

News Release

**For Immediate Release
February 9, 2010**

Pioneer Announces Issuance of New Shares

Pioneer Corporation (hereinafter “Pioneer”) announced today that at a meeting of the board of directors of Pioneer held on February 9, 2010, Pioneer resolved to issue new shares in an international offering. Further details are provided below.

In addition to the above resolution, Pioneer resolved at such meeting of its board of directors, the issuance of new shares through the third-party allotment to Mitsubishi Electric Corporation (hereinafter the “Third-Party Allotment to Mitsubishi Electric”) and the issuance of new shares through the third-party allotment to Mitsubishi Chemical Corporation (together with the “Third-Party Allotment to Mitsubishi Electric”, hereinafter, collectively, the “Third-Party Allotments in Japan”). For the details thereof, please see the announcements “Pioneer Announces Strengthening of Business Alliance with Mitsubishi Electric Corporation and Issuance of New Shares Through Third-Party Allotment” and “Pioneer Announces Business Alliance with Mitsubishi Chemical Corporation and Issuance of New Shares Through Third-Party Allotment” which were also released today. In addition, as Pioneer announced the progress of the issuance of new shares through a third-party allotment to Honda Motor Co., Ltd. today, please also see the announcement “Pioneer Announces Progress of Issuance of New Shares Through Third-Party Allotment to Honda Motor Co., Ltd.”, which was released today.

1. Purpose and Reason of Funding

Since 2009, Pioneer has undertaken drastic restructuring, comprising measures to realign the business portfolio, streamline the business framework of the entire Pioneer group, and improve the Company’s financial position. Measures being undertaken in connection with the business portfolio realignment and streamlining the business framework of the entire Pioneer group are proceeding largely on schedule. As announced in today’s news release “Pioneer Announces Business Results for 3Q Fiscal 2010”, Pioneer moved back to a profitable position in the third quarter from a consolidated operating loss and revised upward its consolidated business forecasts for the fiscal year ending March 31, 2010. On improving the Company’s financial position, funding capability has been significantly improved due

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to a lower than expected annual consolidated operating loss and reduction in restructuring expenses, in addition to curbing capital expenditures. In addition, Pioneer plans to use its own funds to cover its current funding requirements (including for the redemption of convertible bonds in the amount of ¥60 billion in March 2011), which requirements were initially planned to be covered by fund raising in an amount of approximately ¥40 billion, as a result of Pioneer's main banks having agreed to maintain their existing loans and Pioneer's planned sale of its assets, including the property of the former Head Office in Meguro.

Meanwhile, in the Car Electronics business, which is considered to be a core business of Pioneer, Pioneer needs funds to achieve medium- to long-term growth and bolster its business in emerging countries, as Pioneer believes that the automotive industry will significantly change due to the increasing popularity of hybrid cars and electric cars and high levels of growth in emerging markets such as BRICs. The issuance of new shares in the international offering will provide capital for achieving the aforementioned goals and will also strengthen the financial base of Pioneer.

2. Outline of Issuance of New Shares in International Offering (International Offering)

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| (1) Class and Number of Shares to Be Offered | 92,000,000 shares of common stock of Pioneer, which is the sum of (i) and (ii) below. |
| | (i) 80,000,000 new shares to be purchased and underwritten by the Underwriter as specified in (4) below. |
| | (ii) A maximum of 12,000,000 new shares that will be the subject of the increase option of the additionally and newly issued shares to be granted to the Underwriter as specified in (4) below. |

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| (2) Method of Determining the Amount to Be Paid (Issue Price) | The amount to be paid (hereinafter the "Issue Price") will be determined on a date within the period from Tuesday, February 23, 2010 to Thursday, February 25, 2010 (hereinafter the "Determination Date") in accordance with the book-building method similar to the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. established by the Japan Securities Dealers Association (hereinafter the "JSDA"). |
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(3) Amount by Which
Stated Capital and
Additional Paid-in
Capital Is to Be
Increased

The amount by which the stated capital is to be increased will be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Company Accounting Ordinance, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount by which the additional paid-in capital is to be increased will be the amount obtained by subtracting the amount by which stated capital is to be increased above from the relevant maximum increased amount of stated capital.

(4) Method of Offering

The offering (hereinafter the “International Offering”) will be made outside Japan (but not in the United States and Canada) and mainly in Europe, and the aggregate number of shares will be purchased and underwritten by Deutsche Bank AG, London Branch (in this news release, the “Underwriter”). In addition, Pioneer will grant the Underwriter the option to subscribe for additional newly issued shares of common stock of Pioneer as specified in (1)(ii) above.

The offer price will be determined on the Determination Date based on the preliminary pricing terms calculated by multiplying the closing price of the shares of common stock of Pioneer on the First Section of the Tokyo Stock Exchange, Inc. on the Determination Date (or, if no closing price is quoted on the Determination Date, the closing price of the immediately preceding date) by 0.90-1.00 (any fraction less than one yen that results from such calculation will be rounded down) in accordance with the book-building method similar to the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. established by the JSDA, taking into account market demand and other conditions.

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(5) Consideration for Underwriter	Pioneer will not pay any underwriting fees to the Underwriter. The Underwriter will underwrite the new shares at the Issue Price specified in (2) above and in place of the underwriting fees the Underwriter will receive the aggregate amount of the difference between (a) the offer price specified in (4) above and (b) the Issue Price.
(6) Payment Date	The payment date will be a date within the period from Tuesday, March 2, 2010 to Thursday, March 4, 2010, whichever such date is the fifth business day immediately following the Determination Date.
(7) Subscription Unit	100 shares
(8) The Issue Price, the amount by which the stated capital and additional paid-in capital is to be increased, the offer price and any other matters necessary for the above-mentioned issuance of new shares by way of the International Offering will be determined at the discretion of any Representative Director or any person appointed by the Representative Director.	

3. Change in the Number of Outstanding Shares as a Result of this Capital Increase

Total number of outstanding shares (as of December 31, 2009):	210,063,836 shares	
Increase in number of shares as a result of the International Offering:	92,000,000 shares	(Note 1)
Total number of outstanding shares after the International Offering:	302,063,836 shares	(Note 1)
Increase in number of shares as a result of the Third-Party Allotments in Japan:	12,400,000 shares	(Note 2)
Total number of outstanding shares after the Third-Party Allotments in Japan:	314,463,836 shares	(Note 2)

- Notes: 1. These figures are based on the assumption that the option specified in (1)(ii) of “2. Outline of Issuance of New Shares in International Offering (International Offering)” above are fully exercised by the Underwriter.
2. These figures are based on the assumption that the maximum number of the shares to be newly issued in the Third-Party Allotments in Japan (12,400,000 shares in total) is all subscribed for by the allotted parties, Mitsubishi Electric Corporation and Mitsubishi Chemical Corporation, and issued.

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4. Use of Proceeds to Be Raised

(1) Use of Proceeds to Be Raised This Time

Pioneer intends to apply the proceeds, principally towards funding the medium- to long-term growth of the car electronics business, which it considers to be its core business. In particular, Pioneer intends to use such proceeds for strengthening Pioneer's businesses in emerging countries, which Pioneer believes will be the driver of business growth going forward; and the development of new businesses in the car navigation business, such as those which utilize the technologies relating to "probe information", or vehicle tracking data, which Pioneer has gained over the years, as well as technologies relating to interface with vehicles.

(2) Change in the Use of Proceeds Raised Last Time

Not applicable.

(3) Estimated Impact on Business Results

Pioneer believes that the issuance of shares in the International Offering will improve and strengthen Pioneer's financial situation and will contribute to the medium- to long-term growth of, and the improvement of the profitability of, Pioneer. This transaction will have no impact on the consolidated business forecasts for the year ending March 31, 2010, which was revised and announced today. Pioneer will review and revise the medium-term business plan with regard to the year ending March 31, 2011 and for subsequent years.

5. Profit Distribution to Shareholders

(1) Basic Policy Concerning Profit Distribution

While taking into consideration the desirability for the continuation of the payment of stable dividends, Pioneer takes into account its financial condition and consolidated results of operations and certain other factors in deciding the level of dividends (if any) to be paid in any period. Pioneer considers the payment of dividends to be one of the most important management objectives.

Under such policy, Pioneer has decided not to pay the interim dividends or year-end dividends for the year ended March 31, 2009, in consideration of the fact that it recorded a consolidated net loss of ¥130,529 million in the year ended March 31, 2009 due to factors such as the intensifying competition in the principal products offered by the Group, decrease in operating revenues due to the general worsening of economies worldwide, as well as the recording of restructuring expenses.

Similarly, for the year ending March 31, 2010, Pioneer has decided not to pay any interim dividends as Pioneer expects to record a consolidated net loss due to

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factors such as decreased sales, as well as the recording of restructuring expenses.

(2) Concept of Determination of Dividends

As specified in “(1) Basic Policy Concerning Profit Distribution” above.

(3) Use of Retained Earnings

The retained earnings will be applied to strengthening Pioneer’s financial base necessary to achieve continuous growth.

(4) Dividends for Last Three Years

	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009
Consolidated net income (loss) per share (yen)	(38.76)	(103.95)	636.68
Annual dividends per share (yen) (interim dividends per share included)	10.00 (5.00)	7.50 (5.00)	– (–)
Consolidated actual dividend payout ratio	–	–	–
Consolidated return on equity	(2.5)%	(7.2)%	(70.8)%
Consolidated ratio of dividends/equity	0.7%	0.6%	–

- Notes: 1. Effective from the year ended March 31, 2009, Pioneer changed its accounting principles for preparing consolidated financial statements from the accounting principles generally accepted in the United States of America (hereinafter the “U.S. GAAP”) to the accounting principles generally accepted in Japan (hereinafter the “Japan GAAP”). Therefore, the figures described above for the year ended March 31, 2008 are figures reclassified in accordance with the Japan GAAP. The figures described above for the year ended March 31, 2007 are figures that have already been prepared in accordance with the U.S. GAAP and announced.
2. Consolidated net income (loss) per share is calculated based on the average number of shares (after deducting treasury stock) during the fiscal year.
3. The consolidated return on equity is a fraction, the numerator of which is the consolidated net income (loss), and the denominator of which is the shareholders’ equity (the average amount of (a) the consolidated equity after deducting minority interests at the beginning of the relevant fiscal year and (b) the consolidated equity after deducting minority interests at the end of the relevant fiscal year).
4. The consolidated ratio of dividends/equity is a fraction, the numerator of which is the annual dividends per share, and the denominator of which is the consolidated equity per share at the end of the relevant fiscal year.

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6. Other Matters

(1) Designation of Party to Receive Allocation

Not applicable.

(2) Information on Dilutive Shares

Pioneer issued the following convertible bonds (bonds with stock acquisition rights) pursuant to the provisions of the former Commercial Code of Japan. The outstanding amount and other information of such convertible bonds (bonds with stock acquisition rights) as of December 31, 2009 are as follows:

Zero Coupon Convertible Bonds Due 2011

Outstanding Amount	Issue Date	Final Redemption Date	Conversion Price (Note)	Amount of Stated Capital to Be Increased (Note)
60,600 million yen	March 5, 2004	March 4, 2011	3,963.3 yen	1,982 yen

Note: The conversion price and the amount of stated capital to be increased are the issue price and the amount of stated capital to be increased per share, respectively, in the case where new shares are issued upon conversion.

Pursuant to the provisions of the former Commercial Code of Japan, Pioneer granted stock acquisition rights to directors, executive officers and a number of employees of Pioneer as well as a number of directors of subsidiaries of Pioneer. The number of shares to be issued or transferred upon exercise of the stock acquisition rights and other information on such stock acquisition rights as of December 31, 2009 are as follows:

Resolution Date at the Shareholders' Meeting	Number of Shares to Be Issued or Transferred upon Exercise of the Stock Acquisition Rights	Amount to Be Paid upon Exercise of the Stock Acquisition Rights (Note)	Amount of Stated Capital to Be Increased (Note)	Exercise Period
June 29, 2005	315,100 shares	1,828 yen	914 yen	July 2, 2007 – June 30, 2010

Note: The amount to be paid upon exercise of the stock acquisition rights and the amount of stated capital to be increased are the amount to be paid per share and the amount of stated capital to be increased per share, respectively, in the case where new shares are issued upon exercise of stock acquisition rights.

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The ratio of potentially diluted shares to outstanding shares after the International Offering is expected to be 5.16%, and such ratio, after taking into account the maximum number of shares to be increased as a result of the Third-Party Allotments in Japan, is expected to be 4.96%.

(3) Equity Finance in the Last Three Years

(i) Equity finance

(Issuance of new shares through a third-party allotment)

Issue date	December 20, 2007
Amount of funds raised	41,400,000,000 yen (approximate net proceeds)
Issue price	1,385 yen per share
Total number of issued shares at the time of offering	180,063,836 shares
Number of shares to be issued through such offering	30,000,000 shares
Total number of issued shares after offering	210,063,836 shares
Party to which shares were allotted	Sharp Corporation
Use of the funds planned at the time of issuance	Working capital (funds for the alliance and joint developments with Sharp Corporation)
Scheduled timing of expenditure at the time of issuance	At any time from December 2007
Current status of application	Application of the funds has been completed

(ii) Stock prices for the last three fiscal years and at most recent time point

(In yen)

	Year Ended March 31, 2007	Year Ended March 31, 2008	Year Ended March 31, 2009	Year Ending March 31, 2010
Opening	1,940	1,555	980	134
High	2,295	1,837	1,102	415
Low	1,480	722	82	131
Closing	1,540	990	129	382

Note: The stock prices for the fiscal year ending March 31, 2010 above are the prices up to February 8, 2010.

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(4) Lock-up Period

- (i) Pioneer has agreed with the Underwriter not to (i) issue any shares of Pioneer or any securities convertible into or exchangeable for shares of Pioneer, or (ii) conduct certain acts similar thereto, for a period beginning on the Determination Date for the International Offering mentioned in (2) of “2. Outline of Issuance of New Shares in International Offering (International Offering)” above and ending on the date 180 calendar days after the payment date mentioned in 2.(6) above without the prior written consent of the Underwriter mentioned in 2.(4) above (excluding (a) the issuance of shares of common stock of Pioneer pursuant to (x) the International Offering, (y) the Third-Party Allotments in Japan and (z) the third-party allotment to Honda Motor Co., Ltd. resolved at the meeting of Pioneer’s board of directors held on April 28, 2009, (b) the issuance or transfer of shares of common stock of Pioneer upon the exercise of stock acquisition rights outstanding on the Determination Date, (c) the grant of stock options to directors and employees of Pioneer, or directors and employees of any of its subsidiaries and affiliates, (d) the sale of shares of common stock of Pioneer pursuant to a request of a holder of shares constituting less than one unit in accordance with the provisions of the Company Law of Japan, and (e) any other issuance of shares of common stock of Pioneer if required by applicable Japanese laws and regulations).

Moreover, the Underwriter has the authority to at its own discretion, partially or fully remove the lock-up restriction or to reduce the length of the lock-up period above.

- (ii) Sharp Corporation, a significant shareholder of Pioneer, has agreed with Pioneer, subject to certain conditions, not to transfer or dispose of shares of Pioneer held by it without the consent of Pioneer. Pioneer has agreed with the Underwriter not to grant such consent for a period ending on the date 180 calendar days after the payment date mentioned in 2.(6) above.
- (iii) Each of Mitsubishi Electric Corporation and Mitsubishi Chemical Corporation, parties to which shares are allotted through the Third-Party Allotments in Japan, has agreed with Pioneer, subject to certain conditions, not to transfer or dispose of shares of Pioneer to be acquired by it through the Third-Party Allotments in Japan for a period of 180 calendar days

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following the payment date mentioned in 2.(6) above.

Upon expiry of the lock-up periods mentioned in (i) through (iii) above, parties concerned will be free to undertake the actions listed above, but doing so may affect the trading price of shares of common stock of Pioneer.

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