

News Release

**For Immediate Release
May 10, 2012**

Pioneer Announces Reductions of Capital Surplus and Retained Earnings Reserve, and Appropriation of Surplus

Pioneer Corporation has announced, by a resolution of a meeting of its Board of Directors held today, that the Company will submit a proposal on the reductions of capital surplus and retained earnings reserve, and appropriation of surplus to the 66th Ordinary General Meeting of Shareholders to be held on June 27, 2012, as follows:

1. Purpose

The Company will reduce capital surplus (additional paid-in capital) and retained earnings reserve (legal reserve), both on non-consolidated basis, and appropriate surplus, in order to ensure the flexibility and mobility of its capital policies in the future and to prepare for early resumption of dividend payments, at the same time to cover the deficit of retained earnings brought forward.

2. Details

(1) The Company will reduce a partial amount of capital surplus and the full amount of retained earnings reserve pursuant to Article 448, Paragraph 1 of the Companies Act of Japan. The Company will transfer such partial amount of capital surplus to other capital reserve, and transfer such full amount of retained earnings reserve to retained earnings brought forward so that the deficit in retained earnings brought forward is covered, as follows.

(a) Items and amounts to be reduced:

Capital surplus	97,673,273,913 yen
Retained earnings reserve	6,140,087,205 yen

(b) Items and amounts to be increased:

Other capital reserve	97,673,273,913 yen
Retained earnings brought forward	6,140,087,205 yen

(2) The Company will reduce the partial amount of other capital reserve and the full amounts of reserve for expropriation of capital assets, reserve for disposition of capital assets in replacement and general reserve, and transfer them to retained earnings brought forward so that the deficit in retained earnings brought forward is covered, pursuant to Article 452 of the Companies Act of Japan, as follows:

(a) Items and amounts to be reduced:

Other capital reserve	67,945,889,230 yen
Reserve for expropriation of capital assets	27,674,859 yen
Reserve for disposition of capital assets in replacement	130,933,039 yen
General reserve	31,673,276,740 yen

(b) Item and amount to be increased:

Retained earnings brought forward	99,777,773,868 yen
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[For Reference]

Components of net assets (non-consolidated basis) before/after the transfers

	(In millions of yen)		
	Before Transfers	After Transfers	Increase/(Decrease)
Common stock	¥ 87,257	¥ 87,257	¥ -
Capital surplus	119,487	51,541	(67,945)
Additional paid-in capital	119,487	21,814	(97,673)
Other capital reserve	-	29,727	29,727
Retained earnings			
Reserve	(67,945)	-	67,945
Legal reserve	6,140	-	(6,140)
Reserve for expropriation of capital assets	27	-	(27)
Reserve for disposition of capital assets in replacement	130	-	(130)
General reserve	31,673	-	(31,673)
Retained earnings brought forward	(105,917)	-	105,917
Treasury stock	(11,050)	(11,050)	-
Valuation and translation adjustments	(1,207)	(1,207)	-
Total	¥ 126,541	¥126,541	¥ -

3. Schedules pursuant to the Companies Act of Japan

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| (1) Board resolution | May 10, 2012 |
| (2) Shareholders resolution | June 27, 2012 (scheduled) |
| (3) Public notice to creditors | June 29, 2012 (scheduled) |
| (4) End of exercise period of creditors' opposition rights | July 30, 2012 (scheduled) |
| (5) Effective date | July 31, 2012 (scheduled) |

4. Outlook

The above transactions are transfer of items within the net assets section of non-consolidated balance sheets, and accordingly the total amount of net assets will remain unchanged. Also, the business results of the Company will not be affected on either consolidated or non-consolidated basis.

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, and levels of demand in the major industrial sectors which we serve; (ii) exchange rates, particularly between the Japanese yen and the euro, the U.S. dollar, 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 and win acceptance for our products in extremely competitive markets; (iv) our ability to successfully implement our business strategies; (v) the success of our joint ventures, alliances and other business relationships with third parties; (vi) our ability to access funding; (vii) our continued ability to devote sufficient resources to research and development, and capital expenditure; (viii) our ability to ensure the quality of our products; (ix) conditions in which we are able to continuously procure key parts essential to our manufacturing operations; and (x) the outcome of contingencies.

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

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