

News Release

For Immediate Release
April 28, 2009

Pioneer Announces Issuance of New Shares Through Third-Party Allotment and Shelf Registration for Issuance of New Shares

TOKYO — Pioneer Corporation (hereinafter “Pioneer”) announced that it resolved, at a meeting of its board of directors held on April 28, 2009, to issue its new shares through a third-party allotment and to file a shelf registration statement for such issuance of new shares as described below. It is expected that such issuance of new shares will be completed before the end of June this year. The issue date or the closing date is to be determined at a meeting of the board of directors to be held later and will be announced once they are determined. It is also possible that the terms and conditions of issuance may be modified as a result of discussions with the party to which new shares are to be allotted.

1. Purpose and Reason of Issuance of New Shares Through Third-Party Allotment and Shelf Registration

As described in more detail in a separate press release entitled “Pioneer Announces Medium-Term Management Plan” announced by Pioneer today, Pioneer will position the Car Electronics business, with its outstanding technological expertise, product lineup and brand power, as a core business. As a means to grow the Car Electronics business, in the OEM business, Pioneer is seeking to bolster ties with major clients, as well as fulfill its duties as a supplier and meet the expectations of automakers. In addition, Pioneer is working hard to improve its financial position. Given that it is still projecting considerable business restructuring expenses in fiscal 2010, the year ending March 31, 2010, Pioneer believes it must generate cash and boost equity capital. As a part of such efforts, Pioneer determined to issue its new shares to Honda Motor Co., Ltd. (hereinafter “Honda”), one of its major clients in the OEM business, through a third-party allotment. For such issuance of the new shares through a third-party allotment, Pioneer filed today a shelf registration statement for issuance of new shares with the Director-General of the Kanto Local Finance Bureau.

2. Planned Issue Period under Shelf Registration

The period from the effective date of the shelf registration to the date on which a period of one year shall have elapsed.

(expected to be from May 9, 2009 to May 8, 2010)

3. Amount and Use of Funds to be Raised

(1) Amount of funds to be raised

Aggregate issue price:

2,499,000,000 yen

Estimated costs of issuance:

17,750,000 yen

Estimated net proceeds:

2,481,250,000 yen

(2) Use of funds

The funds to be raised through the issuance of new shares will be applied to working capital. In particular, the funds will be applied to a part of research and development expenses for the Car Electronics business, which will be positioned as a core business of Pioneer.

(3) Scheduled timing of expenditure of funds

The second quarter (from July to September) of fiscal 2010, the year ending March 31, 2010, until which time the funds will be held in the current account of Pioneer.

(4) Rationale for the use of funds

Pioneer believes that application of the funds to a part of research and development expenses of the Car Electronics business, which will be its core business, will contribute to further enhancing proposal capabilities and quality of products, centering on car navigation systems, and improving the expectations and trust of clients, thereby enhance the corporate value of Pioneer.

4. Business Results for and Equity Finance Executed in the Past Three Years

(1) Consolidated business results for the past three years

(In millions of yen except per share information)

Year ended March 31

	2006	2007	2008
Operating revenue	¥754,964	¥797,102	¥774,477
Operating income (loss)	(16,409)	12,487	10,907
Income (loss) from continuing operations before income taxes	(71,165)	(7,717)	3,434
Net income (loss)	¥ (84,986)	¥ (6,761)	¥ (17,992)
Net income (loss) per share (yen)	¥ (487.23)	¥ (38.76)	¥ (98.23)
Dividend per share (yen)	¥ 10.00	¥ 10.00	¥ 7.50
Shareholders' equity per share (yen)	¥1,566.60	¥1,537.22	¥1,206.71

Notes: 1. Pioneer's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

2. Operating income (loss) is presented as operating revenue less cost of sales and selling, general and administrative expenses in accordance with accounting practices generally accepted in Japan.

(2) Number of issued shares and dilutive shares

(As of March 31, 2009)

Type	Number of shares	Ratio to issued shares
Number of issued shares	210,063,836	100%
Number of dilutive shares	15,921,288	7.57%

Note: "Dilutive shares" relates to stock acquisition rights and bonds with stock acquisition rights,

the exercise price of which has no maximum or minimum.

(3) Recent stock prices

(i) For the past three years

(In yen)

	Year ended March 31		
	2007	2008	2009
Opening	¥1,940	¥1,555	¥ 980
High	2,295	1,837	1,102
Low	1,480	722	82
Closing	¥1,540	¥ 990	¥ 129

(ii) For the past six months

(In yen)

	2008			2009		
	October	November	December	January	February	March
Opening	¥700	¥306	¥211	¥175	¥165	¥102
High	710	369	213	224	182	156
Low	245	200	140	154	94	82
Closing	¥284	¥213	¥163	¥168	¥103	¥129

(iii) Stock price on the day immediately preceding the date of the resolution authorizing the issuance

(In yen)

	April 27, 2009
Opening	¥375
High	378
Low	354
Closing	¥364

(4) Equity finance under this transaction

[Issuance of new shares through a third-party allotment]

Issue date	To be determined
Amount of funds to be raised	2,481,250,000 yen (issue price: 170 yen) (estimated net proceeds)
Number of issued shares at the time of offering	210,063,836 shares
Number of shares to be issued through such equity finance	14,700,000 shares
Aggregate number of issued shares after offering	224,763,836 shares
Party to which shares will be allotted	Honda Motor Co., Ltd.

(5) Equity finance executed in the past three years

[Issuance of new shares through a third-party allotment]

Issue date	December 20, 2007
Amount of funds raised	41,400,000,000 yen (issue price: 1,385 yen) (estimated net proceeds)

Number of issued shares at the time of offering	180,063,836 shares
Number of shares to be issued through such equity finance	30,000,000 shares
Party to which shares were allotted	Sharp Corporation
Use of the funds planned at the time of offering	Working capital (increased demand for funds with respect to the alliance and joint developments with Sharp Corporation)
Scheduled timing of expenditure	At any time from December 2007
Current status of application	Application of the funds has been completed

5. Major Shareholders and Their Shareholding Ratio

Before the issuance (as of September 30, 2008)		After the issuance	
Sharp Corporation	14.28%	Sharp Corporation	13.35%
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.97%	Honda Motor Co., Ltd.	6.54%
Japan Trustee Services Bank, Ltd. (Trust Account)	5.56%	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.52%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.08%	Japan Trustee Services Bank, Ltd. (Trust Account)	5.20%
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	2.21%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2.89%
Morgan Whitefriars Equity Derivatives	1.95%	Japan Trustee Services Bank, Ltd. (Trust Account 4G)	2.07%
Mizuho Bank, Ltd.	1.90%	Morgan Whitefriars Equity Derivatives	1.82%
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	1.88%	Mizuho Bank, Ltd.	1.78%
BNP Paribas Securities (Japan) Limited.	1.51%	Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	1.76%
Pioneer Employee Share Ownership Plan	1.29%	BNP Paribas Securities (Japan) Limited.	1.42%

- Notes: 1. The above shareholding ratios after the issuance have been calculated by adding the number of shares to be increased through the third-party allotment to the number of issued shares as of September 30, 2008.
2. The above table is based on the register of shareholders as of September 30, 2008.
3. Pioneer held treasury stock at the ratio of 2.38% of its total issued shares as of September 30, 2008, which are not included in the major shareholders set forth above.

6. Estimated Impact on Business Results

Consolidated business forecasts through fiscal 2012, the year ending March 31, 2012, contained in a separate news release entitled “Pioneer Announces Medium-Term Management Plan” announced today, have been prepared by taking into consideration the bolstering of ties with Honda through the issuance of new shares as a part of the Car Electronics business strategies. Consolidated business forecasts for fiscal 2010, the year ending March 31, 2010, which is scheduled to be announced on May 13, 2009, will also be prepared by taking into consideration such factor.

7. Rationale for Conditions of Issuance

(1) Basis of calculation of issue price

The issue price (the amount to be paid under the Company Law of Japan) will be 170 yen, the average of the closing prices of regular trading of shares of common stock of Pioneer on the Tokyo Stock Exchange for the three-month period from January 28, 2009 to April 27, 2009 (the date immediately preceding the date of the resolution of the board of directors) (any amount less than one yen being disregarded). This amount represents a 53.3% discount against 364 yen, the closing price of the regular trading of shares of common stock of Pioneer on April 27, 2009. In light of the recent volatility in the equity markets and the latest large fluctuation of the share price of Pioneer, the board of directors of Pioneer unanimously determined that a fair manner by which to determine the issue price to use as the reference would be to use the average of market prices of shares of Pioneer during a period in which fluctuation is alleviated rather than the single day’s market price of the shares on the date immediately preceding the date of resolution of the board of directors, and that it would be appropriate to take into consideration the market prices on February 12 this year on which date Pioneer announced the revised business forecasts for fiscal 2009, the year ending March 31, 2009, which is the latest announcement regarding business forecasts by Pioneer, and during a considerable period immediately thereafter. Taking into consideration those matters described above, Pioneer has determined the issue price to be 170 yen, the average of the prices in the last three months, as described above. This issue price has also been unanimously supported by the corporate auditors of Pioneer. The manner in which the issue price was calculated is in compliance with the “Guidance Concerning Handling of Capital Increase, Etc. Through a Third-party Allotment” established by the Japan Securities Dealers Association.

(2) Rationale for judgment that the number of shares to be issued and the level of dilution of shares are reasonable

Pioneer determined that the proposed size of the issuance of new shares is necessary in order to bolster ties with Honda, one of its major clients in the Car Electronics OEM business, as well as achieve the improvement of its financial position, one of the main measures of business restructuring announced by Pioneer today. Pioneer believes that bolstering ties with Honda will contribute to expanding the OEM business with an emphasis on car navigation systems by

harnessing proposal capabilities honed in the consumer-market business and to enhancing the corporate value of Pioneer.

8. Reason for Selecting Honda and Other Related Matters.

(1) Outline of Honda

(i)	Trade name	Honda Motor Co., Ltd.	
(ii)	Businesses	Manufacture and sales of transportation vehicles	
(iii)	Date of incorporation	September 24, 1948	
(iv)	Location of headquarters	1-1, Minami-Aoyama 2-chome, Minato-ku, Tokyo, Japan	
(v)	Representative	Takeo Fukui, President & CEO	
(vi)	Capital stock	86,067 million yen	
(vii)	Number of issued shares	1,834,828,430 shares	
(viii)	Net assets	4,256,337 million yen (consolidated)	
(ix)	Total assets	12,037,382 million yen (consolidated)	
(x)	Fiscal year end	March 31	
(xi)	Number of employees	186,421 (consolidated)	
(xii)	Major business partners	Domestic and foreign manufacturers and distributors of transportation vehicles.	
		Moxley & Co.	5.65%
		Japan Trustee Services Bank, Ltd. (Trust Account 4G)	4.42%
		Japan Trustee Services Bank, Ltd. (Trust Account)	4.33%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	4.07%
(xiii)	Major share-holders and their shareholding ratio	Tokio Marine & Nichido Fire Insurance Co., Ltd.	3.57%
		JPMorgan Chase Bank 380055	3.50%
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.33%
		Meiji Yasuda Life Insurance Company	2.96%
		Sompo Japan Insurance Inc.	2.38%
		Mitsui Sumitomo Insurance Company, Limited	1.91%
(xiv)	Major transaction banks	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Saitama Resona Bank, Limited and Mizuho Corporate Bank, Ltd.	
(xvi)	Relationship between Pioneer and Honda	Capital relationship	Pioneer holds 400,000 shares of common stock of Honda.
		Business relationship	Pioneer sells car electronics products to Honda.
		Personnel relationship	Not applicable

	Related party relationship	Not applicable	
(xvi) Consolidated business results for the past three years			
(In millions of yen except per share information)			
Year ended March 31			
	2006	2007	2008
Net sales and other operating revenue	¥9,907,996	¥11,087,140	¥12,002,834
Operating income	868,905	851,879	953,109
Income before income taxes, minority interest and equity in income of affiliates	829,904	792,868	895,841
Net income	¥597,033	¥ 592,322	¥ 600,039
Net income per share (yen)	¥ 324.33	¥ 324.62	¥ 330.54
Dividend per share (yen)	¥ 100.00	¥ 67.00	¥ 86.00
Net assets per share (yen)	¥2,259.26	¥ 2,460.28	¥ 2,504.36

Note: Capital stock, number of issued shares, net assets, total assets, number of employees, and major shareholders and their shareholding ratio above are as of December 31, 2008.

(2) Reason for selecting Honda

In the medium-term management plan of Pioneer, the aim is to expand its Car Electronics business both in the areas of the consumer-market business and OEM business by allocating its business resources to its Car Electronics business. In accordance with this policy, Pioneer has come to the conclusion that Honda is the most appropriate partner to which new shares should be allotted in light of existing business relations, possibilities for development of future business, corporate scale, technical capability and distribution ability.

(3) Policy of Honda for holding shares of Pioneer

Pioneer has confirmed that the party to which new shares will be allotted intends to hold such new shares for the medium- and long-term.

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

[Attachment]

TERMS AND CONDITIONS OF ISSUANCE

- (1) Number of shares to be issued: 14,700,000 shares of common stock
- (2) Issue price: 170 yen per share (the amount to be paid under the Company Law of Japan)
- (3) Aggregate issue price: 2,499,000,000 yen
- (4) Amount to be accounted for as stated capital: 1,249,500,000 yen (85 yen per share)
- (5) Method of offering or allotment: Third-party allotment
- (6) Date of application for offering: To be determined
- (7) Closing date: To be determined
- (8) Party to which shares will be allotted and number of shares to be allotted: Honda Motor Co., Ltd.; 14,700,000 shares of common stock
- (9) Each of the items above shall be subject to the completion of the procedures required under the Financial Instruments and Exchange Law of Japan.

The closing date will be determined at the meeting of the board of the directors to be held later. It is also possible that the terms and conditions of issuance may be modified as a result of discussions on the capital alliance between Honda and Pioneer.

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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