of the accounting audit by the Accounting Auditor, and subsequent to deliberation, agreed to the amount of compensation, etc., of the Accounting Auditor.

### **(4) Non-Audit Services Entrusted to the Accounting Auditor**

None

### **(5) Policy on Decisions Concerning Dismissal or Non-reappointment of the Accounting Auditor**

If the Audit & Supervisory Board determines that any of the items in Article 340, Paragraph 1 of the Companies Act apply to the Accounting Auditor and dismissal is appropriate, the Accounting Auditor will be dismissed based on the consent of all Audit & Supervisory Board Members. Additionally, if the Audit & Supervisory Board determines that it will be difficult for the Accounting Auditor to appropriately execute its accounting audit, determination will be made to submit a proposal to a General Meeting of Shareholders for the dismissal or non-reappointment of the Accounting Auditor.

### **(6) Agreements on Limitation of Responsibility**

The Company has not entered into any agreements with the Accounting Auditor on limitation of its responsibility.

## **6. SYSTEMS FOR ENSURING APPROPRIATE EXECUTION OF BUSINESS**

Pioneer Corporation has established systems for ensuring that directors perform their duties in conformity with laws and regulations and its Articles of Incorporation, as well as ensuring the appropriate execution of business of Pioneer and its subsidiaries (together, the “Pioneer Group” or the “Group”), pursuant to Article 362, Paragraph 4, Item 6 of the Companies Act of Japan and Article 100 of the Ordinance for Enforcement of the Companies Act. Details are as follows.

### **<Basic Policy>**

The Pioneer Group has formulated the “Pioneer Group Vision Structure” to share its Group philosophy, “Move the Heart and Touch the Soul,” among all people of the Pioneer Group, and established the “Pioneer Group Charter for Corporate Operations” (the “Charter”) as the fundamental guidelines for realizing the objects of the “Pioneer Group Vision.”

In accordance with the Charter, the Pioneer Group has established the “Pioneer Group Code of Conduct” (the “Code”), as the standards that should be observed by all people working in the Pioneer Group. Based on the Code, directors, executive officers, audit & supervisory board members and employees of the Pioneer Group are expected to act sincerely in the course of performing their duties with strong awareness of corporate social responsibilities.

The Pioneer Group has also formulated a set of common, basic rules called the “Rules of the Pioneer Group” for the entire Group, of which the Charter is foremost in importance. Based on these rules, Pioneer works to implement appropriate management systems on a Group-wide basis.

### **(1) Systems That Ensure Directors and Employees Perform Their Duties in Conformity with Laws and Regulations and the Articles of Incorporation**

Pioneer has a management system which consists of the Board of Directors as a decision-making and supervisory body on fundamental corporate issues; the Representative Directors who are responsible for business operations; and the Audit & Supervisory Board as an auditing body of directors’ performance. Through this management system, Pioneer ensures that directors perform their duties in conformity with laws and regulations and the Articles of Incorporation. Several outside directors with a high degree of independence are appointed to reinforce the supervisory function of the Board of Directors. Furthermore, the supervising and monitoring functions of outside directors and outside audit & supervisory board members over the management are strengthened by offering opportunities for regular cooperation between them, enhancing the information on business execution provided to outside directors, and holding communication meetings between outside directors and the Audit & Supervisory Board.

To achieve compliance with laws and regulations, Pioneer has adopted the Charter and the Code as decision-making and behavioral standards for directors, executive officers, audit & supervisory board members and employees at all companies of the Pioneer Group. Also, Pursuant to “Basic Rules for Business Ethics” Pioneer has established a “Business Ethics Committee” chaired by an outside director to ensure legal compliance by those in the Pioneer Group, as well as thorough observance of the Code. To implement the Pioneer Group’s whistle-blowing policy, in addition to the regular reporting system, the Pioneer Group has the “Business Ethics Hotline” for reporting any act, behavior, etc., contrary to or otherwise against the Code. All reports received by the “Business Ethics Hotline” are simultaneously forwarded to both the administrative office of the “Business Ethics Committee” and the Audit & Supervisory Board. All reports received by the Hotline are dealt with appropriately and in good faith to protect the persons making reports from unfair treatments because of their reports.

As to internal audit, the Audit Division performs audits of business operations in accordance with the “Basic Rules for Consolidated Internal Audit,” and verifies the status of compliance with laws and internal regulations.

With regard to Pioneer’s efforts to exclude anti-social elements which threaten civil order and the safety of citizens, the Code contains a fundamental principle that supports Group-wide activities to combat such elements, in accordance with the spirit of “operating our corporate activities fairly,” as stipulated in the Charter. Pioneer is also enhancing its compliance functions, by defining the “Basic Rules for Action Against Anti-social Elements,” and by establishing departments that are responsible for taking action against such elements, through collaboration with relevant outside organizations and sharing information and offering instruction regarding such action across the entire Group.

## **(2) Systems to Keep, Administer and Manage Information Concerning the Performance of Directors' Duties**

Information concerning the performance of directors' duties is kept, administrated and managed properly in accordance with such internal rules as the "Basic Rules for Information Security Management." The Audit Division regularly verifies the status of keeping, administrating and managing such information.

The minutes of the meetings of the Board of Directors are prepared and kept at the Head Office for 10 years in accordance with the Companies Act. Pioneer has established a "Group Executive Committee," as described in Item 4 below, to reinforce the decision-making function of the Board of Directors. As with the minutes of the meetings of the Board of Directors, the minutes of the meetings of the "Group Executive Committee" are kept for 10 years.

As to proper disclosure of corporate information and financial reporting, the Company defines "Basic Rules on Disclosure" and "Basic Rules for Consolidation Accounting," thereby seeks to enhance management structure of corporate information.

## **(3) Systems to Manage the Risk of Potential Losses**

Pioneer has established an "Internal Control Committee" pursuant to "Basic Rules for Internal Control System," chaired by an Executive Officer in charge of risk management, to reinforce and strengthen the management system of possible risks out of or in relation to the Pioneer Group's business activities, and is implementing measures for identifying and preventing such possible risks. In particular, to cope with possible material risks systematically, Pioneer has set the policies and procedures in the "Rules of the Pioneer Group."

In addition, Pioneer has instituted the "Basic Rules for Crisis Controls" to cope appropriately with crises if and when they actually occur. Based on these rules, Pioneer has established an "Emergency Management Committee (EM Committee)" as a permanent organization to administer the Pioneer Group's crisis control system, including employee education and training. The "EM Committee" is chaired by an Executive Officer in charge of general administration, and EM Managers have been appointed at each principal organization throughout the Pioneer Group. Thus, the Pioneer Group shall cope with and solve the problems if a crisis actually happens. Pioneer has clearly defined the roles of each Group organization in coping with crises, including crisis response procedures, etc., in the "Crisis Control Manual."

Pioneer's "Basic Rules for Authority of Group Companies" clarify authority, responsibility, and approval procedures with respect to decision making on important matters for each Group Company, as a part of efforts to prevent potential losses.

Based on the "Basic Rules for Consolidated Internal Audit," the Audit Division monitors all the processes of each Group Company taken to identify possible risks, as well as measures to prevent these risks and/or respond to crises.

## **(4) Systems to Ensure Directors to Efficiently Perform Their Duties**

Through its executive officer system and by delegating authority to each executive officer, Pioneer works to expedite the execution of business operations and clearly definite the areas of responsibility thereof.

The "Group Executive Committee," which was formed to reinforce decision making, comprises executive officers appointed by the Board of Directors. The "Group Executive Committee," under the supervision of the Board of Directors, thoroughly discusses key management issues at its regular meetings twice per month, in principle, and either approves these issues or in cases where the Board of Directors are stipulated to have decision-making authority reports on these issues to the Board of Directors.

The "Basic Rules for Authority of Group Companies" clarify authority, responsibility, and approval procedures with respect to decision making on important matters for each Group Company. This aims to ensure rapid decision making by Pioneer's Board of Directors and the efficient performance of its duties.

The term of office for directors is shortened from statutory two years to one year, which increases the chances for shareholders to elect directors, and helps those directors focus on their responsibilities and respond promptly to changing business environments.

## **(5) Systems to Ensure Proper Execution of Group-wide Business Operations**

The Company has established the “Rules of the Pioneer Group” that should be observed by the entire Pioneer Group to ensure the proper execution of business operations.

Based on the “Basic Rules for Authority of Group Companies,” the Group Executive Committee discusses and determines important matters facing each Group Company in accordance with the pre-determined clarifications of authority and responsibility. This system ensures that the entire Pioneer Group performs quick decision making and proper execution and efficient management of business operations.

Directors or Executive Officers have been elected as directors of principal Group companies to strengthen their supervision on the operations of such companies, thus reinforce management system of the entire Pioneer Group.

The Company has in place a system to enable the exchange of information between audit & supervisory board members of companies of the Pioneer Group. This system ensures on a Group-wide basis the proper execution of business operations and the effectiveness of audits.

The Audit Division coordinates and supervises the entire program of internal audits of each company of the Pioneer Group, in accordance with the provisions of the “Basic Rules for Consolidated Internal Audit.”

## **(6) Matters Relating to Employee Assistants to Audit & Supervisory Board Members and Their Independence**

The Audit & Supervisory Board has its dedicated office to support the performance of its duties. The staffs of this dedicated office are appointed from among Pioneer employees, and whose appointments, transfers, etc., are determined by prior consultation with the Audit & Supervisory Board.

## **(7) Systems Relating to Submission of Information to Audit & Supervisory Board Members by Directors and Employees**

The Company has in place a system where all of the Pioneer Group’s directors, executive officers and employees report to audit & supervisory board members. Pioneer also has in place a system for audit & supervisory board members to attend such important meetings as stipulated in the “Committee Rules.”

Additionally, pursuant to the “Audit Standards for Audit & Supervisory Board Members,” Pioneer has in place a system to report to the Audit & Supervisory Board important matters that could affect business operations or operating results. Financial information is reviewed by the Audit & Supervisory Board prior to disclosure.

As for the reporting to audit & supervisory board members, the Company has in place a system to protect the persons who made such reports from receiving unfair treatments because of their reporting.

## **(8) Other Systems for Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members**

Pursuant to the “Rules of the Audit & Supervisory Board” and “Audit Standards of Audit & Supervisory Board Members,” the Company ensures regular meetings with the Representative Directors and opportunities to regularly obtain explanations and reports from the Audit Division and the independent Accounting Auditor. Also, audit & supervisory board members shall request advice from outside experts as necessary. Expenses necessary for the execution of duties of audit & supervisory board members may be reimbursed based on the audit plan budget.

Note: The “Rules of the Pioneer Group” encompass all the rules and regulations on basic matters relating to the management of the Pioneer Group, and include the “Pioneer Group Charter for Corporate Operations,” “Pioneer Group Code of Conduct,” “Basic Rules for Business Ethics,” “Basic Rules for Consolidated Internal Audit,” “Basic Rules for Information Security Management,” “Basic Rules on Disclosure,” “Basic Rules for Consolidation Accounting,” “Basic Rules for Internal Control System,” “Basic Rules for Crisis Controls” and “Basic Rules for Authority of Group Companies.”

## **7. STATUS OF OPERATION OF SYSTEMS FOR ENSURING APPROPRIATE EXECUTION OF BUSINESS**

Regarding systems for ensuring that directors perform their duties in conformity with laws and regulations and Pioneer's Articles of Incorporation, as well as ensuring the appropriate execution of business of Pioneer and its subsidiaries, a summary of the status of operation for the period under review is as follows.

### **(1) Performance of Directors' Duties**

11 meetings of the Board of Directors were held, where decisions on fundamental corporate issues were made and supervision on business operations by the Representative Directors was conducted. Additionally, the "Group Executive Committee," comprised of executive officers appointed by the Board of Directors, was held 19 times, and the Company worked to improve speed and efficiency of execution of business operations by Directors and reinforce decision-making and supervisory functions of the Board of Directors. Furthermore, various efforts were made to strengthen the supervising and monitoring functions over management through outside directors and outside audit & supervisory board members, including holding four periodic meetings between outside directors and outside audit & supervisory board members, and one communication meeting between outside directors and the Audit & Supervisory Board. 15 meetings of the Audit & Supervisory Board were held, and audits on the execution of business operations by Directors were made.

### **(2) Compliance**

Two meetings of the "Business Ethics Committee" were held, and efforts were made to monitor and disseminate complying with laws and regulations and the "Pioneer Group Code of Conduct" by directors, executive offices, audit & supervisory board members and employees at all companies of the Pioneer Group. All reports made to the "Business Ethics Hotline" were dealt with appropriately and in good faith.

### **(3) Internal Audit**

The Audit Division, coordinating and supervising the entire program of internal audits of each company of the Pioneer Group, implemented internal audits with divisions responsible for internal audits established at key Group Companies, and offered advice, etc., to improve and remedy business operations. The results of internal audits by the Audit Division have been reported to the President and CEO, Executive Officer in charge of the Audit Division, and Audit & Supervisory Board Members.

### **(4) Appropriate Information Disclosure**

Concerning information disclosure, reviews were made timely by attorneys-at-law to secure legality, accuracy, and appropriateness of disclosure content. Furthermore, based on the regulations of the Tokyo Stock Exchange, a total of 11 timely disclosures of information was made, including consolidated financial statements, etc., prepared in accordance with "Basic Rules for Consolidation Accounting."

## **(5) Risk Management**

Two meetings of the “Internal Control Committee” were held, and aside from aiming to enhance and strengthen the management system of possible risks out of or in relation to the Pioneer Group’s business activities, various training regarding compliance and a revision to the “Rules of the Pioneer Group” were also made. Additionally, the “EM Committee” made various efforts during ordinary times to strengthen advance countermeasures, including information distribution regarding safety countermeasures overseas, and education and enrichment activities regarding risk management. The “EM Committee” convened four times, and determined that there was no crisis situation that would have a large negative impact on our group-wide business activities.

## **(6) System for Reporting to Audit & Supervisory Board Members**

Two periodic meetings between the Audit & Supervisory Board and Representative Directors were held. Additionally, Audit & Supervisory Board Members received reports regarding execution of business operations from Directors and Executive Officers, and sought explanations as required. Furthermore, information exchanges were made between Audit & Supervisory Board Members and audit & supervisory board members at Group Companies, and eight meetings between the Audit & Supervisory Board Members and the Accounting Auditor were held, with discussions being made regarding the results of accounting audits, the annual accounting audit plan, and the implementation status of the accounting audit, etc. All reports made to the “Business Ethics Hotline” were reported to Audit & Supervisory Board Members.

## **8. OTHER IMPORTANT MATTERS CONCERNING BUSINESS CONDITIONS OF THE COMPANY**

There is nothing particular to report hereunder.

## CONSOLIDATED BALANCE SHEET

(In millions of yen)

March 31, 2018

<b>ASSETS</b>	
Current assets:	
Cash and deposits	¥ 35,642
Trade receivables	60,094
Finished products	21,590
Work in process	12,793
Raw materials and supplies	15,750
Deferred tax assets	1,816
Other current assets	14,093
Allowance for doubtful receivables	(740)
Total current assets	161,038
Noncurrent assets:	
Property, plant and equipment:	
Buildings and structures	14,144
Machinery, equipment and others	6,634
Land	10,389
Leased assets	2,081
Construction in progress	530
Others	4,431
Net property, plant and equipment	38,209
Intangible assets:	
Goodwill	396
Software	25,896
Software in progress	47,606
Others	599
Total intangible assets	74,497
Investments and other assets:	
Investment securities	8,466
Deferred tax assets	1,194
Net defined benefit asset	973
Others	3,156
Allowance for doubtful accounts	(49)
Total investments and other assets	13,740
Total noncurrent assets	126,446
Deferred assets:	
Stock issuance cost	26
Total deferred assets	26
Total assets	¥287,510

(In millions of yen)

March 31, 2018

<b>LIABILITIES</b>	
Current liabilities:	
Trade payables	¥ 59,770
Short-term borrowings	32,537
Current portion of long-term debt	1,667
Income taxes payable	893
Accrued expenses	33,107
Warranty reserve	1,841
Other current liabilities	19,528
<b>Total current liabilities</b>	<b>149,343</b>
Long-term liabilities:	
Convertible bonds	15,041
Long-term debt	833
Accrued pension and severance costs	31,395
Other long-term liabilities	5,964
<b>Total long-term liabilities</b>	<b>53,233</b>
<b>Total liabilities</b>	<b>202,576</b>
<b>EQUITY</b>	
Shareholders' equity:	
Common stock	92,881
Capital surplus	32,295
Retained earnings	46,733
Treasury stock	(11,052)
<b>Total shareholders' equity</b>	<b>160,857</b>
Accumulated other comprehensive income (loss):	
Unrealized loss on available-for-sale securities	(393)
Deferred gain on derivatives under hedge accounting	11
Foreign currency translation adjustments	(59,446)
Defined retirement benefit plans	(20,509)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(80,337)</b>
Noncontrolling interests	4,414
<b>Total equity</b>	<b>84,934</b>
<b>Total liabilities and equity</b>	<b>¥287,510</b>



## CONSOLIDATED STATEMENT OF OPERATIONS

(In millions of yen)

	Year ended March 31, 2018
Net sales	¥365,417
Cost of sales	299,896
<b>Gross profit</b>	<b>65,521</b>
Selling, general and administrative expenses	64,327
<b>Operating income</b>	<b>1,194</b>
Non-operating income:	
Interest and dividend income	324
Others	185
Total non-operating income	509
Non-operating expenses:	
Interest expense	672
Equity in losses of affiliated companies	1,265
Exchange loss	1,194
Others	1,693
Total non-operating expenses	4,824
<b>Ordinary loss</b>	<b>(3,121)</b>
Extraordinary income:	
Gain on sale of noncurrent assets	192
Gain on sale of investment securities	48
Total extraordinary income	240
Extraordinary loss:	
Loss on sale and disposal of noncurrent assets	333
Restructuring costs	853
Impairment loss	522
Others	72
Total extraordinary loss	1,780
<b>Loss before income taxes</b>	<b>(4,661)</b>
Income taxes:	
Current	1,751
Deferred	880
Total income taxes	2,631
Net loss	(7,292)
Net loss attributable to noncontrolling interests	(169)
<b>Net loss attributable to owners of Pioneer Corporation</b>	<b>¥ (7,123)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(In millions of yen)

	<b>Shareholders' Equity</b>				<b>Total Shareholders' Equity</b>
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	
Balance, beginning of year	¥91,732	¥ 56,016	¥28,984	¥(11,051)	¥165,681
Changes:					
Issuance of new shares	1,149	1,150			2,299
Net loss attributable to owners of Pioneer Corporation			(7,123)		(7,123)
Transfer to retained earnings from capital surplus		(24,872)	24,872		-
Purchase of treasury stock				(1)	(1)
Acquisition of shares of consolidated subsidiary		1			1
Net change of items other than shareholders' equity					
Net changes	1,149	(23,721)	17,749	(1)	(4,824)
Balance, end of year	¥92,881	¥ 32,295	¥46,733	¥(11,052)	¥160,857

(In millions of yen)

	<b>Accumulated Other Comprehensive Income (Loss)</b>						<b>Non-controlling Interests</b>	<b>Total Equity</b>
	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives Under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total Accumulated Other Comprehensive Loss			
Balance, beginning of year	¥(191)	¥ -	¥(59,149)	¥(23,825)	¥(83,165)	¥ 4,273	¥86,789	
Changes:								
Issuance of new shares							2,299	
Net loss attributable to owners of Pioneer Corporation							(7,123)	
Transfer to retained earnings from capital surplus							-	
Purchase of treasury stock							(1)	
Acquisition of shares of consolidated subsidiary							1	
Net changes of items other than shareholders' equity	(202)	11	(297)	3,316	2,828	141	2,969	
Net changes	(202)	11	(297)	3,316	2,828	141	(1,855)	
Balance, end of year	¥(393)	¥ 11	¥(59,446)	¥(20,509)	¥(80,337)	¥ 4,414	¥84,934	

**CONDENSED BALANCE SHEET (non-consolidated)**

(In millions of yen)

March 31, 2018

<b>ASSETS</b>	
Current assets:	
Cash and deposits	¥ 8130
Trade receivables	23,573
Inventories	11,658
Short term loans to subsidiaries	65,525
Other current assets	7,627
<b>Total current assets</b>	<b>116,513</b>
Noncurrent assets:	
Net property, plant and equipment	6,452
Intangible assets	58,886
Investments and other assets	113,243
<b>Total noncurrent assets</b>	<b>178,581</b>
Deferred assets:	
Stock issuance cost	26
<b>Total deferred assets</b>	<b>26</b>
<b>Total assets</b>	<b>¥295,121</b>
<b>LIABILITIES</b>	
Current liabilities:	
Trade payables	¥ 38,101
Short-term borrowings	22,600
Short-term borrowings from subsidiaries	23,077
Current portion of long-term debt	1,266
Accrued expenses	21,730
Other current liabilities	4,196
<b>Total current liabilities</b>	<b>110,970</b>
Long-term liabilities:	
Convertible bonds	15,041
Long-term debt	633
Provision for loss on business of subsidiaries and associates	59,930
Other long-term liabilities	12,819
<b>Total long-term liabilities</b>	<b>88,423</b>
<b>Total liabilities</b>	<b>199,394</b>
<b>EQUITY</b>	
Shareholders' equity:	
Common stock	92,881
Capital surplus	32,293
Retained earnings	(17,944)
Treasury stock	(11,051)
<b>Total shareholders' equity</b>	<b>96,178</b>
Valuation and translation adjustments	(451)
<b>Total equity</b>	<b>95,726</b>
<b>Total liabilities and equity</b>	<b>¥295,121</b>

**CONDENSED STATEMENT OF OPERATINS (non-consolidated)**

(In millions of yen)

	Year ended March 31, 2018
Net sales	¥209,219
Cost of sales	184,845
Selling, general and administrative expenses	34,927
Operating loss	(10,553)
Non-operating income—net	1,721
Ordinary loss	(8,832)
Extraordinary loss—net	(9,957)
Loss before income taxes	(18,789)
Income taxes	(844)
Net loss	¥ (17,944)

**CONDENSED STATEMENT OF CHANGES IN EQUITY (non-consolidated)**

(In millions of yen)

	<b>Shareholders' Equity</b>	<b>Valuation and Translation Adjustments</b>	<b>Total Equity</b>
Balance, beginning of year	¥111,824	¥(255)	¥111,569
Changes:			
Issuance of new shares	2,299		2,299
Net loss	(17,944)		(17,944)
Purchase of treasury stock	(0)		(0)
Net changes of items other than shareholders' equity		(196)	(196)
Net changes	(15,645)	(196)	15,842
Balance, end of year	¥ 96,178	¥(451)	¥ 95,726

**AUDIT REPORT BY ACCOUNTING AUDITOR  
ON CONSOLIDATED FINANCIAL STATEMENTS**  
(copy)

INDEPENDENT AUDITOR'S REPORT

May 10, 2018

To the Board of Directors of Pioneer Corporation

Deloitte Touche Tohmatsu LLC

Kazuki Iwashita, C.P.A. (seal)  
Designated Partner and Engagement Partner

Tomoki Yamada, C.P.A. (seal)  
Designated Partner and Engagement Partner

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act of Japan, we have audited the consolidated financial statements, namely, the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in equity and the notes thereto of Pioneer Corporation for the period from April 1, 2017 to March 31, 2018.

Management's responsibility for the consolidated financial statements:

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pioneer Corporation and its subsidiaries as of March 31, 2018, and the consolidated results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interests:

Our firm or the engagement partners do not have any interests in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law of Japan.

- END -

Note: Consolidated financial statements audited by the Accounting Auditor are their original Japanese version, while those contained in this Convocation Notice are their summarized translation.

**AUDIT REPORT BY ACCOUNTING AUDITOR  
ON NON-CONSOLIDATED FINANCIAL STATEMENTS**  
(copy)

INDEPENDENT AUDITOR'S REPORT

May 10, 2018

To the Board of Directors of Pioneer Corporation

Deloitte Touche Tohmatsu LLC

Kazuki Iwashita, C.P.A. (seal)  
Designated Partner and Engagement Partner

Tomoki Yamada, C.P.A. (seal)  
Designated Partner and Engagement Partner

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, we have audited the financial statements (on non-consolidated basis), namely, the balance sheet, the statement of operations, the statement of changes in equity and the notes thereto, as well as the supplementary schedules annexed to the financial statements of Pioneer Corporation for the 72nd accounting period from April 1, 2017 to March 31, 2018.

Management responsibility for the financial statements:

Management is responsible for the preparation and fair presentation of these financial statements and their supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements and their supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and their supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and their supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and their supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and their supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements and their supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements and their supplementary schedules referred to above present fairly, in all material respects, the financial position of Pioneer Corporation as of March 31, 2018, and the results of operations and their supplementary schedules for the year then ended in accordance with accounting principles generally accepted in Japan.

Interests:

Our firm or the engagement partners do not have any interests in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law of Japan.

- END -

Note: Non-consolidated financial statements audited by the Accounting Auditor are their original Japanese version, while those contained in this Convocation Notice are their summarized translation.



## AUDIT REPORT BY THE AUDIT & SUPERVISORY BOARD

(copy)

### AUDIT REPORT

The Audit & Supervisory Board of Pioneer Corporation has prepared this audit report with respect to the performance of duties by directors during the 72nd accounting period from April 1, 2017 to March 31, 2018 as follows, upon deliberation based on respective audit reports prepared by each Audit & Supervisory Board Member.

#### **1. Auditing methods employed by the Audit & Supervisory Board Members and the Audit & Supervisory Board and details thereof**

- (1) The Audit & Supervisory Board determined the policy of auditing and the audit plan, etc., received reports from each Audit & Supervisory Board Member on the methods and results of audit, and reports from directors and the accounting auditor with respect to the status of performance of their duties and requested explanation thereof as considered necessary.
- (2) Pursuant to the standards of auditing of Audit & Supervisory Board Members and in accordance with the policy of auditing and the audit plan, etc. determined by the Audit & Supervisory Board, each of the Audit & Supervisory Board Members communicated with directors and personnel at internal audit divisions and others, made efforts in gathering information and organizing auditing environments, as follows:
  - (a) Each of the Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from directors and other personnel with respect to the status of performance of their duties, requested explanation thereof as considered necessary, inspected important documents, and investigated the condition of operations and property at the head office and the principal places of business. Regarding subsidiaries, Audit & Supervisory Board Members communicated with their directors and audit & supervisory board Members and exchanged information, and received reports therefrom on subsidiaries' business as considered necessary.
  - (b) With respect to the contents of the resolution of Board of Directors concerning the arrangements of the internal control systems, namely, systems pursuant to Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan for ensuring that directors perform their duties in conformity with laws and regulations and the Articles of Incorporation, and for ensuring appropriate operations of the Company, as well as the status of such internal control systems, which is described in the business report, Audit & Supervisory Board Members also regularly received reports from directors and other personnel on the formation and status thereof, requested explanation thereof as considered necessary and gave opinion thereon.
  - (c) Audit & Supervisory Board Members monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, and received reports from the Accounting Auditor with respect to the performance of its duties and requested explanation thereof as considered necessary. Furthermore, Audit & Supervisory Board Members received notice from the Accounting Auditor that "systems to ensure proper performance of duties of the accounting auditor" (matters set forth in each item of Article 131 of the Company Accounting Ordinance of Japan) are organized in accordance with "Quality Control Standards for Audit" (adopted by the Business Accounting Council on October 28, 2005), etc., and requested explanation thereof as considered necessary.

Based on the above methods, Audit & Supervisory Board Members examined the business report and its supplementary schedules, the non-consolidated financial statements (the balance sheet, the statement of operations, the statement of changes in shareholders' equity and the notes thereto) and their supplementary schedules annexed thereto, and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of shareholders' equity and the notes thereto), all for the period under review.

## 2. Results of audit

- (1) Results of audit of business report, etc.
  - (i) The business report and its supplementary schedules present fairly, in conformity with the applicable laws and regulations and the Company's Articles of Incorporation, the status of the Company.
  - (ii) With respect to the performance of duties by directors, there exist no unjust acts or serious violation of laws and regulations or the Company's Articles of Incorporation therein.
  - (iii) Content of the resolution by the Board of Directors with respect to the internal control systems as described in the business report is appropriate. Also, there is nothing to remark with respect to the performance of duties by directors regarding such internal control systems.
- (2) Results of audit of the financial statements (on non-consolidated basis) and their supplementary schedules

The methods and the results of audit by Deloitte Touche Tohmatsu, the independent auditor and the Company's Accounting Auditor, are appropriate.

- (3) Results of audit of the consolidated financial statements

The methods and the results of audit by Deloitte Touche Tohmatsu, the independent auditor and the Company's Accounting Auditor, are appropriate.

May 11, 2018

The Audit & Supervisory Board of Pioneer Corporation

Mikio Shimoda (seal)  
Full-Time Audit & Supervisory Board Member

Keiichi Nishikido (seal)  
Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

Hiroyuki Wakamatsu (seal)  
Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

- END -

## **REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS**

### **AGENDA ITEMS AND REFERENCE MATERIALS THEREOF:**

#### **Agenda Item No. 1.** Election of Eight (8) Individuals as Directors

As the terms of offices of all of eight (8) Directors currently in office will expire at the conclusion of this Ordinary General Meeting of Shareholders, a proposal is hereby made to elect eight (8) Directors.

When deciding the nomination of candidates for Directors, the Board of Directors requests the “Nominating Committee” chaired by an Outside Director and consisting of half or more Outside Directors, to deliberate, and decides the nomination in deference to the results of the deliberation.

The candidates for Directors are as follows:

#### Candidates for Directors

##### No. 1 Koichi Moriya

Date of Birth: August 13, 1957

Number of Pioneer Shares Held: 24,000

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1981:

Joined Pioneer

June 2013:

Executive Officer;

Chairman and Managing Director of Pioneer China Holding Co., Ltd.

June 2015:

Senior Executive Officer;

In charge of Human Resources Division, General Administration Division, and IT Division

June 2017 to present:

Director, Senior Executive Officer;

In charge of Human Resources Division, General Administration Division, IT Division, Legal & Risk Management Division, Investor Relations & Public Relations Division, Audit Division, CSR, and ecology

##### No. 2 Susumu Kotani

Date of Birth: April 12, 1950

Number of Pioneer Shares Held: 43,600

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1975:

Joined Pioneer

June 2003:

Executive Officer;

Chairman and Managing Director of Pioneer Europe NV

June 2006:

Executive Officer;

General Manager of International Business Group

June 2007:

Senior Executive Officer;

In charge of sales and marketing of Home Entertainment Business Group and General Manager of International Business Group

June 2008:  
Managing Director;  
General Manager of Home Entertainment Business Group  
November 2008:  
President and Representative Director  
June 2012  
Representative Director, President and CEO;  
In charge of Medical & Health Business Development Division and Cable & Network  
Systems Business Division  
June 2017 to present:  
Representative Director, President and CEO  
In charge of new businesses, related businesses, and export management in  
general

No. 3 Kunio Kawashiri

Date of Birth: December 26, 1957

Number of Pioneer Shares Held: 57,000

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1980:  
Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)  
July 2009:  
Joined Pioneer  
Executive Officer;  
Assistant to General Manager of Corporate Planning Division  
June 2010:  
Director;  
General Manager of Business Administration Division of Corporate Planning  
Division, and in charge of finance  
June 2012:  
Director, Senior Executive Officer;  
General Manager of Business Administration Division of Corporate Planning  
Division, and in charge of ecology, finance, Quality Assurance Division, IT Division,  
Industrial Solutions Division and Pioneer Digital Design and Manufacturing  
Corporation  
June 2017 to present:  
Director, Senior Executive Officer;  
In charge of Accounting Division, Finance Division and Intellectual Property  
Division

No. 4 Harumitsu Saito

Date of Birth: March 4, 1958

Number of Pioneer Shares Held: 25,100

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1980:  
Joined Pioneer  
June 2008:  
Executive Officer;  
General Manager of Business Planning Division of Mobile Entertainment Business  
Group

December 2010:  
Executive Officer;  
Executive Director and General Manager of Anyo Pioneer Motor Information  
Technology Co., Ltd.  
April 2013:  
Executive Officer;  
In charge of ecology and Quality Assurance Division  
June 2015:  
Senior Executive Officer;  
General Manager of Business Administration Division  
June 2017 to present:  
Director, Senior Executive Officer;  
General Manager of Corporate Management Division

No. 5 Satoshi Ohdate

Date of Birth: January 3, 1959

Number of Pioneer Shares Held: 19,500

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1981:  
Joined Pioneer  
June 2013:  
Executive Officer;  
Chairman & C.E.O. of Pioneer North America, Inc.  
June 2014:  
Executive Officer;  
General Manager of International Business Management Division  
June 2015:  
Senior Executive Officer;  
General Manager of Sales Management Division, and in charge of Pioneer Sales &  
Marketing Corporation  
June 2017 to present:  
Director, Senior Executive Officer;  
General Manager of Consumer Car Electronics Business Division, and in charge of  
Design Division, and Pioneer Sales & Marketing Corporation

No. 6 Mitsumasa Kato (To be newly elected)

Date of Birth: October 12, 1964

Number of Pioneer Shares Held: 1,400

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1988:  
Joined Pioneer  
May 2009:  
General Manager of Product Development Department 1 of OEM Designing Division  
of Kawagoe Plant of Mobile Entertainment Business Group  
September 2012:  
General Manager of OEM Designing Division of OEM Car Electronics Business  
Division of Car Electronics Business Management Group  
July 2016:  
General Manager of Project Owner Division of OEM Car Electronics Business  
Division

April 2017:  
Executive Officer;  
General Manager of Engineering Development Division, and of Engineering  
Management Division of Engineering Development Division  
October 2017 to present:  
Executive Officer;  
General Manager of Engineering Development Division

No. 7 Masahiro Tanizeki

Date of Birth: January 7, 1946

Number of Pioneer Shares Held: 5,000

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1968:  
Joined Toyota Tsusho Corporation  
August 1987:  
General Manager of London Office, Toyota Tsusho Corporation  
April 1992:  
Managing Director of Toyota Tsusho U.K. Ltd.  
June 1997:  
Director and General Manager of Vehicle Division I of Toyota Tsusho Corporation  
June 1999:  
Director of Toyota Tsusho Corporation;  
Managing Director of Toyota Tsusho Europe S.A.  
June 2002:  
Managing Director of Toyota Tsusho Corporation;  
In charge of Vehicles Division  
June 2005:  
Senior Managing Director of Toyota Tsusho Corporation;  
Chief Division Officer of Energy & Chemicals Division  
June 2007:  
Retired from Senior Managing Director of Toyota Tsusho Corporation  
President and Representative Director of Toyotsu Syscom Corporation  
June 2010:  
Retired from President and Representative Director of Toyotsu Syscom Corporation  
June 2010 to present:  
Director of Pioneer

No. 8 Shunichi Sato

Date of Birth: February 10, 1941

Number of Pioneer Shares Held: 13,800

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1964:  
Entered the Ministry of Foreign Affairs of Japan  
April 1987:  
Minister of Embassy of Japan in France  
February 1991:  
Consul General of Consulate General of Japan at Montreal  
July 1995:  
Director General of Latin American and Caribbean Affairs Bureau of the Ministry of  
Foreign Affairs of Japan

August 1997:  
Japanese Ambassador Extraordinary and Plenipotentiary to Poland  
April 2000:  
Japanese Ambassador Extraordinary and Plenipotentiary to Belgium  
December 2003:  
Retired from office of the Ministry of Foreign Affairs of Japan  
June 2004:  
Director of Pioneer  
June 2010:  
Retired from office of Director of Pioneer  
June 2014 to present:  
Director of Pioneer

<Other Important Occupation>

Outside Audit & Supervisory Board Member of Nakano Corporation

- Notes: 1. Each candidate has no particular interest in Pioneer.
2. Messrs. Masahiro Tanizeki and Shunichi Sato are candidates for Outside Director pursuant to the Companies Act of Japan, and satisfy the requirements of Independent Director of the Tokyo Stock Exchange. The following are items required to be noted about candidates for Outside Directors.
- (1) Reasons for recommendation
- (i) Mr. Masahiro Tanizeki is nominated because he is highly expected to fully perform the Outside Director's role with his insight and abundant experience as a management member of business enterprises, and his independence from management's execution of business activities. His term of office as Outside Director of Pioneer will be eight years at the conclusion of this Ordinary General Meeting of Shareholders.
- (ii) Mr. Shunichi Sato is nominated because he is highly expected to fully perform the Outside Director's role with his insight and abundant experience as a diplomat, and his independence from management's execution of business activities, although he has not been involved in company management in terms of business execution. His term of office as Outside Director of Pioneer will be four year at the conclusion of this Ordinary General Meeting of Shareholders.
- (2) Independence
- (i) None of the candidates for Outside Director have been in the past five years executing members, directors and audit & supervisory board members of Pioneer or of any business entities that have special relations with the Company (subsidiaries, affiliates and major business partners).
- (ii) None of the candidates for Outside Director have relatives in the third degree or closer that are executing members, directors and audit & supervisory board members of Pioneer or business entities that have special relations with the Company.
- (iii) None of the candidates for Outside Director have received in the past two years or plan to receive a large amount of money or any other property from Pioneer or business entities that have special relations with the Company, other than remuneration for their role as director, audit & supervisory board member or executive officer.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Messrs. Masahiro Tanizeki and Shunichi Sato which limits their liabilities specified in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities set forth by the agreement is the amount stipulated by laws and regulations. If they are elected as Outside Directors, the Company will enter into agreements with each of them.

**Agenda Item No. 2.** Election of One (1) Individual as Audit & Supervisory Board Member

As the terms of office of Mr. Mikio Shimoda out of a total of three (3) Audit & Supervisory Board Members currently in office will expire at the conclusion of this Ordinary General Meeting of Shareholders, a proposal is hereby made to elect one (1) Audit & Supervisory Board Member at the meeting.

This proposal has obtained the consent of the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is as follows:

**A Candidate for Audit & Supervisory Board Member**

Hiroshi Shinohara (To be newly elected)

Date of Birth: July 4, 1959

Number of Pioneer Shares Held: None

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1982:

Joined Pioneer

October 2009:

General Manager of Accounting Division of Finance and Accounting Division

April 2015 to present:

General Manager of Accounting Division

Note: Mr. Hiroshi Shinohara has no particular interest in Pioneer.



**Agenda Item No. 3.** Election of Two (2) Individuals as Substitute Audit & Supervisory Board Members in Case of Vacancy

As the effectiveness of the election of Mr. Shinichi Tsuji and Ms. Nobuko Hanano as Substitute Audit & Supervisory Board Members resolved at the previous ordinary general meeting of shareholders is until the beginning of this Ordinary General Meeting of Shareholders, a proposal is hereby made to elect two (2) Substitute Audit & Supervisory Board Members in case of vacancy that may be caused by Audit & Supervisory Board Members' retirement before the expiration of the term of office.

We hereby request the election of Mr. Shinichi Tsuji as substitute for Mr. Hiroshi Shinohara subject to the approval of Agenda Item No. 3, "Election of One (1) Individual as Audit & Supervisory Board Member," and Ms. Nobuko Hanano as substitute for Audit & Supervisory Board Members other than Mr. Hiroshi Shinohara.

The effectiveness of the election of substitute audit & supervisory board members is until the beginning of the next ordinary general meeting of shareholders, pursuant to the pertinent laws of Japan. However, the Board of Directors may, with the consent of the Audit & Supervisory Board, terminate the effectiveness of this election, but only prior to the assumption of office of an Audit & Supervisory Board Member by the Substitute Audit & Supervisory Board Member.

This proposal has obtained the consent of the Audit & Supervisory Board.

The candidates for Substitute Audit & Supervisory Board Members are as follows:

**Candidates for Substitute Audit & Supervisory Board Members**

No. 1 Shinichi Tsuji

Date of Birth: August 25, 1961

Number of Pioneer Shares Held: None

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1984:

Joined Pioneer

October 2009:

General Manager of Legal Affairs Division of Human Resources & General Administration Division

April 2015 to present:

General Manager of Legal & Risk Management Division

No. 2 Nobuko Hanano

Date of Birth: October 6, 1968

Number of Pioneer Shares Held: None

Brief Personal Profile and Important Occupation in Other Business Entities:

October 2000:

Attorney-at-law

October 2004 to present:

Partner of Kohwa Sohgo Law Offices

<Other Important Occupation>

Partner of Kohwa Sohgo Law Offices

- Notes: 1. Each candidate has no particular interest in Pioneer.
2. Ms. Nobuko Hanano satisfies the requirements of Outside Audit & Supervisory Board Member pursuant to the Companies Act of Japan, and the requirements of Independent Audit & Supervisory Board Member of the Tokyo Stock Exchange. The following are items required to be noted about candidate for Outside Audit & Supervisory Board Member.
- (1) Reasons for recommendation
- Ms. Hanano is nominated because she is highly expected to fully perform the Outside Audit & Supervisory Board Member's role to oversee management of Pioneer with her insight and abundant experience as a legal expert, and her independence from management's execution of business activities, although she has not been involved in company management in terms of business execution.
- (2) Independence
- (i) Ms. Hanano has not been in the past five years an executing member, a director and an audit & supervisory board member of Pioneer or business entities that have special relations with the Company (subsidiaries, affiliates and major business partners).
- (ii) Ms. Hanano has no relatives in the third degree or closer that are executing members, directors and audit & supervisory board members of Pioneer or business entities that have special relations with the Company.
- (iii) Ms. Hanano has not received in the past two years or plans to receive a large amount of money or any other property from Pioneer or business entities that have special relations with the Company.
3. If Ms. Hanano is elected as a Substitute Audit & Supervisory Board Member and she assumes office of Outside Audit & Supervisory Board Member, the Company will enter into an agreement with her to limit her liabilities as specified in Article 423, Paragraph 1 of the Companies Act of Japan, pursuant to the provisions of Article 427, Paragraph 1 of the Act. The maximum amount of liabilities set forth by the agreement shall be the amount stipulated by laws and regulations.

# # # # # #