

(Summarized Translation)

**Convocation Notice
of the 71st Ordinary General Meeting of Shareholders**

to be held on June 28, 2017

Pioneer

PIONEER CORPORATION

JAPAN

(Stock code: 6773, ISIN: JP3780200006)

Note: This is a summarized translation of the original convocation notice written in the Japanese language.

June 6, 2017

Convocation Notice of the 71st Ordinary General Meeting of Shareholders

To our shareholders:

Notice is hereby given that the 71st Ordinary General Meeting of Shareholders of the Company will be held as described hereunder and your attendance is cordially requested.

You are entitled to vote in writing if you are unable to attend the meeting in person. In this regard, we cordially request that you study the following documents, and indicate your approval or disapproval of the proposal on the voting directive form, and return it to us no later than 5:00 pm, June 27, 2017, Japan time.

If you attend the meeting in person, please submit the voting directive form at the reception desk of the meeting.

Very truly yours,

Susumu Kotani
President and CEO
Pioneer Corporation
28-8, Honkomagome 2-chome, Bunkyo-ku,
Tokyo, Japan

Description

1. Date and time: 10:00 a.m. on Wednesday, June 28, 2017, Japan time
2. Place: HOTEL GAJOEN TOKYO, Banquet Hall
8-1, Shimomeguro 1-chome, Meguro-ku, Tokyo, Japan
3. Objectives of the meeting:

Matters to be reported on:

Reports on the Business Report, Non-consolidated and Consolidated Financial Statements for the 71st Accounting Period (from April 1, 2016 to March 31, 2017), and Reports on Results of the Audit of the Accounting Auditor and the Audit & Supervisory Board on Consolidated Financial Statements

Matters to be acted on:

Agenda Item No. 1. Reduction of Additional Paid-in Capital and Appropriation of Surplus

Agenda Item No. 2. Election of Eight (8) Individuals as Directors

Agenda Item No. 3. Election of Two (2) Individuals as Substitute Audit & Supervisory Board Members in Case of Vacancy

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ATTACHED DOCUMENTS

BUSINESS REPORT

(from April 1, 2016 to March 31, 2017)

1. MATTERS WITH RESPECT TO THE STATUS OF THE COMPANY

(1) Principal Substance of Business

The Company engages primarily in the business of manufacture and sales of car electronics, and all businesses incidental and related to this business.

From the 71st accounting period, map software, previously classified in “Others,” is reclassified in “Car Electronics.” Figures for the previous accounting period have been reclassified accordingly.

The following table sets forth the principal products of the Company and the ratio of each segment sales to consolidated net sales:

Segment	Principal Products and Services in Each Segment	Ratio of Segment Sales to Consolidated Net Sales	
		70th Accounting Period	71st Accounting Period
Car Electronics	Car navigation systems, car stereos, car AV systems, car speakers, and map software	79.6%	80.8%
Others	Optical disc drive-related products, equipment for cable-TV systems, factory automation systems, electronic devices and parts, organic light-emitting diode (OLED) displays, DJ equipment (subcontracted manufacturing and sales), and home AV products	20.4%	19.2%

Notes: On March 31, 2017, the business relating to the development, manufacture and sale/marketing of cable TV system-related equipment was transferred.

(2) Result of Business Operations and Issues to Be Addressed

(a) Result of Business Operations

Consolidated Net Sales by Segment

Business Segment	(In millions of yen)		
	70th Accounting Period	71st Accounting Period	% to Previous Period
Japan	134,081	123,631	92.2%
Overseas	223,761	188,858	84.4
Car Electronics	357,842	312,489	87.3
Japan	47,789	39,083	81.8
Overseas	43,999	35,110	79.8
Others	91,788	74,193	80.8
Japan	181,870	162,714	89.5
Overseas	267,760	223,968	83.6
Total sales	449,630	386,682	86.0%

In the 71st accounting period, the year ended March 31, 2017, consolidated net sales declined 14.0% year on year, to ¥386,682 million, mainly from a decrease in sales of Car Electronics, particularly in OEM business, and the negative effects of the Japanese yen's appreciation.

Operating income was ¥4,167 million, a 42.9% decrease year on year, reflecting a decrease in net sales, despite a decrease in selling, general and administrative (SG&A) expenses mainly due to foreign exchange rate movements, and an improvement in the cost of sales ratio. Net loss attributable to owners of Pioneer was ¥5,054 million, compared with a net income of ¥731 million for fiscal 2016. This was mainly due to a decrease in operating income, and a recording of ¥3,014 million extraordinary loss of restructuring costs overseas.

During the 71st accounting period, the average value of the Japanese yen rose 10.9% against the U.S. dollar year on year, to ¥108.38=1 U.S. dollar, and increased 11.6% against the euro, to ¥118.79=1 euro.

The results for the period under review by each business segment are given below:

Car Electronics sales declined 12.7% year on year, to ¥312,489 million, mainly due to a decrease in sales of OEM business and the negative effects of the Japanese yen's appreciation.

Sales of consumer market business declined. Sales of car audio products fell because of a decrease overseas, primarily in North America. Car navigation system sales declined, because of a decrease in Japan and North America despite an increase in China.

Sales of OEM business declined. Sales of car audio products fell because of a decrease overseas, primarily in North America, despite higher sales in Japan. Car navigation system sales decreased, due to lower sales in Japan and emerging markets, despite increased sales in North America.

OEM business sales accounted for 58% of total Car Electronics sales, compared with 60% in the previous accounting period.

Operating income declined 29.5% year on year, to ¥6,051 million, due to the decline in sales, despite lower SG&A expenses and an improved cost of sales ratio, both mainly as a result of foreign exchange rate movements.

In the Others segment, sales declined 19.2% year on year, to ¥74,193 million. Sales increased in factory automation systems, but decreases in sales of home AV products and optical disc drive-related products, and the negative effects of the Japanese yen's appreciation, led to an overall decline.

The segment's operating loss was ¥780 million, compared with a loss of ¥144 million for the previous accounting period, due to the decrease in sales, despite an improvement in the cost of sales ratio.

Note: Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.

As explained above, Pioneer posted net loss for the period under review. Therefore, we have decided to continue non-payment of year-end dividend for the 71st accounting period. We deeply apologize to our shareholders for this decision.

(b) Issues to Be Addressed

The automotive industry is expected to continue growing, as car sales are increasing on a global scale, mainly in emerging markets. In developed markets, initiatives in anticipation of the coming autonomous driving society, such as creating more advanced and sophisticated cars, are being accelerated.

In response to the diverse needs of customers and great changes towards the autonomous driving society, Pioneer is pursuing its growth strategies tailored to the business characteristics of each of our business pillars of consumer market, OEM, and map and autonomous driving, becoming a leading company in "Comprehensive Infotainment" that creates comfort, excitement, reliability and safety in vehicles.

In the consumer market business, we will maintain stable profitability, and increase sales to promote Pioneer's proprietary "connected car life" by strengthening our smartphone-linked product lineup, proposing new value in the business areas of reliability and safety, and pursuing audio entertainment. We will also strengthen our new commercial-use businesses that utilize cloud, including services for automobile insurance and for fleet vehicles, with our alliances. Furthermore, in emerging markets, we will offer our affordably-priced product line suited for individual regions.

In the OEM business, we aim to improve profitability by efficiently meeting the diverse needs of automakers, and by increasing productivity with improved efficiency of management resources and reviews of our business processes. We also aim to win new orders from automakers by proactively making proposals of our advanced technologies.

In the map business and autonomous driving field, we are making preparations to roll out samples of the 3D-LiDAR sensor, which is essential for autonomous driving. Furthermore, we aim to create a "data ecosystem" for advanced maps, in which maps for autonomous driving can be efficiently created and updated, mainly through our alliance with HERE Technologies, the Netherlands-based global provider of mapping and location services, and our participation in Japanese governmental projects.

In other businesses, we will work toward growth in our automotive-related businesses, mainly by expanding the factory automation systems business and accelerating the start-up of the organic light-emitting diode business through the establishment of a joint venture with Konica Minolta, Inc. We will also cultivate the medical and health care-related business.

In the 72nd accounting period, we will make every effort toward future growth as well as improved profitability.

(3) Environmental Preservation Activities

Pioneer responds to environmental problems with the aim of realizing a sustainable society together with our stakeholders.

Specifically, we promote our group-wide activities for environmental preservation throughout entire product lifecycle from the procurement of materials and parts to manufacturing, use, disposal and recycling, and environmental contribution through our products and services, in light of laws and regulations as well as social contribution. In addition, we disclose information on the results on our website.

Going forward, we will continue to promote activities for environmental preservation and environmental contribution, and proactively disclose related information.

(4) Capital Expenditures

Business Segment	Amount	(In millions of yen)
		% to Previous Period
Car Electronics	18,954	92.7%
Others	2,608	66.8
Corporate	390	36.2
Total	21,952	86.3%

Note: Above figures represent the increases of property, plant and equipment and intangible assets recorded in the consolidated balance sheet.

The principal of the above capital expenditures was invested in software to be installed in products, molds for production and production facilities.

(5) Financing

None

(6) Status of Transfer of Business, Absorption-type Company Split, or Incorporation-type Company Split

On March 31, 2017, Pioneer Cable & Network Corporation (currently Technicolor Pioneer Japan K.K.), a wholly-owned subsidiary of Pioneer, succeeded Pioneer's business relating to the development, manufacture and sale/marketing of cable TV system-related equipment by way of an absorption-type company split, and transfer 51% of outstanding shares of Pioneer Cable & Network Corporation to Technicolor Delivery Technologies S.A.S., a subsidiary of Technicolor S.A. After the business transfer, Pioneer Cable & Network Corporation became an associated company of Pioneer accounted for under the equity method.

(7) Summary of Business Operations (on consolidated basis)

	(In millions of yen except per share information)			
	Year Ended March 31			
	2014	2015	2016	2017
	68th Accounting Period	69th Accounting Period	70th Accounting Period	71st Accounting Period
Net sales	498,051	501,676	449,630	386,682
Operating income	11,169	7,778	7,304	4,167
Ordinary income (loss)	5,111	(2,915)	7,250	2,966
Net income (loss) *	531	14,632	731	(5,054)
Net income (loss) per share *	1.49	39.85	1.99	(13.76)
Total assets	327,913	328,277	298,012	281,786
Total equity	77,816	107,066	90,486	86,789
Total equity per share	197.33	277.05	233.32	224.72

* Net income (loss) attributable to owners of Pioneer Corporation

- Notes: 1. Effective from the 70th accounting period, the reference to “net income (loss)” was changed to “net income (loss) attributable to owners of Pioneer Corporation” by the application of the “Revised Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No.21, issued on September 13, 2013), etc.
2. In the 69th accounting period, the Company recorded a large increase in net income attributable to owners of Pioneer Corporation. This was mainly the result of an extraordinary income mainly due to the transfer of the DJ equipment business.

(8) Present State of the Company's Group**(a) Status of the Company's Major Subsidiaries**

Name	Location	Capital	*	Principal Business
Tohoku Pioneer Corporation	Yamagata, Japan	10,800 million yen	100.0%	Manufacture of car electronics products, etc.
Pioneer North America, Inc.	U.S.A.	124,807 thousand U.S. dollars	100.0%	Coordination of the activities of the Company's subsidiaries in North America
Pioneer Europe NV	Belgium	39,892 thousand euro	100.0% (30.5%)	Coordination of the activities of the Company's subsidiaries in Europe, and distribution of the Company's products
Pioneer Electronics Asiacentre Pte. Ltd.	Singapore	28,055 thousand U.S. dollars	100.0%	Coordination of the activities of the Company's subsidiaries in Southeast Asia and South Asia, and manufacture and distribution of the Company's products
Pioneer China Holding Co., Ltd.	China	644,362 thousand yuan	100.0%	Coordination of the activities of the Company's subsidiaries in China, and distribution of the Company's products
Pioneer do Brasil Ltda.	Brazil	32,407 thousand real	100.0%	Coordination of the activities of the Company's subsidiaries in South America, and manufacture and distribution of car electronics products

Notes: 1. All capital amounts less than one unit are disregarded.

2. * indicates percentage of the Company's contribution, directly or indirectly, to the subsidiaries. The figures in parentheses indicate the indirect portion of such contribution.

(b) New Development in the Company's Group

None

(9) Principal Offices and Plants (as of March 31, 2017)

(a) Pioneer Corporation (Parent Company)

Head Office (Tokyo, Japan)
Kawagoe Plant (Saitama, Japan)

(b) Principal Sales and Manufacturing Subsidiaries

Sales Subsidiaries

Pioneer Sales & Marketing Corporation (Tokyo, Japan)
Pioneer Electronics (USA) Inc. (U.S.A.)
Pioneer Electronics de Mexico S.A. de C.V. (Mexico)
Pioneer Europe NV (Belgium)
Pioneer China Holding Co., Ltd. (China)

Manufacturing Subsidiaries

Tohoku Pioneer Corporation (Yamagata, Japan)
Pioneer Manufacturing (Thailand) Co., Ltd. (Thailand)
Pioneer Technology (Shanghai) Co., Ltd. (China)
Pioneer Technology (Dongguan) Co., Ltd. (China)
Pioneer do Brasil Ltda. (Brazil)

(10) Employees (as of March 31, 2017)

Business Segment	Number of Employees	Change from the End of the Previous Period
Car Electronics	11,694	Decrease of 122
Others	4,323	Decrease of 189
Corporate	746	Increase of 28
Total	16,763	Decrease of 283

Note: The number of employees excludes contract employees with a contract period of less than one year and temporary/other contract employees in the table above.

(11) Major Lenders (as of March 31, 2017)

Name	(In millions of yen) Amount
Syndicated Loan of which The Bank of Tokyo-Mitsubishi UFJ, Ltd. is the arranger and the agent	14,167

2. MATTERS WITH RESPECT TO SHARES (as of March 31, 2017)

(1) Number of Shares the Company May Issue

800,000,000 shares

(2) Number of Shares of Common Stock Issued

372,223,436 shares

Note: 5,030,886 shares of treasury stock held by the Company are included.

(3) Number of Shareholders

46,879 shareholders (an increase of 2,351 from the end of the previous period)

(4) Composition of Shareholders

	Number of Shareholders	Number of Shares Held	Percentage of Shareholdings to Total Issued Shares
Japanese financial institutions	34	83,368 thousand	22.40%
Japanese securities companies	71	12,086	3.25
Other Japanese business corporations	308	59,960	16.11
Foreign corporations and individuals	343	115,966	31.15
Japanese individuals and others	46,123	100,841	27.09
Total	46,879	372,223 thousand	100.00%

Notes: 1. All numbers of shares less than one thousand are disregarded.

2. All percentage figures are calculated based on the total number of shares issued.

3. "Japanese individuals and others" include 5,030 thousand shares (1.35%) as treasury stock held by the Company.

(5) Principal Shareholders (Ten Largest Shareholders)

Name of Shareholders	Number of Shares Held	Percentage of Shareholdings to Total Issued Shares
Mitsubishi Electric Corporation	27,886 thousand	7.59%
NTT DOCOMO, INC.	25,773	7.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,848	5.40
Japan Trustee Services Bank, Ltd. (Trust Account)	15,039	4.09
BNP Paribas Securities Services Luxembourg/JASDEC/Henderson HHF SICAV	10,741	2.92
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8,733	2.37
State Street Bank and Trust Company	8,230	2.24
State Street Bank and Trust Company 505103	6,584	1.79
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	6,490	1.76
Japan Trustee Services Bank, Ltd. (Trust Account 5)	5,518	1.50

Notes: 1. All numbers of shares less than one thousand are disregarded.

2. All percentage figures are calculated based on the total number of shares issued and outstanding after deduction of treasury stock, and such figures less than the second decimal place are disregarded.

3. MATTERS WITH RESPECT TO SHARE ACQUISITION RIGHTS (as of March 31, 2017)

First Series Unsecured Zero Coupon Convertible Bonds (Bonds with Share Acquisition Rights)
(issued on December 18, 2015)

Number of Share Acquisition Rights	150
Conversion Price	456 yen
Exercise period	December 25, 2015 to December 11, 2020
Class and Number of Shares Underlying the Share Acquisition Rights	32,894,736 shares of common stock

4. MATTERS WITH RESPECT TO DIRECTORS, AUDIT & SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS

(1) Directors, Audit & Supervisory Board Members and Executive Officers

(a) Directors and Audit & Supervisory Board Members

Title	Name	Occupation in the Company <Important Occupation in Other Business Entities>
Representative Director	Susumu Kotani	
Representative Director	Mikio Ono	<Other Important Occupation> Outside Director of Onkyo Corporation
Director	Kunio Kawashiri	
Director	Masahiro Kawamura	
Director	Takashige Nakano	
Director	Masahiro Tanizeki	
Director	Shunichi Sato	<Other Important Occupation> Outside Audit & Supervisory Board Member of Nakano Corporation
Full-Time Audit & Supervisory Board Member	Mikio Shimoda	
Audit & Supervisory Board Member	Keiichi Nishikido	Attorney-at-law <Other Important Occupation> Partner of Kohwa Sohgo Law Offices Outside Audit & Supervisory Board Member of Saibo Co., Ltd.
Audit & Supervisory Board Member	Hiroyuki Wakamatsu	Certified Public Accountant <Other Important Occupation> Representative of Wakamatsu CPA Office Outside Audit & Supervisory Board Member of Withus Corporation Outside Audit & Supervisory Board Member of Mixi, Inc.

- Notes: 1. Messrs. Masahiro Tanizeki and Shunichi Sato are Outside Directors pursuant to the Companies Act of Japan, and are Independent Directors satisfying the requirements of the Tokyo Stock Exchange.
2. Messrs. Keiichi Nishikido and Hiroyuki Wakamatsu are Outside Audit & Supervisory Board Members pursuant to the Companies Act of Japan, and are Independent Audit & Supervisory Board Members satisfying the requirements of the Tokyo Stock Exchange.
3. Mr. Hiroyuki Wakamatsu is a Certified Public Accountant and has considerable experience and knowledge as a financial expert.
4. Effective on April 1, 2017, Mr. Keiichi Nishikido became a representative lawyer of Kohwa Sohgo Law Offices.

(b) Executive Officers

Title	Name	Occupation in the Company
* President and CEO	Susumu Kotani	
* Senior Managing Executive Officer	Mikio Ono	In charge of new businesses, related businesses, Research & Development Division, and export management in general
* Senior Executive Officer	Kunio Kawashiri	In charge of Accounting Division and Finance Division
* Senior Executive Officer	Masahiro Kawamura	General Manager of Corporate Management Division, and in charge of Intellectual Property Division
* Senior Executive Officer	Takashige Nakano	In charge of Car Electronics Business
Senior Executive Officer	Harumitsu Saito	General Manager of Business Administration Division
Senior Executive Officer	Masao Kase	In charge of Procurement Division
Senior Executive Officer	Koichi Moriya	In charge of Human Resources Division, General Administration Division, IT Division, Legal & Risk Management Division, Audit Division, CSR, and ecology
Senior Executive Officer	Satoshi Ohdate	General Manager of Consumer Car Electronics Business Division, and in charge of Pioneer Sales & Marketing Corporation
Senior Executive Officer	Ikuo Tsuritani	General Manager of Kawagoe Plant, General Manager of Product Management Division, and in charge of Quality Assurance Division
Executive Officer	Minoru Maruyama	General Manager of Production Management Division
Executive Officer	Ichio Kitamura	General Manager of OEM Car Electronics Business Division
Executive Officer	Naoto Takashima	In charge of Speaker Business
Executive Officer	Shinsuke Nishimura	General Manager of Autonomous Driving Systems Business Development Division

Note: 1. * indicates an Executive Officer who is also a Director.

2. Effective on April 16, 2017, Mr. Mitsumasa Kato was newly elected as an Executive Officer.

Title	Name	Occupation in the Company
Executive Officer	Mitsumasa Kato	General Manager of Engineering Development Division, and Engineering Management Division of Engineering Development Division

3. Effective on April 16, 2017, occupation in the Company of an Executive Officer was changed as follows:

Title	Name	Occupation in the Company
Senior Executive Officer	Ikuo Tsuritani	General Manager of Kawagoe Plant and in charge of Quality Assurance Division

(2) Remuneration of Directors and Audit & Supervisory Board Members

- (a) Remuneration of Directors and Audit & Supervisory Board Members with Respect to the Period Under Review

262 million yen for eight Directors

44 million yen for three Audit & Supervisory Board Members

- Notes: 1. The above amounts include remuneration of one Director who retired at the conclusion of the Ordinary General Meeting of Shareholders held on June 28, 2016.
2. Out of the above amounts, remuneration of Outside Directors and Outside Audit & Supervisory Board Members is 35 million yen for four persons.

- (b) Policies of Determining the Remuneration of Directors and Audit & Supervisory Board Members

Pioneer has established Compensation Committee as an advisory organ to the Board of Directors, which discusses issues such as policies and systems for remuneration and other benefits for Directors and Executive Officers as well as individual evaluations and compensation levels.

Remuneration of Directors is properly determined pursuant to “Policies with Respect to the Remuneration of Directors and Executive Officers” which were verified by the Compensation Committee, as described below.

- Benefits for Directors and Executive Officers (such as compensation and bonus, etc.) are not in contradiction to the benefit of shareholders.
- Levels of compensation are not in contradiction to the consolidated business performance (both results and forecasts).
- Compensation of individuals relates to each role and responsibility, and properly reflects the degree of achievement, performance and contribution of each occupation with its executive responsibility.

Amounts of compensation for Directors and Audit & Supervisory Board Members are determined within the range approved at the 52nd Ordinary General Meeting of Shareholders held on June 26, 1998 (maximum amount payable to Directors of ¥900 million, per annum, and maximum amount payable to Audit & Supervisory Board Members of ¥100 million, per annum), and such amounts with respect to Directors are determined on the basis of the results of discussion at the Compensation Committee, and with respect to Audit & Supervisory Board Members properly determined by the discussion of Audit & Supervisory Board Members.

(3) Matters with Respect to Outside Directors and Outside Audit & Supervisory Board Members

(a) Outside Director: Masahiro Tanizeki

(i) Relation Between the Company and Other Business Entities at Which the Outside Director Has Important Occupation

None

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended 11 out of the 12 meetings of the Board of Directors held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a management member of business enterprises.

(b) Outside Director: Shunichi Sato

(i) Relation Between the Company and Other Business Entities at Which the Outside Director Has Important Occupation

There is no special relation between the Company and Nakano Corporation.

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended 11 out of the 12 meetings of the Board of Directors held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a diplomat.

(c) Outside Audit & Supervisory Board Member: Keiichi Nishikido

(i) Relation Between the Company and Other Business Entities at Which the Outside Audit & Supervisory Board Member Has Important Occupation

There is no special relation between the Company and Kohwa Sohgo Law Offices or Saibo Co., Ltd.

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended 11 out of the 12 meetings of the Board of Directors and all of the 18 meetings of the Audit & Supervisory Board, both held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a legal expert.

(d) Outside Audit & Supervisory Board Member: Hiroyuki Wakamatsu

(i) Relation Between the Company and Other Business Entities at Which the Outside Audit & Supervisory Board Member Has Important Occupation

There is no special relation between the Company and Wakamatsu CPA Office, Withus Corporation or Mixi, Inc.

(ii) Relation with Business Entities Which Have Special Relation with the Company (Subsidiaries, Affiliates and Major Business Partners)

None

(iii) Principal Activities During the Period Under Review

Attended nine out of the 12 meetings of the Board of Directors and 17 out of the 18 meetings of the Audit & Supervisory Board, both held during the period under review, and gave opinions as necessary, based on the insight and abundant experience as a financial expert.

(4) Agreement on Limitation of Liabilities

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act of Japan, the Company has entered into agreements with Outside Directors and Outside Audit & Supervisory Board Members which limit their liabilities specified in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities under the agreement is the amount provided by laws and regulations.

5. MATTERS WITH RESPECT TO ACCOUNTING AUDITOR

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Remuneration of Accounting Auditor for the Period Under Review

- (a) Remuneration as Accounting Auditor of Pioneer Corporation with Respect to the Period Under Review

117 million yen

Note: The amounts being derived from the audit under the Companies Act of Japan, the audit under the Financial Instruments and Exchange Act of Japan and the audit concerning the consolidated financial statements in English are not clearly distinguished and those amounts cannot be practicably distinguished. The above amount indicates the total of these amounts.

- (b) Total Amount of Money and Other Property Benefits Payable by Pioneer Corporation and Its Subsidiaries

148 million yen

Note: The Company's overseas subsidiaries entrust audit services on the financial statements to accounting firms other than the above Accounting Auditor.

(3) Reason the Audit & Supervisory Board Agreed on Compensation etc., of the Accounting Auditor for the Period Under Review

The Audit & Supervisory Board examined factors such as contents of the auditing plan, status of business execution, and assumptions for calculation of compensation estimates of the accounting audit by the Accounting Auditor, and subsequent to deliberation, agreed to the amount of compensation, etc., of the Accounting Auditor.

(4) Non-Audit Services Entrusted to the Accounting Auditor

None

(5) Policy on Decisions Concerning Dismissal or Non-reappointment of the Accounting Auditor

If the Audit & Supervisory Board determines that any of the items in Article 340, Paragraph 1 of the Companies Act apply to the Accounting Auditor and dismissal is appropriate, the Accounting Auditor will be dismissed based on the consent of all Audit & Supervisory Board Members. Additionally, if the Audit & Supervisory Board determines that it will be difficult for the Accounting Auditor to appropriately execute its accounting audit, determination will be made to submit a proposal to a General Meeting of Shareholders for the dismissal or non-reappointment of the Accounting Auditor.

(6) Agreements on Limitation of Responsibility

The Company has not entered into any agreements with the Accounting Auditor on limitation of its responsibility.

6. SYSTEMS FOR ENSURING APPROPRIATE EXECUTION OF BUSINESS

Pioneer Corporation has established systems for ensuring that directors perform their duties in conformity with laws and regulations and its Articles of Incorporation, as well as ensuring the appropriate execution of business of Pioneer and its subsidiaries (together, the “Pioneer Group” or the “Group”), pursuant to Article 362, Paragraph 4, Item 6 of the Companies Act of Japan and Article 100 of the Ordinance for Enforcement of the Companies Act. Details are as follows.

<Basic Policy>

The Pioneer Group has formulated the “Pioneer Group Vision Structure” to share its Group philosophy, “Move the Heart and Touch the Soul,” among all people of the Pioneer Group, and established the “Pioneer Group Charter for Corporate Operations” (the “Charter”) as the fundamental guidelines for realizing the objects of the “Pioneer Group Vision.”

In accordance with the Charter, the Pioneer Group has established the “Pioneer Group Code of Conduct” (the “Code”), as the standards that should be observed by all people working in the Pioneer Group. Based on the Code, directors, executive officers, audit & supervisory board members and employees of the Pioneer Group are expected to act sincerely in the course of performing their duties with strong awareness of corporate social responsibilities.

The Pioneer Group has also formulated a set of common, basic rules called the “Rules of the Pioneer Group” for the entire Group, of which the Charter is foremost in importance. Based on these rules, Pioneer works to implement appropriate management systems on a Group-wide basis.

(1) Systems That Ensure Directors and Employees Perform Their Duties in Conformity with Laws and Regulations and the Articles of Incorporation

Pioneer has a management system which consists of the Board of Directors as a decision-making and supervisory body on fundamental corporate issues; the Representative Directors who are responsible for business operations; and the Audit & Supervisory Board as an auditing body of directors’ performance. Through this management system, Pioneer ensures that directors perform their duties in conformity with laws and regulations and the Articles of Incorporation. Several outside directors with a high degree of independence are appointed to reinforce the supervisory function of the Board of Directors. Furthermore, the supervising and monitoring functions of outside directors and outside audit & supervisory board members over the management are strengthened by offering opportunities for regular cooperation between them, enhancing the information on business execution provided to outside directors, and holding communication meetings between outside directors and the Audit & Supervisory Board.

To achieve compliance with laws and regulations, Pioneer has adopted the Charter and the Code as decision-making and behavioral standards for directors, executive officers, audit & supervisory board members and employees at all companies of the Pioneer Group. Also, Pursuant to “Basic Rules for Business Ethics” Pioneer has established a “Business Ethics Committee” chaired by an outside director to ensure legal compliance by those in the Pioneer Group, as well as thorough observance of the Code. To implement the Pioneer Group’s whistle-blowing policy, in addition to the regular reporting system, the Pioneer Group has the “Business Ethics Hotline” for reporting any act, behavior, etc., contrary to or otherwise against the Code. All reports received by the “Business Ethics Hotline” are simultaneously forwarded to both the administrative office of the “Business Ethics Committee” and the Audit & Supervisory Board. All reports received by the Hotline are dealt with appropriately and in good faith to protect the persons making reports from unfair treatments because of their reports.

As to internal audit, the Audit Division performs audits of business operations in accordance with the “Basic Rules for Consolidated Internal Audit,” and verifies the status of compliance with laws and internal regulations.

With regard to Pioneer’s efforts to exclude anti-social elements which threaten civil order and the safety of citizens, the Code contains a fundamental principle that supports Group-wide activities to combat such elements, in accordance with the spirit of “operating our corporate activities fairly,” as stipulated in the Charter. Pioneer is also enhancing its compliance functions, by defining the “Basic Rules for Action Against Anti-social Elements,” and by establishing departments that are responsible for taking action against such elements, through collaboration with relevant outside organizations and sharing information and offering instruction regarding such action across the entire Group.

(2) Systems to Keep, Administer and Manage Information Concerning the Performance of Directors' Duties

Information concerning the performance of directors' duties is kept, administrated and managed properly in accordance with such internal rules as the "Basic Rules for Information Security Management." The Audit Division regularly verifies the status of keeping, administrating and managing such information.

The minutes of the meetings of the Board of Directors are prepared and kept at the Head Office for 10 years in accordance with the Companies Act. Pioneer has established a "Group Executive Committee," as described in Item 4 below, to reinforce the decision-making function of the Board of Directors. As with the minutes of the meetings of the Board of Directors, the minutes of the meetings of the "Group Executive Committee" are kept for 10 years.

As to proper disclosure of corporate information and financial reporting, the Company defines "Basic Rules on Disclosure" and "Basic Rules for Consolidation Accounting," thereby seeks to enhance management structure of corporate information.

(3) Systems to Manage the Risk of Potential Losses

Pioneer has established an "Internal Control Committee" pursuant to "Basic Rules for Internal Control System," chaired by a Representative Director, to reinforce and strengthen the management system of possible risks out of or in relation to the Pioneer Group's business activities, and is implementing measures for identifying and preventing such possible risks. In particular, to cope with possible material risks systematically, Pioneer has set the policies and procedures in the "Rules of the Pioneer Group."

In addition, Pioneer has instituted the "Basic Rules for Crisis Controls" to cope appropriately with crises if and when they actually occur. Based on these rules, Pioneer has established an "Emergency Management Committee (EM Committee)" as a permanent organization to administer the Pioneer Group's crisis control system, including employee education and training. The "EM Committee" is chaired by an Executive Officer in charge of General Administration Division of Pioneer, and EM Managers have been appointed at each principal organization throughout the Pioneer Group. Thus, the Pioneer Group shall cope with and solve the problems if a crisis actually happens. Pioneer has clearly defined the roles of each Group organization in coping with crises, including crisis response procedures, etc., in the "Crisis Control Manual."

Pioneer's "Basic Rules for Authority of Group Companies" clarify authority, responsibility, and approval procedures with respect to decision making on important matters for each Group Company, as a part of efforts to prevent potential losses.

Based on the "Basic Rules for Consolidated Internal Audit," the Audit Division monitors all the processes of each Group Company taken to identify possible risks, as well as measures to prevent these risks and/or respond to crises.

(4) Systems to Ensure Directors to Efficiently Perform Their Duties

Through its executive officer system and by delegating authority to each executive officer, Pioneer works to expedite the execution of business operations and clearly define the areas of responsibility thereof.

The "Group Executive Committee," which was formed to reinforce decision making, comprises executive officers appointed by the Board of Directors. The "Group Executive Committee," under the supervision of the Board of Directors, thoroughly discusses key management issues at its regular meetings twice per month, in principle, and either approves these issues or in cases where the Board of Directors are stipulated to have decision-making authority reports on these issues to the Board of Directors.

The "Basic Rules for Authority of Group Companies" clarify authority, responsibility, and approval procedures with respect to decision making on important matters for each Group Company. This aims to ensure rapid decision making by Pioneer's Board of Directors and the efficient performance of its duties.

The term of office for directors is shortened from statutory two years to one year, which increases the chances for shareholders to elect directors, and helps those directors focus on their responsibilities and respond promptly to changing business environments.

(5) Systems to Ensure Proper Execution of Group-wide Business Operations

The Company has established the “Rules of the Pioneer Group” that should be observed by the entire Pioneer Group to ensure the proper execution of business operations.

Based on the “Basic Rules for Authority of Group Companies,” the Group Executive Committee discusses and determines important matters facing each Group Company in accordance with the pre-determined clarifications of authority and responsibility. This system ensures that the entire Pioneer Group performs quick decision making and proper execution and efficient management of business operations.

Directors or Executive Officers have been elected as directors of principal Group companies to strengthen their supervision on the operations of such companies, thus reinforce management system of the entire Pioneer Group.

The Company has in place a system to enable the exchange of information between audit & supervisory board members of companies of the Pioneer Group. This system ensures on a Group-wide basis the proper execution of business operations and the effectiveness of audits.

The Audit Division coordinates and supervises the entire program of internal audits of each company of the Pioneer Group, in accordance with the provisions of the “Basic Rules for Consolidated Internal Audit.”

(6) Matters Relating to Employee Assistants to Audit & Supervisory Board Members and Their Independence

The Audit & Supervisory Board has its dedicated office to support the performance of its duties. The staffs of this dedicated office are appointed from among Pioneer employees, and whose appointments, transfers, etc., are determined by prior consultation with the Audit & Supervisory Board.

(7) Systems Relating to Submission of Information to Audit & Supervisory Board Members by Directors and Employees

The Company has in place a system where all of the Pioneer Group’s directors, executive officers and employees report to audit & supervisory board members. Pioneer also has in place a system for audit & supervisory board members to attend such important meetings as stipulated in the “Committee Rules.”

Additionally, pursuant to the “Audit Standards for Audit & Supervisory Board Members,” Pioneer has in place a system to report to the Audit & Supervisory Board important matters that could affect business operations or operating results. Financial information is reviewed by the Audit & Supervisory Board prior to disclosure.

As for the reporting to audit & supervisory board members, the Company has in place a system to protect the persons who made such reports from receiving unfair treatments because of their reporting.

(8) Other Systems for Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members

Pursuant to the “Rules of the Audit & Supervisory Board” and “Audit Standards of Audit & Supervisory Board Members,” the Company ensures regular meetings with the Representative Directors and opportunities to regularly obtain explanations and reports from the Audit Division and the independent Accounting Auditor. Also, audit & supervisory board members shall request advice from outside experts as necessary. Expenses necessary for the execution of duties of audit & supervisory board members may be reimbursed based on the audit plan budget.

Note: The “Rules of the Pioneer Group” encompass all the rules and regulations on basic matters relating to the management of the Pioneer Group, and include the “Pioneer Group Charter for Corporate Operations,” “Pioneer Group Code of Conduct,” “Basic Rules for Business Ethics,” “Basic Rules for Consolidated Internal Audit,” “Basic Rules for Information Security Management,” “Basic Rules on Disclosure,” “Basic Rules for Consolidation Accounting,” “Basic Rules for Internal Control System,” “Basic Rules for Crisis Controls” and “Basic Rules for Authority of Group Companies.”

7. STATUS OF OPERATION OF SYSTEMS FOR ENSURING APPROPRIATE EXECUTION OF BUSINESS

Regarding systems for ensuring that directors perform their duties in conformity with laws and regulations and Pioneer's Articles of Incorporation, as well as ensuring the appropriate execution of business of Pioneer and its subsidiaries, a summary of the status of operation for the period under review is as follows.

(1) Performance of Directors' Duties

12 meetings of the Board of Directors were held, where decisions on fundamental corporate issues were made and supervision on business operations by the Representative Directors was conducted. Additionally, the "Group Executive Committee," comprised of executive officers appointed by the Board of Directors, was held 20 times, and the Company worked to improve speed and efficiency of execution of business operations by Directors and reinforce decision-making and supervisory functions of the Board of Directors. Furthermore, various efforts were made to strengthen the supervising and monitoring functions of outside directors and outside audit & supervisory board members over the management, including four periodic meetings between outside directors and outside audit & supervisory board members. 18 meetings of the Audit & Supervisory Board were held, and audits on the execution of business operations by Directors were made.

(2) Compliance

Two meetings of the "Business Ethics Committee" were held, and efforts were made to monitor and disseminate complying with laws and regulations and the "Pioneer Group Code of Conduct" by directors, executive offices, audit & supervisory board members and employees at all companies of the Pioneer Group. All reports made to the "Business Ethics Hotline" were dealt with appropriately and in good faith.

(3) Internal Audit

The Audit Division, coordinating and supervising the entire program of internal audits of each company of the Pioneer Group, implemented internal audits with divisions responsible for internal audits established at key Group Companies, and offered advice, etc., to improve and remedy business operations. The results of internal audits by the Audit Division have been reported to the President and CEO, Executive Officer in charge of the Audit Division, and Audit & Supervisory Board Members.

(4) Appropriate Information Disclosure

Concerning information disclosure, reviews were made timely by attorneys-at-law to secure legality, accuracy, and appropriateness of disclosure content. Furthermore, based on the regulations of the Tokyo Stock Exchange, a total of 10 timely disclosures of information was made, including consolidated financial statements, etc., prepared in accordance with "Basic Rules for Consolidation Accounting."

(5) Risk Management

Two meetings of the “Internal Control Committee” were held, and aside from aiming to enhance and strengthen the management system of possible risks out of or in relation to the Pioneer Group’s business activities, various training regarding compliance and a revision to the “Rules of the Pioneer Group” were also made. Additionally, at the “EM Committee,” information was distributed regarding safety countermeasures overseas, education and enrichment activities were conducted regarding risk management, and countermeasures in times of crisis were strengthened.

(6) System for Reporting to Audit & Supervisory Board Members

Two periodic meetings between the Audit & Supervisory Board and Representative Directors were held. Additionally, Audit & Supervisory Board Members received reports regarding execution of business operations from Directors and Executive Officers, and sought explanations as required. Furthermore, information exchanges were made between Audit & Supervisory Board Members and audit & supervisory board members at Group Companies, and seven meetings between the Audit & Supervisory Board Members and the Accounting Auditor were held, with discussions being made regarding the results of accounting audits, the annual accounting audit plan, and the implementation status of the accounting audit, etc. All reports made to the “Business Ethics Hotline” were reported to Audit & Supervisory Board Members.

8. OTHER IMPORTANT MATTERS CONCERNING BUSINESS CONDITIONS OF THE COMPANY

There is nothing particular to report hereunder.

CONSOLIDATED BALANCE SHEET

(In millions of yen)

March 31, 2017

ASSETS	
Current assets:	
Cash and deposits	¥ 38,405
Trade receivables	66,056
Finished products	21,245
Work in process	11,795
Raw materials and supplies	16,781
Deferred tax assets	3,696
Other current assets	16,798
Allowance for doubtful receivables	(2,896)
Total current assets	171,880
Noncurrent assets:	
Property, plant and equipment:	
Buildings and structures	14,769
Machinery and vehicles	8,449
Land	11,121
Leased assets	723
Construction in progress	899
Others	4,874
Net property, plant and equipment	40,835
Intangible assets:	
Goodwill	438
Software	16,187
Software in progress	39,544
Others	624
Total intangible assets	56,793
Investments and other assets:	
Investment securities	6,920
Deferred tax assets	1,142
Net defined benefit assets	838
Others	3,428
Allowance for doubtful accounts	(50)
Total investments and other assets	12,278
Total noncurrent assets	109,906
Total assets	¥281,786

(In millions of yen)

March 31, 2017

LIABILITIES	
Current liabilities:	
Trade payables	¥ 62,362
Short-term borrowings	10,703
Current portion of long-term debt	11,033
Income taxes payable	1,305
Accrued expenses	30,987
Warranty reserve	1,967
Other current liabilities	20,529
Total current liabilities	138,886
Long-term liabilities:	
Convertible bonds	15,056
Long-term debt	2,500
Accrued pension and severance costs	35,106
Other long-term liabilities	3,449
Total long-term liabilities	56,111
Total liabilities	194,997
EQUITY	
Shareholders' equity:	
Common stock	91,732
Capital surplus	56,016
Retained earnings	28,984
Treasury stock	(11,051)
Total shareholders' equity	165,681
Accumulated other comprehensive income (loss):	
Unrealized loss on available-for-sale securities	(191)
Foreign currency translation adjustments	(59,149)
Defined retirement benefit plans	(23,825)
Total accumulated other comprehensive income (loss)	(83,165)
Non-controlling interests	4,273
Total equity	86,789
Total liabilities and equity	¥281,786

CONSOLIDATED STATEMENT OF OPERATIONS

(In millions of yen)

	Year ended March 31, 2017
Net sales	¥386,682
Cost of sales	317,497
Gross profit	69,185
Selling, general and administrative expenses	65,018
Operating income	4,167
Non-operating income:	
Interest and dividend income	405
Exchange gain	605
Others	328
Total non-operating income	1,338
Non-operating expenses:	
Interest expense	671
Equity in losses of affiliated companies	110
Others	1,758
Total non-operating expenses	2,539
Ordinary income	2,966
Extraordinary income:	
Gain on sale of noncurrent assets	831
Total extraordinary income	831
Extraordinary loss:	
Loss on sale and disposal of noncurrent assets	576
Restructuring costs	3,014
Loss on transfer of business	1,191
Litigation loss	1,180
Impairment loss	138
Others	11
Total extraordinary loss	6,110
Loss before income taxes	(2,313)
Income taxes:	
Current	2,798
Deferred	151
Total income taxes	2,949
Net loss	(5,262)
Net loss attributable to non-controlling interests	(208)
Net loss attributable to owners of Pioneer Corporation	¥ (5,054)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions of yen)

	Shareholders' Equity				Total Shareholders' Equity
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	
Balance, beginning of year	¥91,732	¥56,016	¥34,038	¥(11,051)	¥170,735
Changes:					
Net loss attributable to owners of Pioneer Corporation			(5,054)		(5,054)
Purchase of treasury stock				(0)	(0)
Net change of items other than shareholders' equity					
Net changes	–	–	(5,054)	(0)	(5,054)
Balance, end of year	¥91,732	¥56,016	¥28,984	¥(11,051)	¥165,681

(In millions of yen)

Accumulated Other Comprehensive Income (Loss)

	Un-realized Income (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total Accumulated Other Comprehensive Loss	Non-controlling Interests	Total Equity
Balance, beginning of year	¥ (286)	¥ (88)	¥ (56,329)	¥ (28,357)	¥ (85,060)	¥ 4,811	¥ 90,486
Changes:							
Net loss attributable to owners of Pioneer Corporation							(5,054)
Purchase of treasury stock							(0)
Net change of items other than shareholders' equity	95	88	(2,820)	4,532	1,895	(538)	1,357
Net changes	95	88	(2,820)	4,532	1,895	(538)	(3,697)
Balance, end of year	¥ (191)	¥ –	¥ (59,149)	¥ (23,825)	¥ (83,165)	¥ 4,273	¥ 86,789

CONDENSED BALANCE SHEET (non-consolidated)

(In millions of yen)

March 31, 2017

ASSETS

Current assets:

Cash and deposits	¥ 10,536
Trade receivables	26,064
Inventories	12,291
Short term loans to subsidiaries	68,569
Other current assets	11,573

Total current assets	129,033
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Noncurrent assets:

Net property, plant and equipment	8,004
Intangible assets	48,526
Investments and other assets	112,331

Total noncurrent assets	168,862
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Total assets	¥297,896
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LIABILITIES

Current liabilities:

Trade payables	¥ 44,680
Short-term borrowings	2,033
Short-term borrowings from subsidiaries	19,688
Current portion of long-term debt	10,633
Accrued expenses	19,026
Other current liabilities	5,725

Total current liabilities	101,785
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Long-term liabilities:

Convertible bonds	15,056
Long-term debt	1,900
Provision for loss on business of subsidiaries and associates	60,087
Other long-term liabilities	7,498

Total long-term liabilities	84,541
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Total liabilities	186,326
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EQUITY

Shareholders' equity:

Common stock	91,731
Capital surplus	56,015
Retained earnings	(24,871)
Treasury stock	(11,051)

Total shareholders' equity	111,824
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Valuation and translation adjustments

	(255)
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Total equity	111,569
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Total liabilities and equity	¥297,896
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CONDENSED STATEMENT OF INCOME (non-consolidated)

(In millions of yen)

	Year ended March 31, 2017
Net sales	¥222,364
Cost of sales	194,682
Selling, general and administrative expenses	35,518
Operating loss	(7,837)
Non-operating income—net	15,072
Ordinary income	7,234
Extraordinary loss—net	(2,464)
Income before income taxes	4,770
Income taxes	(353)
Net income	¥ 4,416

CONDENSED STATEMENT OF CHANGES IN EQUITY (non-consolidated)

(In millions of yen)

	Shareholders' Equity	Valuation and Translation Adjustments	Total Equity
Balance, beginning of year	¥107,407	¥ (473)	¥106,934
Changes:			
Net income	4,416		4,416
Purchase of treasury stock	(0)		(0)
Net change of items other than shareholders' equity		218	218
Net changes	4,416	218	4,634
Balance, end of year	¥111,824	¥ (255)	¥111,569

**AUDIT REPORT BY ACCOUNTING AUDITOR
ON CONSOLIDATED FINANCIAL STATEMENTS**
(copy)

INDEPENDENT ACCOUNTANTS' REPORT

May 9, 2017

To the Board of Directors of Pioneer Corporation

Deloitte Touche Tohmatsu LLC

Koichi Kuse, C.P.A. (seal)
Designated Partner and Engagement Partner

Kazuki Iwashita, C.P.A. (seal)
Designated Partner and Engagement Partner

Tomoki Yamada, C.P.A. (seal)
Designated Partner and Engagement Partner

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act of Japan, we have audited the consolidated financial statements, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes thereto of Pioneer Corporation for the period from April 1, 2016 to March 31, 2017.

Management's responsibility for the consolidated financial statements:

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pioneer Corporation and its subsidiaries as of March 31, 2017, and the consolidated results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interests:

Our firm or the engagement partners do not have any interests in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law of Japan.

- END -

Note: Consolidated financial statements audited by the Accounting Auditor are their original Japanese version, while those contained in this Convocation Notice are their summarized translation.

**AUDIT REPORT BY ACCOUNTING AUDITOR
ON NON-CONSOLIDATED FINANCIAL STATEMENTS**
(copy)

INDEPENDENT ACCOUNTANTS' REPORT

May 9, 2017

To the Board of Directors of Pioneer Corporation

Deloitte Touche Tohmatsu LLC

Koichi Kuse, C.P.A. (seal)
Designated Partner and Engagement Partner

Kazuki Iwashita, C.P.A. (seal)
Designated Partner and Engagement Partner

Tomoki Yamada, C.P.A. (seal)
Designated Partner and Engagement Partner

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, we have audited the financial statements (on non-consolidated basis), namely, the balance sheet, the statement of operations, the statement of changes in equity and the notes thereto, as well as the supplementary schedules annexed to the financial statements of Pioneer Corporation for the 71st accounting period from April 1, 2016 to March 31, 2017.

Management responsibility for the financial statements:

Management is responsible for the preparation and fair presentation of these financial statements and their supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements and their supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and their supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements and their supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements and their supplementary schedules referred to above present fairly, in all material respects, the financial position of Pioneer Corporation as of March 31, 2017, and the results of operations and their supplementary schedules for the year then ended in accordance with accounting principles generally accepted in Japan.

Interests:

Our firm or the engagement partners do not have any interests in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law of Japan.

- END -

Note: Non-consolidated financial statements audited by the Accounting Auditor are their original Japanese version, while those contained in this Convocation Notice are their summarized translation.

AUDIT REPORT BY THE AUDIT & SUPERVISORY BOARD

(copy)

AUDIT REPORT

The Audit & Supervisory Board of Pioneer Corporation has prepared this audit report with respect to the performance of duties by directors during the 71st accounting period from April 1, 2016 to March 31, 2017 as follows, upon deliberation based on respective audit reports prepared by each Audit & Supervisory Board Member.

1. Auditing methods employed by the Audit & Supervisory Board Members and the Audit & Supervisory Board and details thereof

- (1) The Audit & Supervisory Board determined the policy of auditing and the audit plan, etc., received reports from each Audit & Supervisory Board Member on the methods and results of audit, and reports from directors and the accounting auditor with respect to the status of performance of their duties and requested explanation thereof as considered necessary.
- (2) Pursuant to the standards of auditing of Audit & Supervisory Board Members and in accordance with the policy of auditing and the audit plan, etc. determined by the Audit & Supervisory Board, each of the Audit & Supervisory Board Members communicated with directors and personnel at internal audit divisions and others, made efforts in gathering information and organizing auditing environments, as follows:
 - (a) Each of the Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from directors and other personnel with respect to the status of performance of their duties, requested explanation thereof as considered necessary, inspected important documents, and investigated the condition of operations and property at the head office and the principal places of business. Regarding subsidiaries, Audit & Supervisory Board Members communicated with their directors and audit & supervisory board Members and exchanged information, and received reports therefrom on subsidiaries' business as considered necessary.
 - (b) With respect to the contents of the resolution of Board of Directors concerning the arrangements of the internal control systems, namely, systems pursuant to Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan for ensuring that directors perform their duties in conformity with laws and regulations and the Articles of Incorporation, and for ensuring appropriate operations of the Company, as well as the status of such internal control systems, which is described in the business report, Audit & Supervisory Board Members also regularly received reports from directors and other personnel on the formation and status thereof, requested explanation thereof as considered necessary and gave opinion thereon.
 - (c) Audit & Supervisory Board Members monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, and received reports from the Accounting Auditor with respect to the performance of its duties and requested explanation thereof as considered necessary. Furthermore, Audit & Supervisory Board Members received notice from the Accounting Auditor that "systems to ensure proper performance of duties of the accounting auditor" (matters set forth in each item of Article 131 of the Company Accounting Ordinance of Japan) are organized in accordance with "Quality Control Standards for Audit" (adopted by the Business Accounting Council on October 28, 2005), etc., and requested explanation thereof as considered necessary.

Based on the above methods, Audit & Supervisory Board Members examined the business report and its supplementary schedules, the non-consolidated financial statements (the balance sheet, the statement of operations, the statement of changes in shareholders' equity and the notes thereto) and their supplementary schedules annexed thereto, and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of shareholders' equity and the notes thereto), all for the period under review.

2. Results of audit

- (1) Results of audit of business report, etc.
 - (i) The business report and its supplementary schedules present fairly, in conformity with the applicable laws and regulations and the Company's Articles of Incorporation, the status of the Company.
 - (ii) With respect to the performance of duties by directors, there exist no unjust acts or serious violation of laws and regulations or the Company's Articles of Incorporation therein.
 - (iii) Content of the resolution by the Board of Directors with respect to the internal control systems as described in the business report is appropriate. Also, there is nothing to remark with respect to the performance of duties by directors regarding such internal control systems.
- (2) Results of audit of the financial statements (on non-consolidated basis) and their supplementary schedules

The methods and the results of audit by Deloitte Touche Tohmatsu, the independent accountants and the Company's Accounting Auditor, are appropriate.

- (3) Results of audit of the consolidated financial statements

The methods and the results of audit by Deloitte Touche Tohmatsu, the independent accountants and the Company's Accounting Auditor, are appropriate.

May 11, 2017

The Audit & Supervisory Board of Pioneer Corporation

Mikio Shimoda (seal)
Full-Time Audit & Supervisory Board Member

Keiichi Nishikido (seal)
Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Hiroyuki Wakamatsu (seal)
Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

- END -

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

AGENDA ITEMS AND REFERENCE MATERIALS THEREOF:

Agenda Item No. 1. Reduction of Additional Paid-in Capital and Appropriation of Surplus

A proposal is hereby made to reduce additional paid-in capital on non-consolidated basis and appropriate surplus, covering the deficit of 24,871,733,728 yen, in order to ensure the flexibility and mobility of capital policies and to prepare for early resumption of dividend payments, as follows:

(1) Reduction of Capital Surplus:

The Company will reduce the partial amount of additional paid-in capital as of March 31, 2017, and transfer them to other capital reserve, pursuant to Article 448, Paragraph 1 of the Companies Act of Japan, as follows:

- | | | |
|-----|----------------------------------|-------------------|
| (a) | Item and amount to be reduced: | |
| | Additional Paid-in Capital | 7,000,000,000 yen |
| (b) | Item and amount to be increased: | |
| | Other capital reserve | 7,000,000,000 yen |

(2) Appropriation of Surplus

The Company will reduce the partial amount of other capital reserve after the transfer described above and transfer them to retained earnings brought forward, pursuant to Article 452 of the Companies Act of Japan, as follows:

- | | | |
|-----|-----------------------------------|--------------------|
| (a) | Item and amount to be reduced: | |
| | Other capital reserve | 24,871,733,728 yen |
| (b) | Item and amount to be increased: | |
| | Retained earnings brought forward | 24,871,733,728 yen |

- | | |
|--------------------|---------------|
| (3) Effective Date | July 31, 2017 |
|--------------------|---------------|

Agenda Item No. 2. Election of Eight (8) Individuals as Directors

As the terms of offices of all of seven (7) Directors currently in office will expire at the conclusion of this Ordinary General Meeting of Shareholders, a proposal is hereby made to increase the number of Directors by one (1) and elect eight (8) Directors to reinforce management structure.

When deciding the nomination of candidates for Directors, the Board of Directors requests the “Nominating Committee” chaired by an Outside Director and consisting of half or more Outside Directors, to deliberate, and decides the nomination in deference to the results of the deliberation.

The candidates for Directors are as follows:

Candidates for Directors

No. 1 Susumu Kotani

Date of Birth: April 12, 1950

Number of Pioneer Shares Held: 37,800

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1975:

Joined Pioneer

June 2003:

Executive Officer;

Chairman and Managing Director of Pioneer Europe NV

June 2006:

Executive Officer;

General Manager of International Business Group

June 2007:

Senior Executive Officer;

In charge of sales and marketing of Home Entertainment Business Group and

General Manager of International Business Group

June 2008:

Managing Director;

General Manager of Home Entertainment Business Group

November 2008:

President and Representative Director

June 2012

Representative Director, President and CEO;

In charge of Medical & Health Business Development Division and Cable & Network Systems Business Division

June 2014 to present:

Representative Director, President and CEO

No. 2 Kunio Kawashiri

Date of Birth: December 26, 1957

Number of Pioneer Shares Held: 48,500

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1980:

Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)

July 2009:

Joined Pioneer

Executive Officer;

Assistant to General Manager of Corporate Planning Division

June 2010:

Director;

General Manager of Business Administration Division of Corporate Planning Division, and in charge of finance

June 2012:

Director, Senior Executive Officer;

General Manager of Business Administration Division of Corporate Planning

Division, and in charge of ecology, finance, Quality Assurance Division, IT Division,

Industrial Solutions Division and Pioneer Digital Design and Manufacturing Corporation

April 2015 to present:

Director, Senior Executive Officer;

In charge of Accounting Division and Finance Division

No. 3 Harumitsu Saito (To be newly elected)

Date of Birth: March 4, 1958

Number of Pioneer Shares Held: 22,300

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1980:

Joined Pioneer

June 2008:

Executive Officer;

General Manager of Business Planning Division of Mobile Entertainment Business Group

December 2010:

Executive Officer;

Executive Director and General Manager of Anyo Pioneer Motor Information Technology Co., Ltd.

April 2013:

Executive Officer;

In charge of ecology and Quality Assurance Division

June 2015 to present:

Senior Executive Officer;

General Manager of Business Administration Division

No. 4 Koichi Moriya (To be newly elected)

Date of Birth: August 13, 1957

Number of Pioneer Shares Held: 18,300

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1981:

Joined Pioneer

June 2013:

Executive Officer;

Chairman and Managing Director of Pioneer China Holding Co., Ltd.

June 2015:

Senior Executive Officer;

In charge of Human Resources Division, General Administration Division, and IT Division

June 2016 to present:

Senior Executive Officer;

In charge of Human Resources Division, General Administration Division, IT Division, Legal & Risk Management Division, Audit Division, CSR, and ecology

No. 5 Satoshi Ohdate (To be newly elected)

Date of Birth: January 3, 1959

Number of Pioneer Shares Held: 11,000

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1981:

Joined Pioneer

June 2013:

Executive Officer;

Chairman & C.E.O. of Pioneer North America, Inc.

June 2014:

Executive Officer;

General Manager of International Business Management Division

June 2015:

Senior Executive Officer;

General Manager of Sales Management Division, and in charge of Pioneer Sales & Marketing Corporation

January 2016 to present:

Senior Executive Officer;

General Manager of Consumer Car Electronics Business Division, and in charge of Pioneer Sales & Marketing Corporation

No. 6 Shinsuke Nishimura (To be newly elected)

Date of Birth: September 6, 1961

Number of Pioneer Shares Held: None

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1985:

Joined Pioneer

October 2009:

General Manager of Research & Planning Department of Research & Development Division

April 2015:

General Manager of Research & Development Division of New Business Division

June 2016 to present:

Executive Officer;

General Manager of Autonomous Driving Systems Business Development Division

No. 7 Masahiro Tanizeki

Date of Birth: January 7, 1946

Number of Pioneer Shares Held: 5,000

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1968:

Joined Toyota Tsusho Corporation

August 1987:

General Manager of London Office, Toyota Tsusho Corporation

April 1992:

Managing Director of Toyota Tsusho U.K. Ltd.

June 1997:

Director and General Manager of Vehicle Division I of Toyota Tsusho Corporation

June 1999:

Director of Toyota Tsusho Corporation;

Managing Director of Toyota Tsusho Europe S.A.

June 2002:

Managing Director of Toyota Tsusho Corporation;

In charge of Vehicles Division

June 2005:

Senior Managing Director of Toyota Tsusho Corporation;

Chief Division Officer of Energy & Chemicals Division

June 2007:

Retired from Senior Managing Director of Toyota Tsusho Corporation

President and Representative Director of Toyotsu Syscom Corporation

June 2010:

Retired from President and Representative Director of Toyotsu Syscom Corporation

June 2010 to present:

Director of Pioneer

No. 8 Shunichi Sato

Date of Birth: February 10, 1941

Number of Pioneer Shares Held: 8,100

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1964:

Entered the Ministry of Foreign Affairs of Japan

April 1987:

Minister of Embassy of Japan in France

February 1991:

Consul General of Consulate General of Japan at Montreal

July 1995:

Director General of Latin American and Caribbean Affairs Bureau of the Ministry of Foreign Affairs of Japan

August 1997:

Japanese Ambassador Extraordinary and Plenipotentiary to Poland

April 2000:

Japanese Ambassador Extraordinary and Plenipotentiary to Belgium

December 2003:

Retired from office of the Ministry of Foreign Affairs of Japan

June 2004:

Director of Pioneer

June 2010:

Retired from office of Director of Pioneer

June 2014 to present:

Director of Pioneer

<Other Important Occupation>

Outside Audit & Supervisory Board Member of Nakano Corporation

Notes: 1. Each candidate has no particular interest in Pioneer.

2. Messrs. Masahiro Tanizeki and Shunichi Sato are candidates for Outside Director pursuant to the Companies Act of Japan, and satisfy the requirements of Independent Director of the Tokyo Stock Exchange. The following are items required to be noted about candidates for Outside Directors.

(1) Reasons for recommendation

- (i) Mr. Masahiro Tanizeki is nominated because he is highly expected to fully perform the Outside Director's role with his insight and abundant experience as a management member of business enterprises, and his independence from management's execution of business activities. His term of office as Outside Director of Pioneer will be seven years at the conclusion of this Ordinary General Meeting of Shareholders.
- (ii) Mr. Shunichi Sato is nominated because he is highly expected to fully perform the Outside Director's role with his insight and abundant experience as a diplomat, and his independence from management's execution of business activities, although he has not been involved in company management in terms of business execution. His term of office as Outside Director of Pioneer will be three year at the conclusion of this Ordinary General Meeting of Shareholders.

(2) Independence

- (i) None of the candidates for Outside Director have been in the past five years executing members, directors and audit & supervisory board members of Pioneer or of any business entities that have special relations with the Company (subsidiaries, affiliates and major business partners).
- (ii) None of the candidates for Outside Director have relatives in the third degree or closer that are executing members, directors and audit & supervisory board members of Pioneer or business entities that have special relations with the Company.

- (iii) None of the candidates for Outside Director have received in the past two years or plan to receive a large amount of money or any other property from Pioneer or business entities that have special relations with the Company, other than remuneration for their role as director, audit & supervisory board member or executive officer.
3. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Messrs. Masahiro Tanizeki and Shunichi Sato which limits their liabilities specified in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities set forth by the agreement is the amount stipulated by laws and regulations. If they are elected as Outside Directors, the Company will enter into agreements with each of them.

Agenda Item No. 3. Election of Two (2) Individuals as Substitute Audit & Supervisory Board Members in Case of Vacancy

As the effectiveness of the election of Mr. Shinichi Tsuji and Ms. Nobuko Hanano as Substitute Audit & Supervisory Board Members resolved at the previous ordinary general meeting of shareholders is until the beginning of this Ordinary General Meeting of Shareholders, a proposal is hereby made to elect two (2) Substitute Audit & Supervisory Board Members in case of vacancy that may be caused by Audit & Supervisory Board Members' retirement before the expiration of the term of office.

We hereby request the election of Mr. Shinichi Tsuji as substitute for Mr. Mikio Shimoda, and Ms. Nobuko Hanano as substitute for Audit & Supervisory Board Members other than Mr. Mikio Shimoda.

The effectiveness of the election of substitute audit & supervisory board members is until the beginning of the next ordinary general meeting of shareholders, pursuant to the pertinent laws of Japan. However, the Board of Directors may, with the consent of the Audit & Supervisory Board, terminate the effectiveness of this election, but only prior to the assumption of office of an Audit & Supervisory Board Member by the Substitute Audit & Supervisory Board Member.

This proposal has obtained the consent of the Audit & Supervisory Board.

The candidates for Substitute Audit & Supervisory Board Members are as follows:

Candidates for Substitute Audit & Supervisory Board Members

No. 1 Shinichi Tsuji

Date of Birth: August 25, 1961

Number of Pioneer Shares Held: None

Brief Personal Profile and Important Occupation in Other Business Entities:

April 1984:

Joined Pioneer

October 2009:

General Manager of Legal Affairs Division of Human Resources & General Administration Division

April 2015 to present:

General Manager of Legal & Risk Management Division

No. 2 Nobuko Hanano

Date of Birth: October 6, 1968

Number of Pioneer Shares Held: None

Brief Personal Profile and Important Occupation in Other Business Entities:

October 2000:

Attorney-at-law

October 2004 to present:

Partner of Kohwa Sohgo Law Offices

<Other Important Occupation>

Partner of Kohwa Sohgo Law Offices

Notes: 1. Each candidate has no particular interest in Pioneer.

2. Ms. Nobuko Hanano satisfies the requirements of Outside Audit & Supervisory Board Member pursuant to the Companies Act of Japan, and the requirements of Independent Audit & Supervisory Board Member of the Tokyo Stock Exchange. The following are items required to be noted about candidate for Outside Audit & Supervisory Board Member.

(1) Reasons for recommendation

Ms. Hanano is nominated because she is highly expected to fully perform the Outside Audit & Supervisory Board Member's role to oversee management of Pioneer with her insight and abundant experience as a legal expert, and her independence from management's execution of business activities, although she has not been involved in company management in terms of business execution.

(2) Independence

- (i) Ms. Hanano has not been in the past five years an executing member, a director and an audit & supervisory board member of Pioneer or business entities that have special relations with the Company (subsidiaries, affiliates and major business partners).
- (ii) Ms. Hanano has no relatives in the third degree or closer that are executing members, directors and audit & supervisory board members of Pioneer or business entities that have special relations with the Company.
- (iii) Ms. Hanano has not received in the past two years or plans to receive a large amount of money or any other property from Pioneer or business entities that have special relations with the Company.

3. If Ms. Hanano is elected as a Substitute Audit & Supervisory Board Member and she assumes office of Outside Audit & Supervisory Board Member, the Company will enter into an agreement with her to limit her liabilities as specified in Article 423, Paragraph 1 of the Companies Act of Japan, pursuant to the provisions of Article 427, Paragraph 1 of the Act. The maximum amount of liabilities set forth by the agreement shall be the amount stipulated by laws and regulations.

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