

Pioneer recognizes that strengthening corporate governance is of vital importance to increasing corporate value.

Under the Company Law of Japan, Pioneer has elected to structure its corporate governance system as a company with a board of corporate auditors, which has a statutory duty to monitor, review and report on the administration of the affairs as well as the accounts of Pioneer. The Board of Directors, which includes several outside directors, decides on fundamental issues such as management policies and supervises the execution of business activities, while the Board of Corporate Auditors audits the directors' performance of their duties.

Based on this institutional structure, Pioneer has adopted an executive officer system to expedite the execution of business activities and clarify the responsibilities for each business. Meanwhile, aiming to enhance the transparency of decision making, Pioneer has established a Group Executive Committee and voluntary advisory committees to the Board of Directors.

Establishment of Group Executive Committee

The Group Executive Committee, which was formed to reinforce decision making, comprises directors and executive officers chosen by the Board of Directors and holds regular monthly meetings. The Group Executive Committee, under the supervision of the Board of Directors, thoroughly discusses issues such as priorities for advancing business activities, investment projects, group realignment, and group-wide management strategies, as well as medium- and long-term policies, and either approves these issues or in cases where the Board of Directors is stipulated to have decision-making authority reports on these issues to the Board of Directors.

Establishment of Three Advisory Committees

Pioneer has voluntarily established the following three advisory committees to the Board of Directors, each chaired by an outside director:

the Nominating Committee, the Compensation Committee, and the Special Committee. Their goals are to enhance the supervision of the execution of business activities by outside directors, improve management transparency and strengthen corporate governance. These committees report on the results of their deliberations to the Board of Directors, and make related recommendations. The Board of Directors discusses these reports and their recommendations, giving due consideration to their content.

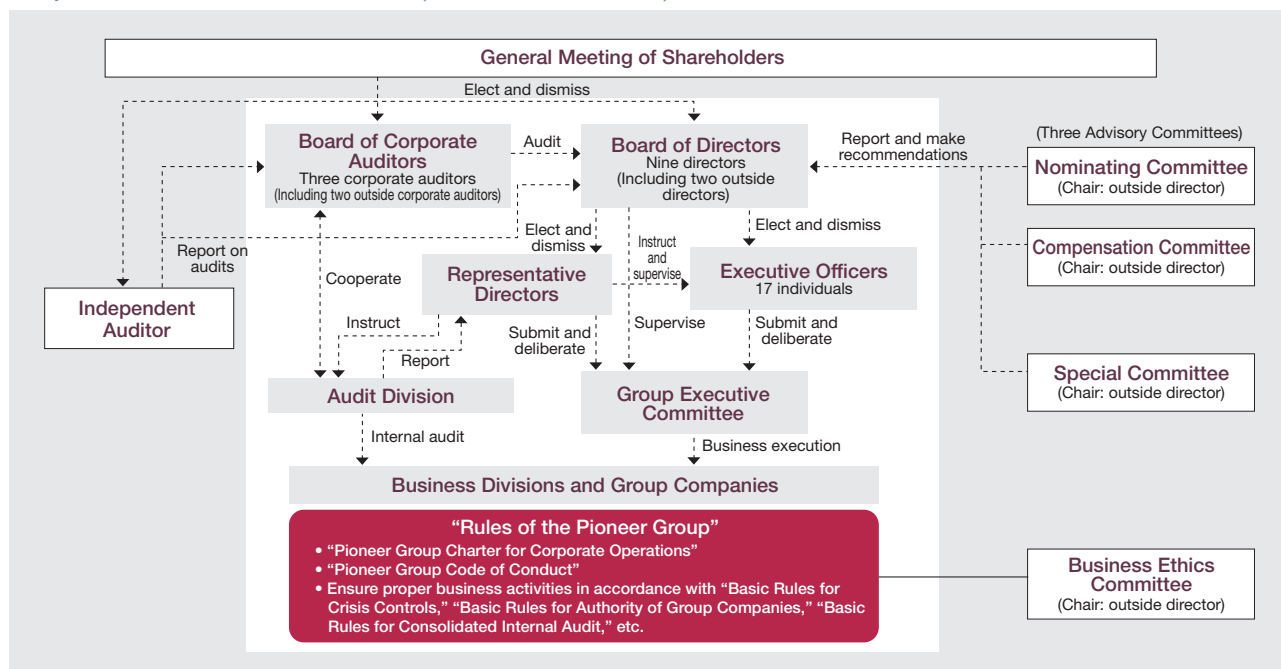
Nominating Committee

This committee discusses issues such as the election and dismissal of directors as well as the election, dismissal, promotion and demotion of executive officers.

Compensation Committee

This committee discusses issues such as basic policies and systems for remuneration and other benefits for directors and executive

Corporate Governance Structure (As of June 26, 2008)



officers as well as individual evaluations and compensation levels.

Special Committee

This committee will examine and discuss measures to deal with affairs that have a significant impact on corporate value such as M&As, both before and as they occur, from the standpoint of legality, reasonableness, and appropriateness.

Systems for Ensuring Appropriate Execution of Business

In addition to the corporate governance structure explained above, we have formulated a set of common, basic rules called the “Rules of the Pioneer Group” for the entire Group, of which the “Pioneer Group Charter for Corporate Operations” is foremost in importance. Efforts are focused on ensuring the proper execution of business activities throughout the Group in accordance with these rules.

The “Rules of the Pioneer Group” position the “Pioneer Group Charter for Corporate Operations” and “Pioneer Group Code of Conduct” as

decision-making and behavioral standards for the Group’s directors, executive officers and employees. Furthermore, Pioneer has established a Business Ethics Committee chaired by an outside director to ensure legal compliance by the Group’s directors, executive officers and employees, as well as through observance of the “Pioneer Group Code of Conduct.” We have also established an internal reporting system called the “Business Ethics Hotline.” All reports received by this hotline are dealt with in good faith. Furthermore, based on the “Basic Rules for Crisis Controls,” we have established a crisis control structure for the Pioneer Group and strive to ensure proper responses in the event of a crisis. We have also formulated the “Basic Rules for Authority of Group Companies” to clarify authority, responsibility, and approval procedures with respect to decision making on important matters for each Group company. In addition, the Audit Division, Pioneer’s internal auditing unit, performs audits of business activities in accordance with the “Basic Rules for Consolidated Internal Audit” to ensure compliance with laws and internal regulations by Group companies.