

Mobile Entertainment Company
Business Development

Pioneer Corporation

President of Mobile Entertainment Company

Managing Director

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Today's Agenda

- 1. Business Vision & Strategies*
- 2. Business Forecast for FY 2004*
- 3. Future Business Development*

Statements made in this presentation with respect to our current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of the information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on the belief that it is our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect us include, but are not limited to, (i) general economic conditions in our markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continue to design and develop and win acceptance of our products and services, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology and subjective and changing consumer preferences; (iv) our ability to implement successfully our business strategies; (v) our ability to compete and develop and implement successful sales and distribution strategies in light of technological developments in and affecting our businesses; (vi) our continued ability to devote sufficient resources to research and development, and capital expenditure; (vii) our ability to continuously enhance our brand image; (viii) the success of our joint ventures and alliances; and (ix) the outcome of contingencies.

1. Company Vision Structure

Company Vision: "World first, from Pioneer"

- Policies:**
- "Pursuit of Customer Satisfaction"
 - "Quality Improvement"
 - "Human Resource Development "
 - "Environmental & Social Responsibility "
 - "Pursuit of Profitability & Cash flow"
 - "Value-Creating"

**Quality Management based on
"Actual Site, Actual Product and Actual Fact"**

Company Management Strategy

<Management Reinforcement>

- Further pursue nurturing our own culture where anybody can freely express one's opinions and ideas.
- Strengthen collaboration with in-house business partners.

<Business Operation Policy>

- Maximize the synergy effect of After Market Business and OEM Business.
- Create a car life entertainment market by bringing the fusion of Audio, Visual and Navigation to practice.



**Restructure Planning/Engineering Department
based on customer-first policy**

2. FY2004 Forecast of Car Electronics Segment

(billion yen)

(Original Plan) (Current Forecast) (Variance)

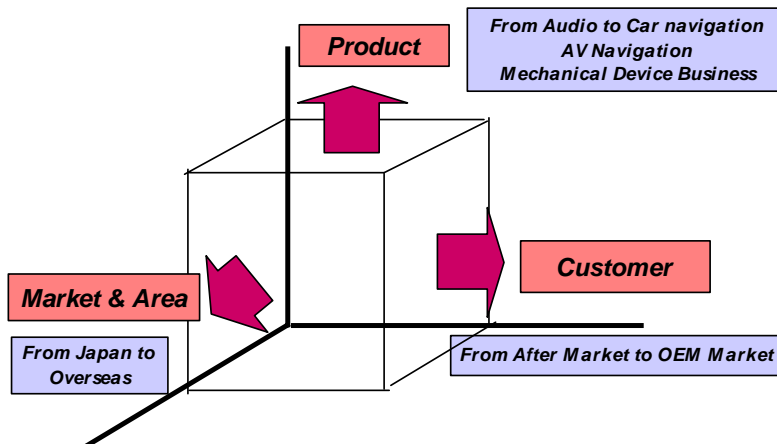
Operating Revenue	290.0	290.0	±0
Operating Income	26.0	26.0	±0

• Foreign Exchange Rate (2nd Half)

\$1US=Yen 110 , 1Euro=Yen 125

3. Business Expansion of Car Electronics

Three Axis for the New Business Development: Product, Market & Area, Customer



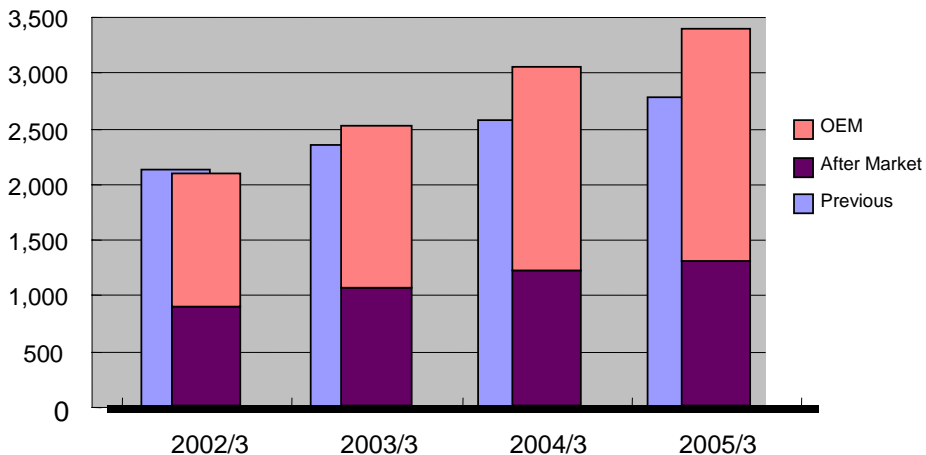
Development of After Market Business

Attainment of an overwhelming No.1 position in the market by reflecting customers' demand into products

- **Car Navigation Business in Japan**
 - Product planning and R&D capturing customer's demand
- **Overseas Car Navigation Business: development of area-by-area business**
- **Global Car Audio Business**
 - Strengthening #1 position in the global CD receiver market
 - Creation on in-Car Entertainment market focusing Car DVD products
 - Emphasis on growing markets such as Brazil, China, and India

Market Projection of Car Navigation in Japan (Pioneer's Projection)

Thousand units



Development of Car Navigation Business in Japan -Pioneer's Answers to Customers' Demands-

HDD Cyber Navi

An integrated system of Car AV and Car Navigation, enriched by "Music Server" making the most of HDD feature. By adding the new "Agent" functions, Pioneer will continue to provide new values as the extreme, high value-added "HDD Cyber Navi".

DVD Raku-Navi

By providing the world of "Front=navigation, Rear=movie theatre", a characteristic feature realized by its unique memory technology, and with its reasonable price, Pioneer will increase the penetration of car navigation for family use with "DVD Raku-Navi."

Air Navi

With its incorporated communication module, "continuous accessing to systems", "receiving updated contents" are now available with Pioneer's "Air Navi". Pioneer will establish the business foundation of "Air Navi". Map and function are frequently updated.



Car Navigation Overseas: Region-specific business expansion

- Touch panel type monitor-DVD head unit and DVD car navigation were introduced in European and U.S. markets from April this year is selling well.
- Map-type car navigation market is growing in European and U.S.
- Seeking opportunities for business in other regions.



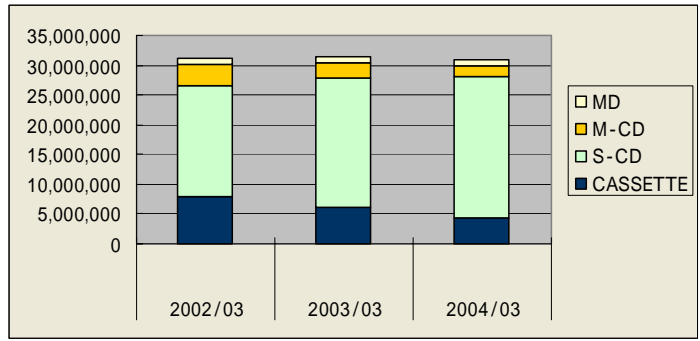
Head unit type Car Navigation for US market

Release : Spring 2004

Maintaining and strengthening the No.1 position on the Global Car AV Market (excluding car navigations)

Maintaining and strengthening the Global No.1 position in Car CD Receiver After Market

Car Audio After Market: player units by media (Pioneer's Projection)



Business in China

•2002/12 New Product Show

- At Beijing, Shanghai, Guangzhou and Chengdu

- Participants : 250



MEC's First New Product Show in China (2002/12)

•2003/08 Car Audio/Video Seminar featuring Car DVD

- Held for specialty store channel at Beijing and Shanghai



Car AV Seminar (2003/08)

•2003/12 New Product Show

- Will be held at 9 cities
- Focusing on specialty store channel
- Sales promotion seminar

Business in Brazil

Main Strategy

1. Local production of products for Brazil market
2. Promote marketing activities
3. Rebuild sales channel and structure



Production base in Manaus



New Company

Company Name: *Pioneer do Brasil Ltda.*

Business: *Manufacture and distribution of Car Audio products for Brazil domestic market*

Office: *Headquarter and Production – Manaus / Sales – Sao Paolo*

Capital: *32million R\$*

Development of Car OEM Business

1. *Shipment for FORD brand in-line installation (Tier1)*
After the shipment for Lincoln brand, shipment of in-line installation Car Audio Systems for Ford brand are to be started (Full line up of 4 models)
2. *Increasing demand of “Pioneer Branded Audio Systems”*
 - *Toyota: Audio system adopted by “SCION”, a Toyota’s new brand dedicated for youngster, taking Pioneer’s image and product quality in account. Already started.*
 - *Ford: Audio system for Pick Up SUV, designed for youngster, adopted and sold by Ford. Third generation adopted.*
3. *Expanding remarkably the mechanism device business*
 - *Business under activity with variety of “weapons”*
 - *Mechanism Devices for Single CD Receivers, Multi CD Players and DVD Players*
 - *New OEM business started.*