

News Release

***For Immediate Release
September 20, 2007***

Pioneer Announces Issuance of New Shares Through a Third-Party Allotment and Change in Major Shareholders

TOKYO — Pioneer Corporation (hereinafter "Pioneer") announced that it has resolved, at the meeting of its board of directors held on September 20, 2007, to issue new shares through a third-party allotment, as described below. In addition, Pioneer also announced that such third-party allotment is anticipated to result in a change in Pioneer's major shareholders.

I. Issuance of New Shares Through a Third-Party Allotment

1. Purpose of Issuance of New Shares Through a Third-Party Allotment

Pioneer and Sharp Corporation (hereinafter "Sharp") agreed to establish a business and capital alliance in order to enhance each company's corporate value by creating new businesses by cooperating with each other through the use of their respective resources in the fields of next-generation DVD, networks, car electronics, audio-visual and others, and by expanding the quantity and size of transactions by adopting each other's components and products. For the details of the business and capital alliance, please see the news release jointly announced with Sharp today, "Notice Regarding Business and Capital Alliance Between Sharp Corporation and Pioneer Corporation".

Pursuant to the above agreement, Pioneer has decided to issue new shares through an allotment to Sharp.

2. Amount of Funds to be Raised and Use of Proceeds

(1) Amount of funds to be raised

41,400,000,000 yen (estimated proceeds after deduction of costs)

(2) Details of use of funds to be raised

The funds to be raised through the issuance of new shares are scheduled to be applied mainly to the working capital. In particular, the funds are to be applied to meet the increased demand for funds for the alliance and joint developments with Sharp.

(3) Scheduled date of expenditure of the funds to be raised

At any time from December 2007.

(4) Rationale for the use of funds to be raised

In order to better proceed with the business alliance and joint developments with Sharp, Pioneer considers that it is reasonable to apply the funds to be raised through the issuance of new shares to the funds that will be required the alliance and joint developments, since such application will contribute to the enhancement of Pioneer's corporate value.

3. Business Results and Equity Finance for 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		
	2005	2006	2007
Operating revenue	¥711,042	¥754,964	¥797,102
Operating income (loss)	691	(16,409)	12,487
Income (loss) from continuing operations before income taxes	(2,067)	(71,165)	(7,717)
Net income (loss)	¥ (8,789)	¥ (84,986)	¥ (6,761)
Net income (loss) per share (yen)	¥ (50.11)	¥ (487.23)	¥ (38.76)
Dividend per share (yen)	25.00	10.00	10.00
Shareholders' equity per share (yen)	¥1,904.73	¥1,566.60	¥1,537.22

(2) Number of issued shares and dilutive shares

(As of August 31, 2007)

Type	Number of shares	Ratio to issued shares
Number of issued shares	180,063,836	100%
Number of dilutive shares	16,010,730	8.89%

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		
	2005	2006	2007
Opening	¥3,080	¥1,942	¥1,940
High	3,390	2,040	2,295
Low	1,820	1,410	1,480
Closing	¥1,929	¥1,902	¥1,540

(ii) For the past six months

(In yen)

	March	April	May	June	July	August
Opening	¥1,611	¥1,555	¥1,535	¥1,722	¥1,716	¥1,651
High	1,623	1,676	1,750	1,837	1,738	1,680
Low	1,480	1,513	1,482	1,641	1,538	1,359
Closing	¥1,540	¥1,534	¥1,733	¥1,677	¥1,607	¥1,410

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

(In yen)

	September 19, 2007
Opening	¥1,411
High	1,415
Low	1,386
Closing	¥1,403

(4) Equity finance under this transaction

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

Issue date	December 20, 2007
Amount of funds to be raised	41,400,000,000 yen (estimated proceeds after deduction of costs)
Number of issued shares at the time of offering	180,063,836 shares
Number of dilutive shares at the time of offering	16,010,730 shares
Number of new shares to be issued through this offering	30,000,000 shares
Issue price	1,385 yen per share (the amount of payment as defined in the Company Law of Japan)
Party to be allotted	Sharp Corporation

(5) Equity finance for the past three years

Not applicable.

4. Major Shareholders and Their Shareholding Ratio

Before the issuance (as of March 31, 2007)		After the issuance	
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.58%	Sharp Corporation	14.28%
Japan Trustee Service Bank, Ltd. (Trust Account)	5.10%	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.64%
Deutsche Bank AG London-PB Irish Residents 619	3.63%	Japan Trustee Service Bank, Ltd. (Trust Account)	4.37%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.60%	Deutsche Bank AG London-PB Irish Residents 619	3.12%
Bank of New York GCM Client Accounts EISG	2.32%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.08%
Mizuho Bank, Ltd.	2.22%	Bank of New York GCM Client Accounts EISG	1.99%
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Mizuho Bank Account) for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd.	2.19%	Mizuho Bank, Ltd.	1.90%
Deutsche Bank AG London PB Non-Treaty Clients 613	1.57%	Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Mizuho Bank Account) for the Re-trust by the Trustee of Trust & Custody Services Bank, Ltd.	1.88%
Societe Generale Paris SGOP/DAI Paris 6Z	1.52%	Deutsche Bank AG London PB Non-Treaty Clients 613	1.35%
Sumitomo Mitsui Banking Corporation	1.43%	Societe Generale Paris SGOP/DAI Paris 6Z	1.30%

- 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 March 31, 2007.
2. The above table is based on the register of shareholders as of March 31, 2007.
3. In addition to the above, Pioneer holds the treasury stock at the ratio of 3.14% to the number of issued shares as of March 31, 2007.

5. Expected Impact on Business Results

This issuance of new shares will have only a minor impact on the consolidated and non-consolidated business results of Pioneer for the fiscal year ending March 2008, and there is no revision to the business forecasts disclosed on July 31, 2007.

6. Rationality of Conditions of Issuance, Etc.

(1) Basis of calculation of issue price

Issue price (the amount of payment as defined in the Company Law of Japan) shall be 1,385 yen, an average of closing prices of regular trading of the common stock of Pioneer on the Tokyo Stock Exchange for the one-month period from August 20, 2007 to September 19, 2007 (the day immediately preceding the date of the resolution of the issuance). Any amount less than one yen shall be disregarded.

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

In order to better proceed with the business alliance and joint developments with Sharp, Pioneer considers the number of shares to be issued as necessary for applying the funds to be raised through this issuance to the funds for forming the alliance and conducting joint developments. Pioneer expects that its corporate value will be enhanced by promoting efficiency of business and creating new businesses through this business alliance.

7. Reason for Selecting Sharp and Other Related Matters.

(1) Outline of Sharp

(i) Trade name	Sharp Corporation	
(ii) Principal businesses	Manufacture and sales of electric communication and electric equipments, electronic applied equipments, and electronic components	
(iii) Date of incorporation	May 2, 1935	
(iv) Location of headquarters	22-22, Nagaike-cho, Abeno-ku, Osaka, Japan	
(v) Representative	Mikio Katayama, President & COO	
(vi) Capital stock	204,675 million yen	
(vii) Number of issued shares	1,110,699,887 shares	
(viii) Net assets	1,192,205 million yen (consolidated)	
(ix) Total assets	2,968,810 million yen (consolidated)	
(x) Fiscal year end	March 31	
(xi) Number of employees	48,927 (consolidated)	
(xii) Major business partners	Electronics retail stores	
	Nippon Life Insurance Company	4.95%
	Meiji Yasuda Life Insurance Company	4.26%
	Mizuho Corporate Bank, Ltd.	3.77%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.75%
(xiii) Major shareholders and their shareholding ratio	Japan Trustee Service Bank, Ltd. (Trust Account)	3.43%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.42%
	The Dai-ichi Mutual Life Insurance Company	2.76%
	Mitsui Sumitomo Insurance Company, Limited	2.76%
	State Street Bank and Trust Company	2.45%
	Sompo Japan Insurance Inc.	2.42%
(xiv) Stock exchange listings	Tokyo, Osaka, Nagoya, Fukuoka and Sapporo stock exchanges	
(xv) Major transaction banks	Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Resona Bank, Limited	

(xvi) Relationship between Pioneer and Sharp	Capital relationship	Not applicable. Sharp has resolved, at the meeting of its board of directors held on September 20, 2007, to allot to Pioneer, through a third-party allotment, 10,000,000 shares of common stock of Sharp out of its treasury stock on December 20, 2007.
	Business relationship	There are sales transactions of electronics equipment and electronic components.
	Personnel relationship	Not applicable
	Related party relationship	Not applicable

(xvii) Consolidated business results for the past three years

(In millions of yen except per share information)

	Year ended March 31		
	2005	2006	2007
Net sales	¥2,539,859	¥2,797,109	¥3,127,771
Operating profit	151,020	163,710	186,531
Recurring profit	140,511	150,852	170,584
Net income	¥ 76,845	¥ 88,671	¥ 101,717
Net income per share (yen)	¥ 70.04	¥ 80.85	¥ 93.25
Dividend per share (yen)	20.00	22.00	26.00
Net assets per share (yen)	¥920.09	¥1,006.91	¥1,084.76

Note: Capital stock, number of issued shares, net assets, total assets, number of employees, major shareholders and their shareholding ratio, and capital relationship above are as of March 31, 2007.

(2) Reason for selecting Sharp

Taking into consideration corporate size, technical capabilities and distribution capabilities, and a complementary relationship with the business of Pioneer, Pioneer has judged that Sharp is the most appropriate partner to establish a business alliance with, for the purpose of enhancing the corporate value of Pioneer; therefore, Pioneer has decided to form the capital alliance in order for the business alliance to proceed more closely and steadily.

(3) Policy of Sharp for holding shares of Pioneer

Pioneer has confirmed that the party to be allotted new shares intends to hold such new shares for the medium- and long-term, in light of the purpose of the business alliance.

In addition, Pioneer will request Sharp a written confirmation agreeing and/or acknowledging that, if Sharp assigns all or a part of the new shares to be allotted within two years of the closing date (December 20, 2007), (i) Sharp will immediately report to Pioneer, in writing, of the name of the assignee, the number of shares assigned and other matters, (ii) Pioneer will make a report of such assignment to the Tokyo Stock Exchange, and (iii) the substance of such report will be available for public inspection.

[Attachment]

TERMS AND CONDITIONS OF ISSUANCE

- (1) Number of shares to be issued: 30,000,000 shares of common stock
- (2) Issue price: 1,385 yen per share (the amount of payment as defined in the Company Law of Japan)
- (3) Aggregate issue price: 41,550,000,000 yen
- (4) Amount to be accounted for as stated capital: 20,775,000,000 yen (692.5 yen per share)
- (5) Method of offering or allotment: All of the new shares to be issued will be allotted through a third-party allotment to Sharp Corporation.
- (6) Date of application for offering: December 19, 2007
- (7) Closing date: December 20, 2007
- (8) Delivery date of new shares: December 20, 2007
- (9) Party to be allotted and number of shares to be allotted: Sharp Corporation;
30,000,000 shares of common stock of Pioneer
- (10) Each of the above items shall be subject to the effectiveness of securities registration under the Securities and Exchange Law of Japan.

If, as a result of making an advance filing and engaging in consultations with the relevant regulatory authority in respect of compliance with the competition laws in and outside Japan, an amendment of the capital alliance with Sharp is required, the number of shares to be issued and any other terms and conditions of the issuance may be amended upon consultations between Pioneer and Sharp.

II. Change in Major Shareholders

1. Background to the Change

All of the 30,000,000 new shares of Pioneer to be issued through the third-party allotment mentioned above will be allotted to Sharp. As a result, Sharp is anticipated to become a major shareholder of Pioneer.

2. Name and Other Related Matters of the Relevant Major Shareholder

- (1) Trade name: Sharp Corporation
- (2) Location of headquarters: 22-22, Nagaike-cho, Abeno-ku, Osaka, Japan
- (3) Representative: Mikio Katayama, President & COO
- (4) Principal businesses: Manufacture and sales of electric communication and electric equipments, electronic applied equipments, and electronic components

3. Number of Shares (Number of Voting Rights) Held by the Relevant Major Shareholder and the Ratio of its Voting Rights to Total Voting Rights

	<u>Number of shares held (Number of voting rights)</u>	<u>Ratio of voting rights</u>	<u>Ranking by shareholding</u>
<u>Before change (As of March 31, 2007)</u>	<u>Null (0)</u>	<u>0.00%</u>	<u>-</u>
<u>After change</u>	<u>30,000,000 shares (300,000)</u>	<u>14.69%</u>	<u>First</u>

Notes: 1. Number of shares excluded from the number of issued shares, assumed as having no voting rights: 5,845,236 shares

2. Number of issued shares as of March 31, 2007: 180,063,836 shares

3. Number of shares to be increased through the third-party allotment: 30,000,000 shares

4. Scheduled Date of Change

December 20, 2007

5. Future Prospects

Through the comprehensive business and capital alliance, Pioneer and Sharp aim to contribute their value to each other and create new business to mutually enhance their corporate values.

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