

News Release

***For Immediate Release
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Pioneer Announces Restructuring Measures

TOKYO — Pioneer Corporation has announced that at a meeting of its Board of Directors held today, the Company approved new restructuring measures. Details are as follows.

I. Progress with Restructuring Measures Currently Under Way

Pioneer has been implementing restructuring measures mainly to improve profitability in the display business since 2008. These measures have included termination of in-house plasma display panel production and implementation of early retirement programs including personnel in administrative and sales divisions. Overseas, we have started to streamline our sales structures and have decided to close plasma display production facilities. Plans call for ending production at our U.S. and U.K. display production facilities in April and February 2009, respectively. Pioneer expects to complete these restructuring measures within the first half of 2009.

Pioneer's consolidated workforce decreased by approximately 5,900 employees from March 31, 2008 to roughly 36,900 employees as of December 31, 2008. The number of temporary employees also decreased by approximately 4,000 in the same period.

However, Pioneer has been affected significantly by dramatic changes in economic conditions since the fall of 2008—an impact that has far outweighed the benefits being generated by the aforementioned restructuring measures. Pioneer is now forecasting a record net loss for fiscal 2009, the year ending March 31, 2009.

II. New Restructuring Measures

For these reasons, Pioneer will implement new restructuring measures as detailed below.

1. Business Portfolio Realignment

Pioneer will realign its business portfolio through further drastic restructuring measures in the Home Electronics business, an area where the Company has been unable to achieve improvements in profitability despite implementing various initiatives. Through this process, Pioneer aims to transform itself into an enterprise centered on the Car Electronics business.

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(1) Home Electronics Business

Pioneer will terminate any further in-house display product development after its products currently available on the market, and withdraw from the display business by March 2010. Recent market conditions have changed far more than initially anticipated, and Pioneer has decided to withdraw from the display business after concluding that there are no prospects for improving profitability under current conditions. However, the Company will continue to provide after-sales services even after the withdrawal.

In the optical disc business, we are considering measures for improving profitability, including forming a joint venture.

Looking ahead, Pioneer will develop Home Electronics business centered on three areas, namely audio products, DJ equipment and cable TV set-top box businesses. We will focus on our specialization in “sound,” as we take advantage of our extensive audio technologies and expertise developed over the years to develop new business domains.

(2) Car Electronics Business

The Car Electronics business, both in consumer and OEM business areas, is currently severely affected by lower demand for automobiles due to weakening economic conditions. Lackluster auto demand is expected to continue for some time, but should see signs of recovery in fiscal 2011, the year ending March 31, 2011. Looking to the future after this, Pioneer expects growing demand for higher levels of environmental performance and energy efficiency in the automotive field. Pioneer will shift business resources from display field into the Car Electronics business, and leverage its market position and technological expertise, to open up a range of new business opportunities.

First, Pioneer will expand new lineups, including Blu-ray Disc compatible models and network-ready products, as well as strengthen the telematics business. In the medium term, we will aim to develop the telematics business into a key growth engine for the Car Electronics business.

In the consumer business, Pioneer has been working to expand business in emerging markets centered on the BRICs nations, and these efforts are steadily producing results. Although these markets are currently experiencing stagnant growth due to worsening economic conditions, the Company will strengthen its efforts to stimulate demand in these markets in order to revive growth in these markets and to offset contraction in the Japanese, U.S. and European consumer markets.

In the OEM business, Pioneer will work to win a broader range of orders, especially in the car navigation business. With this aim, Pioneer will vigorously propose new value-generating solutions to automobile manufacturers by leveraging its expertise in consumer markets, where the Company has won high acclaim for its network compatibility and introduction of high added-value products.

Pioneer will strive to enhance the operating structure of the Car Electronics business primarily by reducing costs and reviewing its business structure, in order to generate earnings in challenging market conditions. In software development for car navigation systems, which is an area with burgeoning costs, we will simplify processes in order to raise development efficiency. At the same time, we will promote the use of common hardware platforms, thereby curbing development expenses related to both hardware and software. To this end, Pioneer is discussing possible collaboration with other companies. In other areas, Pioneer will also reduce costs to ensure that the Company steadily improves profitability. For example, we will work to lower distribution costs; raise production efficiency by consolidating production facilities for the entire Pioneer Group, and overhaul sales structures.

Although a difficult business environment is expected to persist for some time, Pioneer will work to complete enhancing its operating structure as early as possible and lay a firm foundation for new growth after market conditions improve.

2. Streamlining the Business Framework of the Entire Pioneer Group

Pioneer will take action to streamline the business framework of the entire Pioneer Group. We will consolidate our network of production facilities in Japan and overseas by taking the following actions: we will withdraw from the display business; review our production system in the Car Electronics business to achieve optimum efficiency; and consolidate production facilities as part of ongoing efforts to integrate the speaker business. We intend to reduce our current 30 production companies around the world by roughly 30% in number in order to reduce production costs.

Regarding our sales structures, we are currently formulating detailed plans to adjust our sales framework to match the business scale in line with restructuring measures in the Home Electronics business. These plans include an overhaul of sales structures in Japan and overseas.

In addition, we plan to adjust headquarters and R&D functions to a scale that matches the new business structure.

Through these measures, we plan to reduce personnel by around 6,000 employees worldwide compared with our workforce as of December 31, 2008, including restructuring measures currently in progress. To this end, we will begin discussions with labor unions in various regions. In addition, we plan to reduce the number of temporary employees by approximately 4,000.

3. Improving Our Financial Position

Pioneer will work to improve its financial position by reducing inventories, accelerating trade receivables collections, curbing capital expenditures, selling idle assets, and cutting directors/executive officers' remuneration and employees' salaries. Basic portion of directors/executive officers' remuneration has been reduced since July 2008, and beginning in February 2009 the reduction will be some 20% to 50% until March 2011. No bonus payments for directors/executive officers will continue. We are also considering financial partnerships for enhancing our future financial position.

4. New Businesses for Future Growth

We are working to identify new businesses that will drive future growth. Pioneer holds a number of superior technologies, including next-generation hard disk manufacturing equipment based on optical disc production and fine processing technologies, as well as high-value-added electronic components using ultra-sensitive imaging elements. We will work hard to commercialize these technologies for industrial use as early as possible. Pioneer is also working hard to achieve further growth through creating new businesses such as developing products built into homes and research into “sound” in daily life, in addition to just conventional ordinary home-use electronics products.

Through the above restructuring measures, Pioneer is determined to restore profitability. Full details on these restructuring measures will be announced once they have been finalized.

Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this release with respect to our current plans, estimates, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management’s assumptions and beliefs in light of the information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. It is not our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect us include, but are not limited to: (i) general economic conditions in our markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the Japanese yen and the U.S. dollar, the euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continuously design and develop highly rated products and services in extremely competitive markets, which are characterized by continual product launches, rapid technological development, intense price-based competition, subjective and changing consumer preferences and other factors; (iv) our ability to successfully implement our business strategies; (v) our ability to compete, as well as develop and implement successful sales and distribution strategies, in light of technological developments in and affecting our businesses; (vi) our continued ability to devote sufficient resources to research and development, and capital expenditure; (vii) our ability to continuously enhance our brand image; (viii) the success of our joint ventures and alliances; (ix) the success of our business restructuring plans; and (x) the outcome of contingencies.

Pioneer Corporation is a leading global manufacturer of consumer- and business-use electronics products such as audio, video and car electronics. Its shares are listed on the Tokyo Stock Exchange.

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