

Pioneer *sound.vision.soul*

Pioneer Corporation

Earnings Announcement for

Third Quarter of Fiscal Year March 2006

January 31st 2006

Today's Agenda

- 1. Business Results for Third Quarter, FY March 2006***
- 2. Business Forecasts for FY March 2006***
- 3. Future Business Plans***

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 believe 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, severe price competition and subjective and changing consumer preferences; (iv) our ability to successfully implement 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; (ix) the success of our business restructuring plans; and (x) the outcome of contingencies.

*Business Results for
Third Quarter, FY March 2006*

Consolidated Results for Third Quarter, FY March 2006

(unit: billion yen)

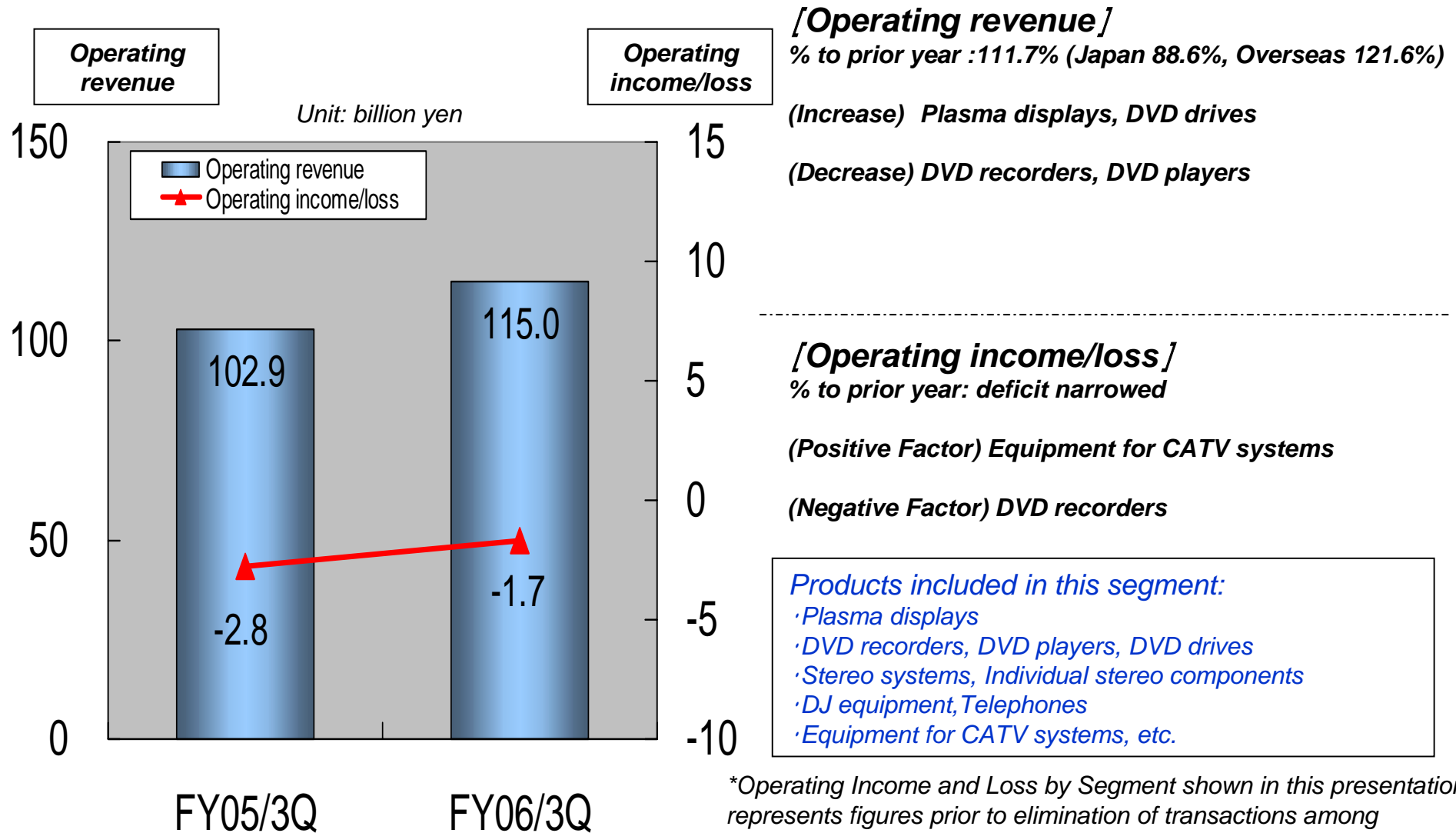
| | Three months ended December 31 | | | Nine months ended December 31 | | |
|-----------------------------------|-----------------------------------|--------|-----------------|----------------------------------|--------|-----------------|
| | FY2006 | FY2005 | Year on year | FY2006 | FY2005 | Year on year |
| Operating revenue | 227.7 | 196.3 | 116.0% | 577.6 | 541.4 | 106.7% |
| Operating income (loss) | 5.0 | 1.8 | 278.4% | -11.4 | 15.2 | - |
| Income (loss) before taxes | 4.3 | 3.5 | 121.4% | -39.6 | 16.0 | - |
| Net income (loss) | 1.4 | 1.8 | 78.6% | -56.6 | 6.6 | - |

| | | | | | | | |
|---|-------------------------|--------|--------|-------|--------|--------|-------|
| Average foreign exchange rate (unit: yen) | 1US \$ | 117.35 | 105.96 | +9.7% | 112.11 | 108.56 | +3.2% |
| | 1Euro | 139.44 | 137.16 | +1.6% | 136.91 | 134.60 | +1.7% |
| Currency impact (unit: billion yen) | On operating revenue | +11.0 | | | +13.3 | | |
| | On operating income | +1.5 | | | +2.8 | | |

(unit: yen)

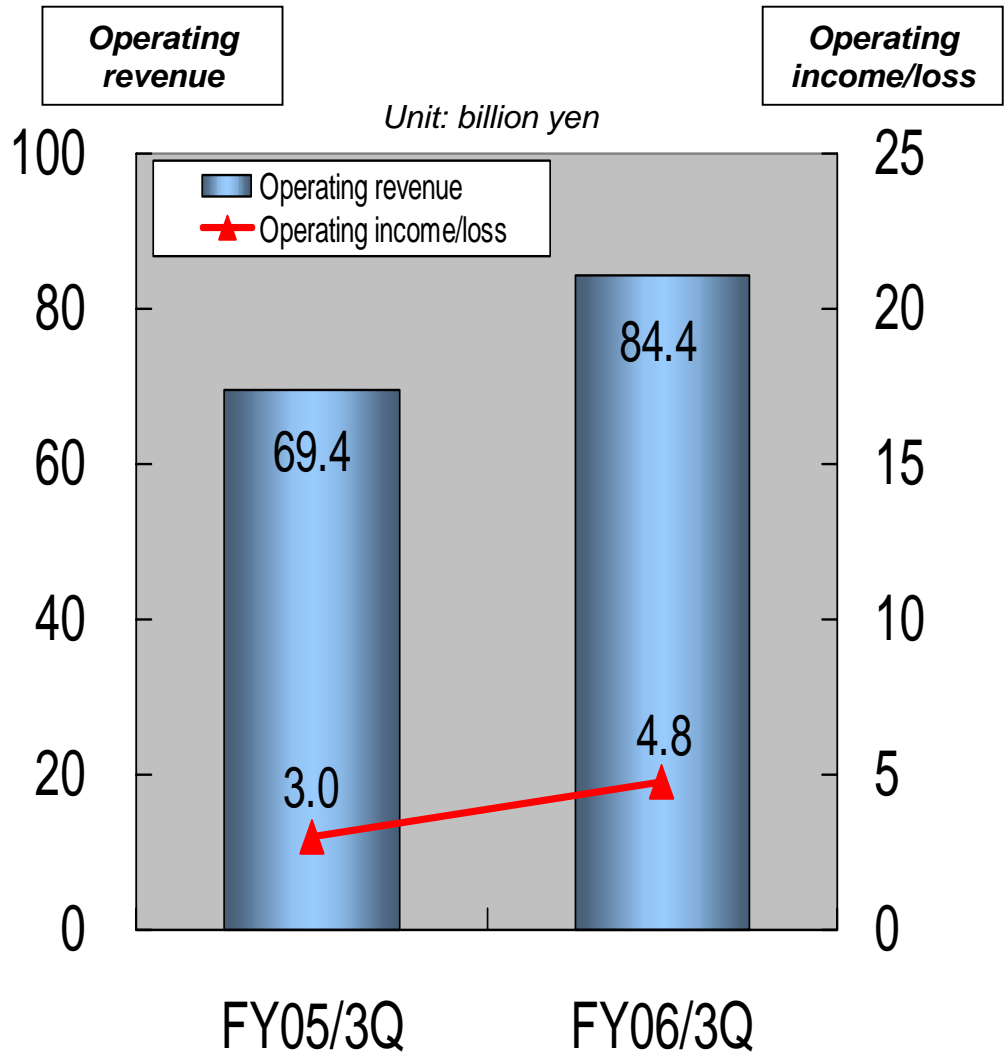
| | | | | | | |
|-------------------------------|--------------|-------|-------|----------------|-------|---------|
| Net earnings per share | 8.04 | 10.17 | -2.13 | -324.73 | 37.59 | -362.32 |
| Book-value per share | 1,683 | 1,927 | -244 | 1,683 | 1,927 | -244 |

Home Electronics: Quarterly Operating Revenue / Operating Income/Loss by Segment



*Operating Income and Loss by Segment shown in this presentation represents figures prior to elimination of transactions among Segments (and so forth)

Car Electronics: Quarterly Operating Revenue / Operating Income/Loss by Segment



[Operating revenue]
 % to prior year :121.7% (Japan 108.4%, Overseas 131.5%)

(Increase) Car audios
 Consumer-market car navigation systems

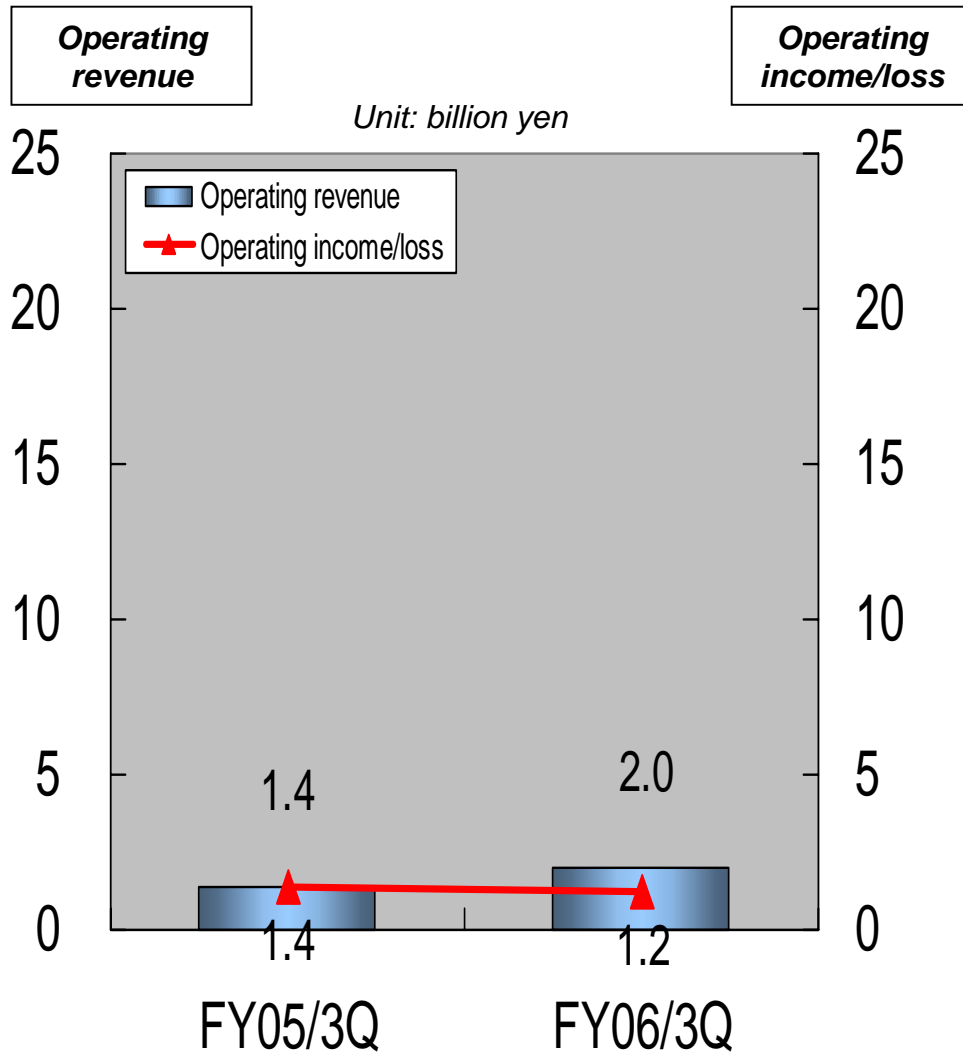
OEM ratio to the total segment: 34% (prior year 35%)

[Operating income/loss]
 % to prior year: 157.5%

(Positive Factor) Car audios
 Consumer-market car navigation systems

- Products included in this segment:
- Car navigation systems
 - Car audios (Car stereos, Car AV systems, Car speakers)

Patent Licensing: Quarterly Operating Revenue / Operating Income/Loss by Segment



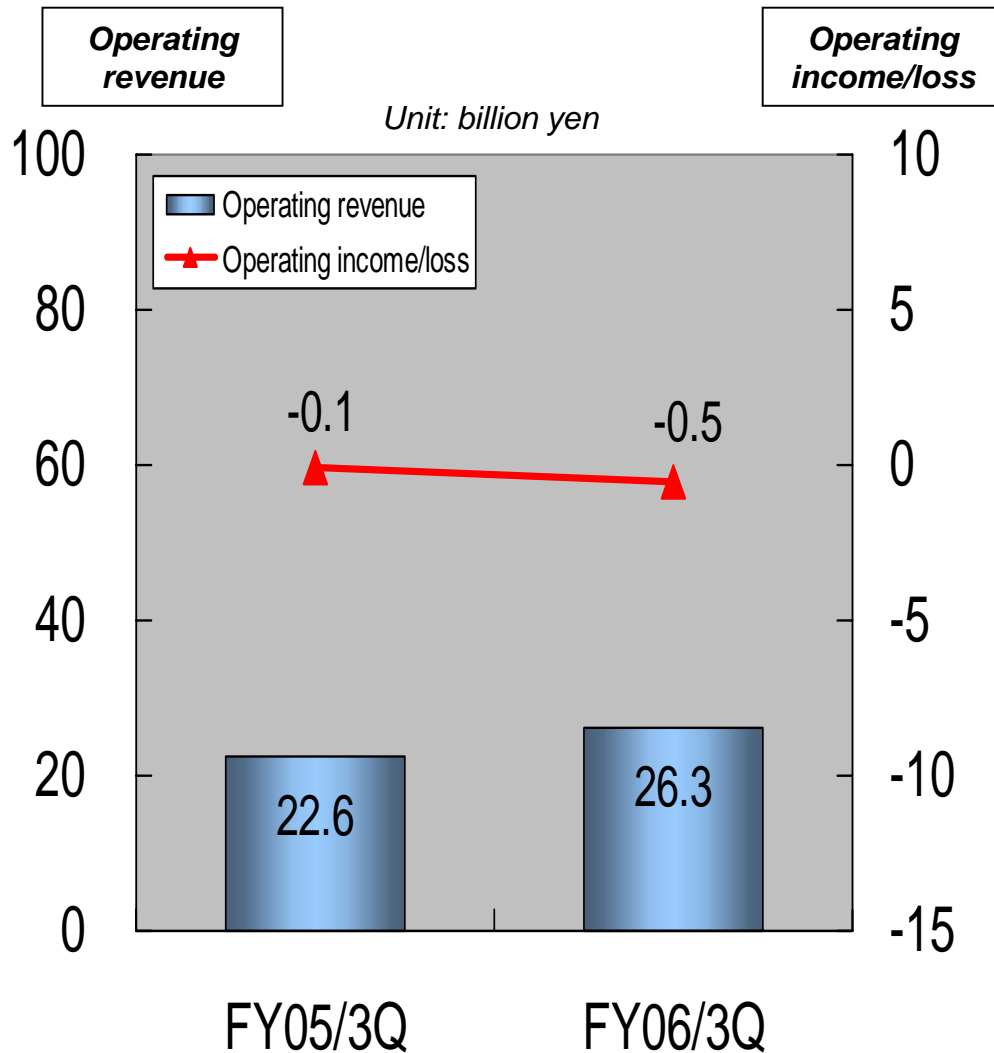
[Operating revenue]
% to prior year :140.5%

(Increase) Revenue from renewed contracts with licensees

[Operating income/loss]
% to prior year: 85.2%

Royalty revenue shown here is the optical disc related royalty revenue managed in the U.S.

Others: Quarterly Operating Revenue / Operating Income/Loss by Segment



[Operating revenue]

% to prior year : 116.6% (Japan 89.8%, Overseas 151.2%)

(Increase) **Electronic devices and parts**

(Decrease) **Factory automation systems, OLED display panels**

[Operating income/loss]

% to prior year: deficit increased

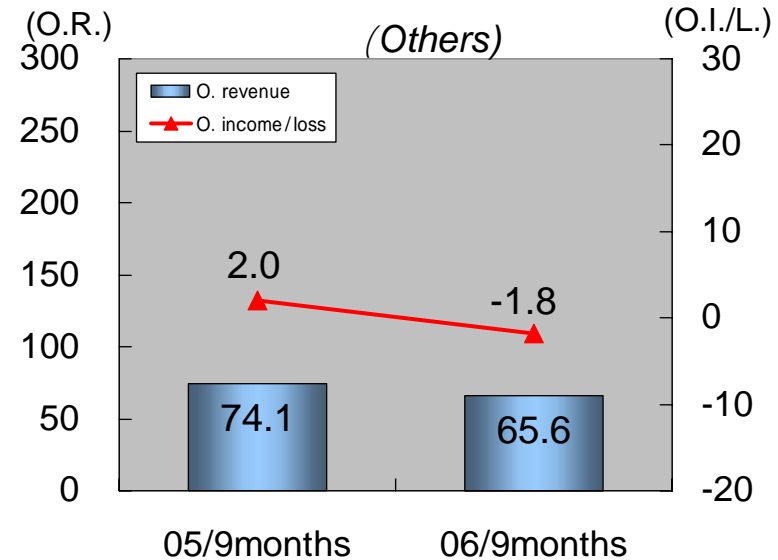
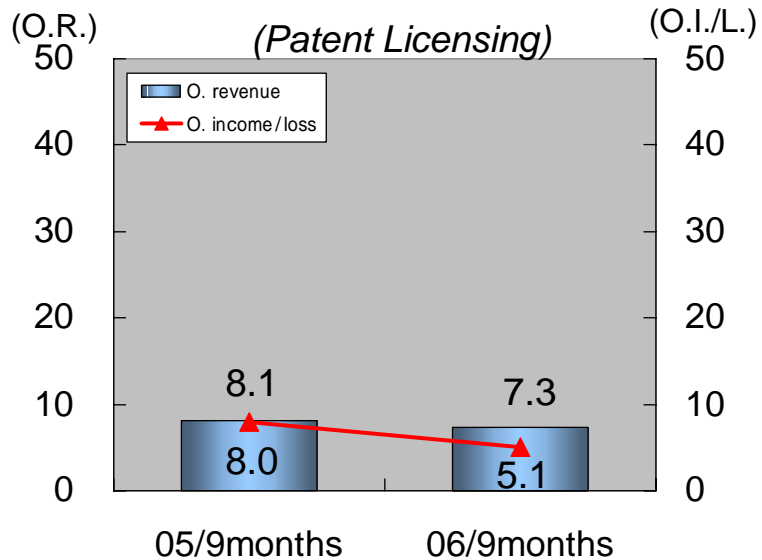
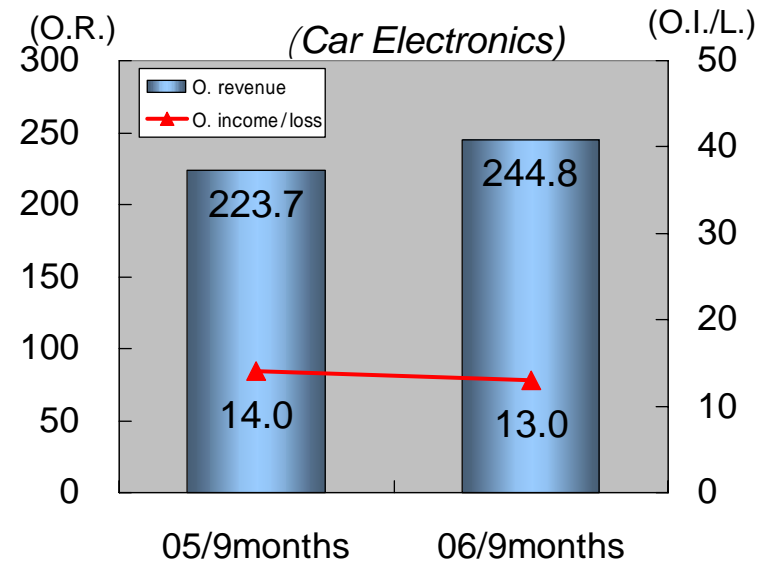
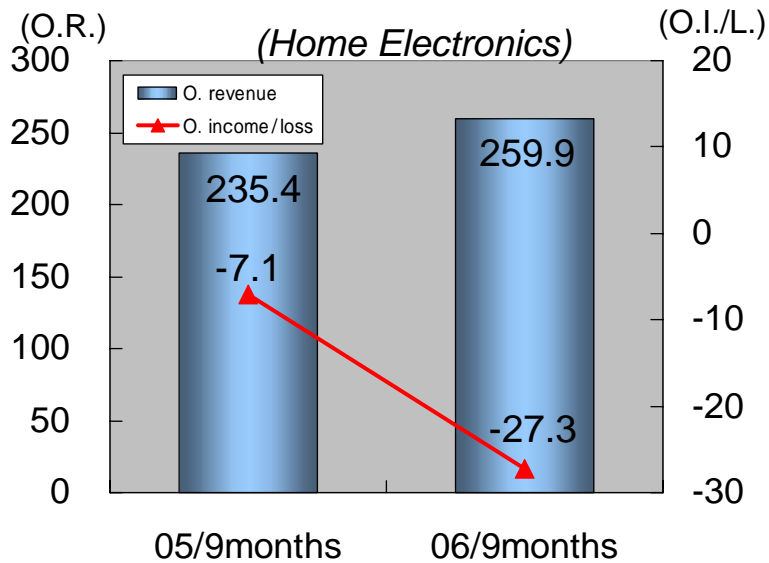
(Negative Factor) **Factory automation systems**

Products included in this segment:

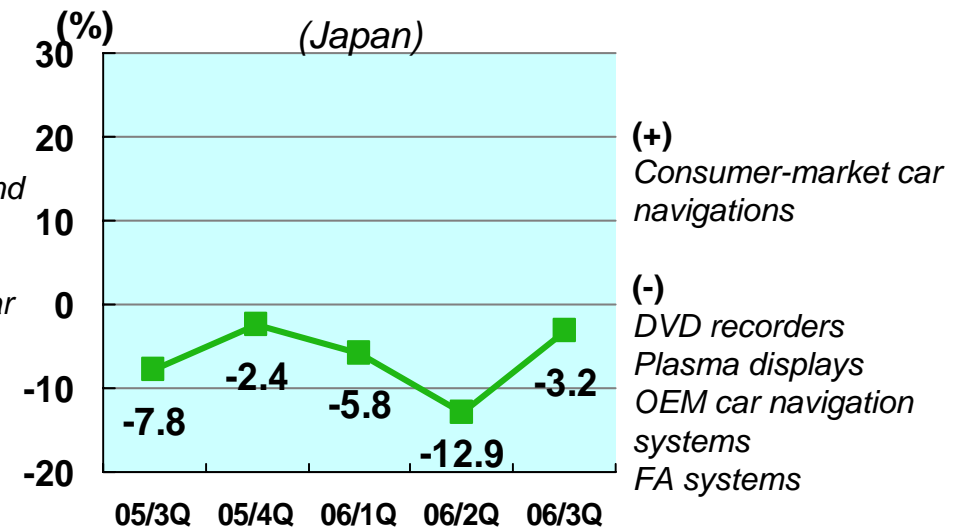
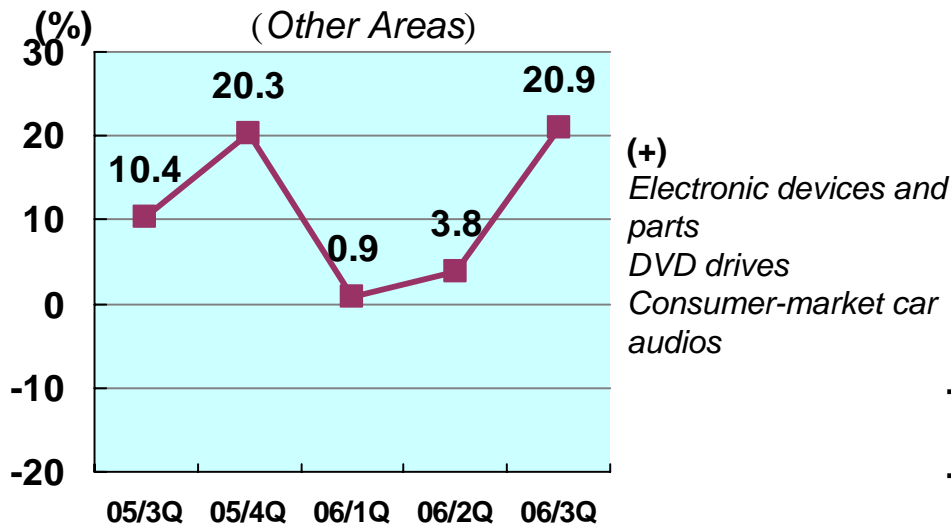
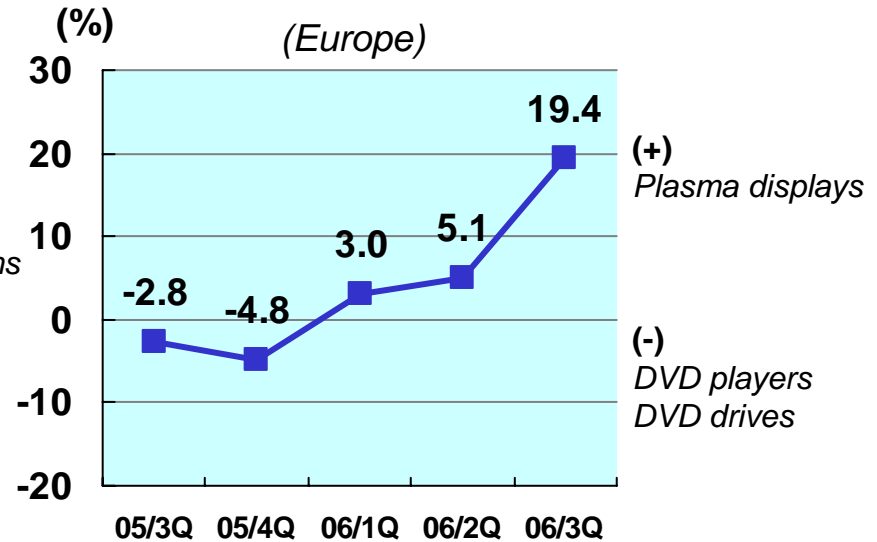
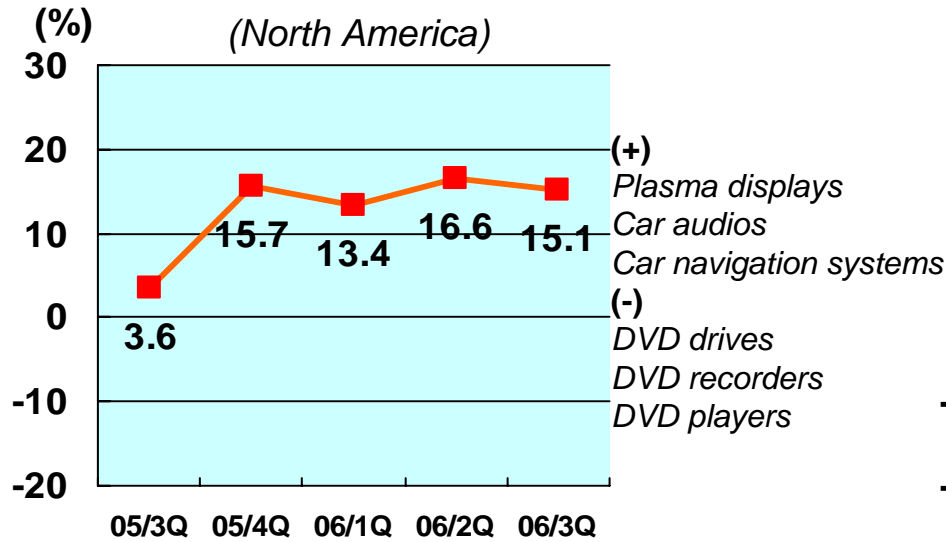
- OLED display panels
- Factory automation systems
- Electronic devices and parts (semiconductors, light guides, speaker units)
- Business-use AV systems, etc.

9 Months cumulative FY March 2006: Operating Revenue / Operating Income/Loss by segment

(Unit : billion yen)

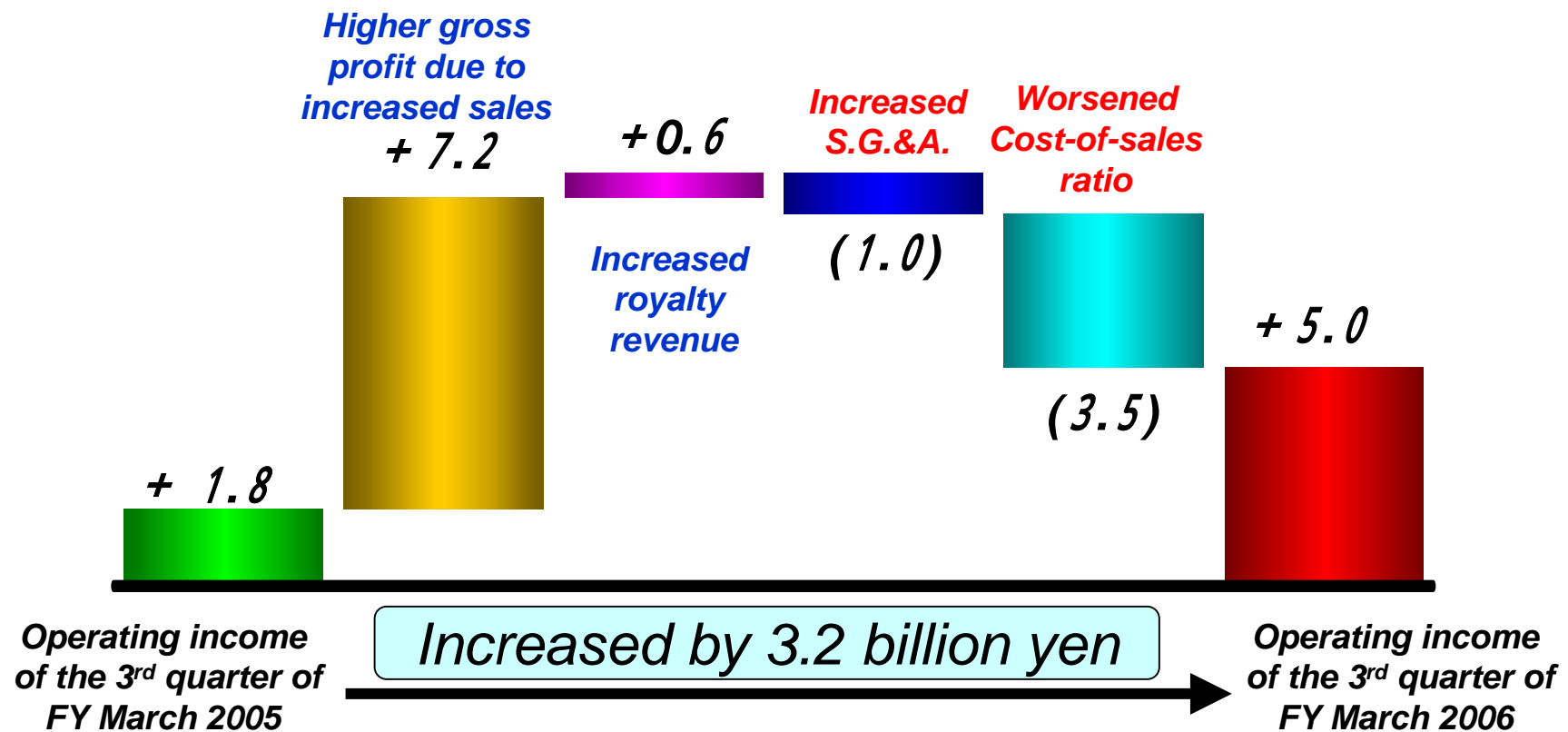


Third Quarter of FY March 2006:
Sales increase/decrease to preceding year on local currency basis



Third Quarter of FY March 2006: Operating Income Structure Breakdown

unit: billion yen



Third Quarter of FY March 2006: Consolidated P/L Statements

Unit: billion yen

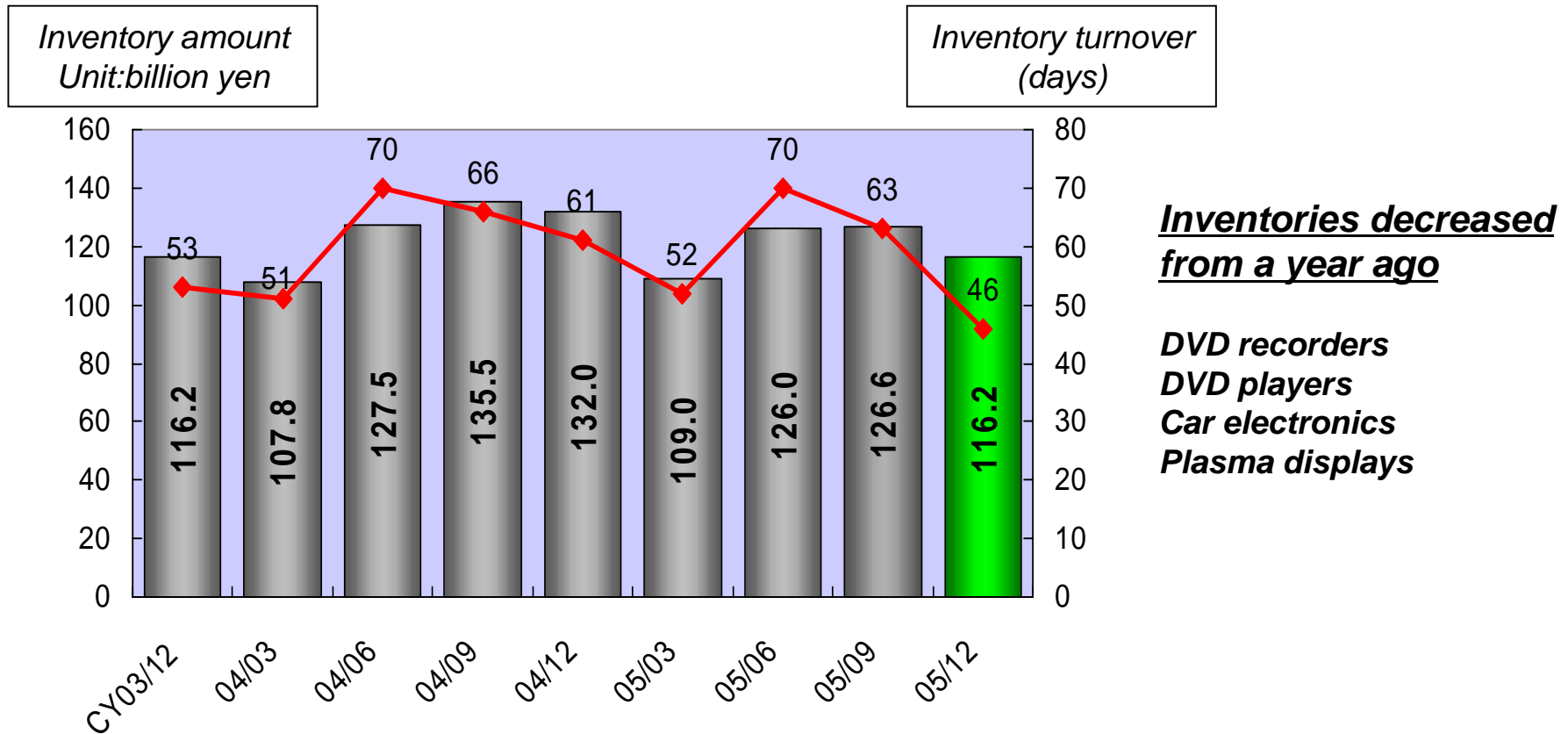
| | Three months ended Dec. 31 | | | Nine months ended Dec. 31 | | |
|---|----------------------------|---------|--------------|---------------------------|---------|--------------|
| | FY 2006 | FY 2005 | Year on year | FY 2006 | FY 2005 | Year on year |
| Operating revenue | 227.7 | 196.3 | 31.4 | 577.6 | 541.4 | 36.2 |
| Operating income/loss | 5.0 | 1.8 | 3.2 | -11.4 | 15.2 | -26.6 |
| Other income /expenses | -0.5 | 1.7 | -2.2 | 4.7 | 0.7 | 4.0 |
| Restructuring expenses | -0.3 | 0.0 | -0.3 | -32.9 | 0.0 | -32.9 |
| Total Other income/expenses | -0.8 | 1.7 | -2.5 | -28.2 | 0.7 | -29.0 |
| Income/loss before income taxes | 4.3 | 3.5 | 0.8 | -39.6 | 16.0 | -55.6 |
| Income taxes | 2.7 | 1.1 | 1.6 | -4.2 | 6.6 | -10.8 |
| Minority interest in losses/earnings of subsidiaries | -0.2 | -0.1 | -0.2 | 3.9 | -0.6 | 4.6 |
| Equity in losses of affiliated companies | 0.0 | -0.6 | 0.6 | -25.1 | -2.1 | -23.0 |
| Net income/loss | 1.4 | 1.8 | -0.4 | -56.6 | 6.6 | -63.2 |

Third Quarter of FY March 2006: Summary of Consolidated Statements of Cash Flows

Unit: billion yen

| | <i>Three months ended Dec. 31</i> | | <i>Nine months ended Dec. 31</i> | |
|--|-----------------------------------|----------------|----------------------------------|----------------|
| | <i>FY 2006</i> | <i>FY 2005</i> | <i>FY 2006</i> | <i>FY 2005</i> |
| Net income/loss | 1.4 | 1.8 | -56.6 | 6.6 |
| Depreciation & Amortization | 11.3 | 14.4 | 35.4 | 35.6 |
| Operating activities | 20.7 | 7.0 | 21.9 | 3.0 |
| Investing activities | -6.2 | -19.5 | -18.1 | -82.1 |
| Financing activities | -19.3 | 7.5 | -20.7 | 2.0 |
| Net change in cash and cash equivalents | -2.7 | -8.3 | -12.2 | -76.8 |
| Free cash flow | 14.5 | -12.6 | 3.7 | -79.2 |
| Net cash balance at the end of December | -20.9 | -7.3 | -20.9 | -7.3 |

Inventories



Business Forecast for FY March 2006

FY March 2006 : Consolidated P/L Forecast

Unit: billion yen

| | Current forecast | <i>Previous Forecast (2005/12/8)</i> | <i>Variance</i> | <i>Result FY2005</i> |
|------------------------------|-----------------------------|--|-----------------|--------------------------|
| Operating revenue | 770.0 | 770.0 | 0.0 | 733.6 |
| Operating income/loss | -25.0 | -25.0 | 0.0 | 2.6 |
| Income before taxes | -73.0 | -73.0 | 0.0 | -0.2 |
| Net income/loss | -87.0 | -87.0 | 0.0 | -8.8 |

| | | | |
|--|----------------|---------------|--------|
| Currency rates for the 4th quarter (Unit: yen) | 1 US \$ | 110.00 | 110.00 |
| | 1 Euro | 135.00 | 135.00 |

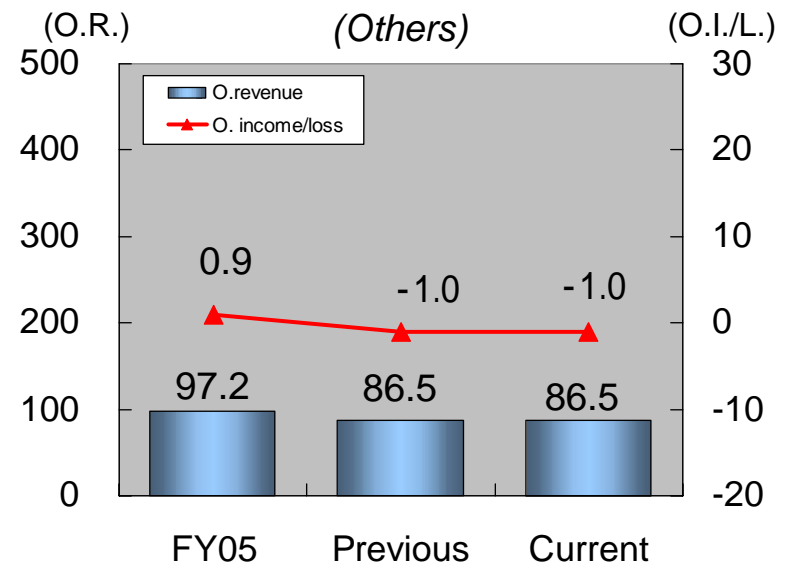
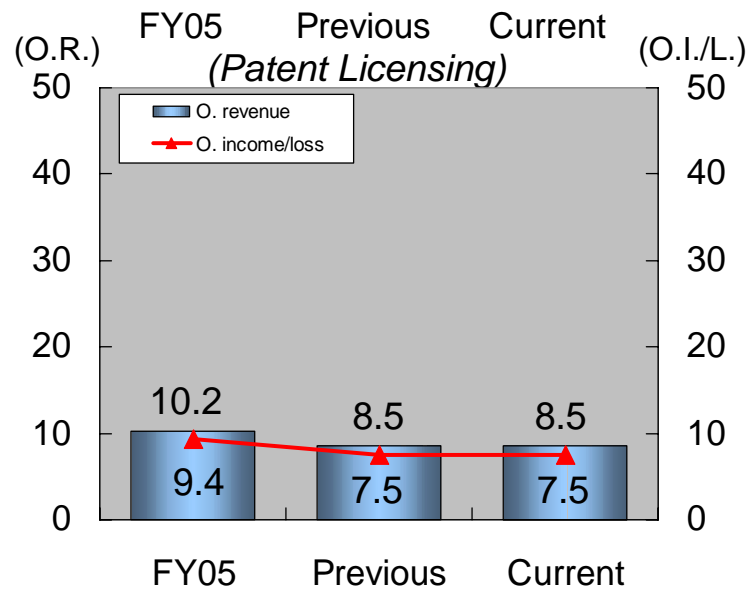
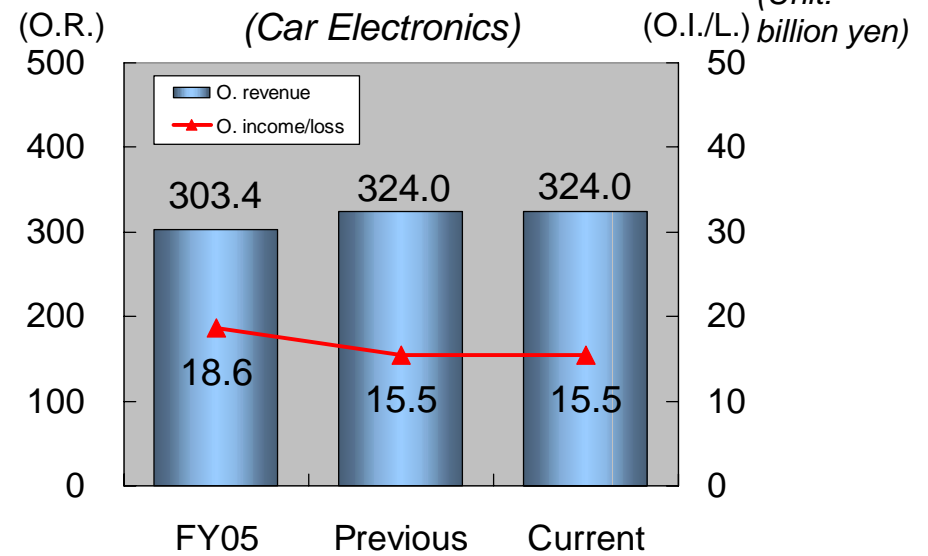
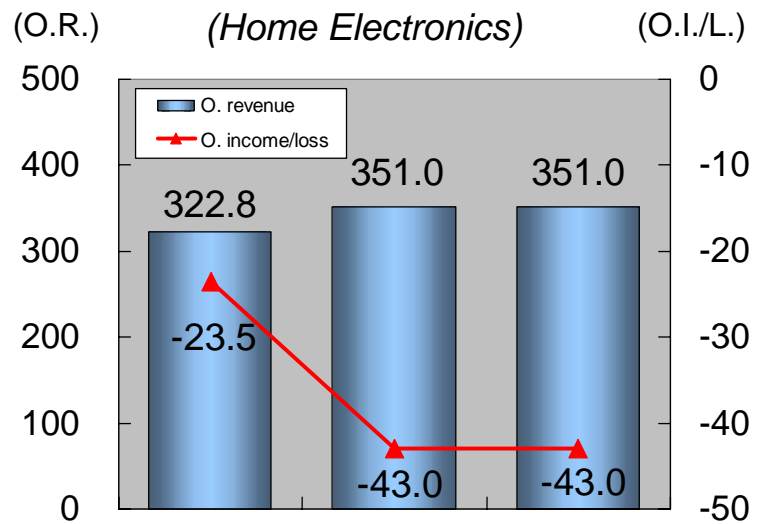
FY March 2006 : Major Product Shipments

(Thousand Units)

| | | <i>Current forecast</i> | <i>Previous forecast</i> | <i>Variance</i> | <i>Result FY2005</i> |
|--|---|------------------------------------|-------------------------------------|------------------------|---------------------------------|
| | <i>Pioneer Brand</i> | <i>470</i> | <i>460</i> | <i>10</i> | <i>280</i> |
| | <i>OEM</i> | <i>150</i> | <i>180</i> | <i>-30</i> | <i>100</i> |
| | <i>Plasma Displays</i> | <i>620</i> | <i>640</i> | <i>-20</i> | <i>380</i> |
| | <i>DVD Recorders</i> | <i>950</i> | <i>1,050</i> | <i>-100</i> | <i>950</i> |
| | <i>Recordable DVD Drives for PCs</i> | <i>8,000</i> | <i>8,500</i> | <i>-500</i> | <i>5,600</i> |
| | <i>Consumer-Market Car Navigation System</i> | <i>510</i> | <i>500</i> | <i>10</i> | <i>430</i> |

FY March 2006 : Operating Revenue / Operating Income/Loss Forecast by Segment

(Unit: billion yen)

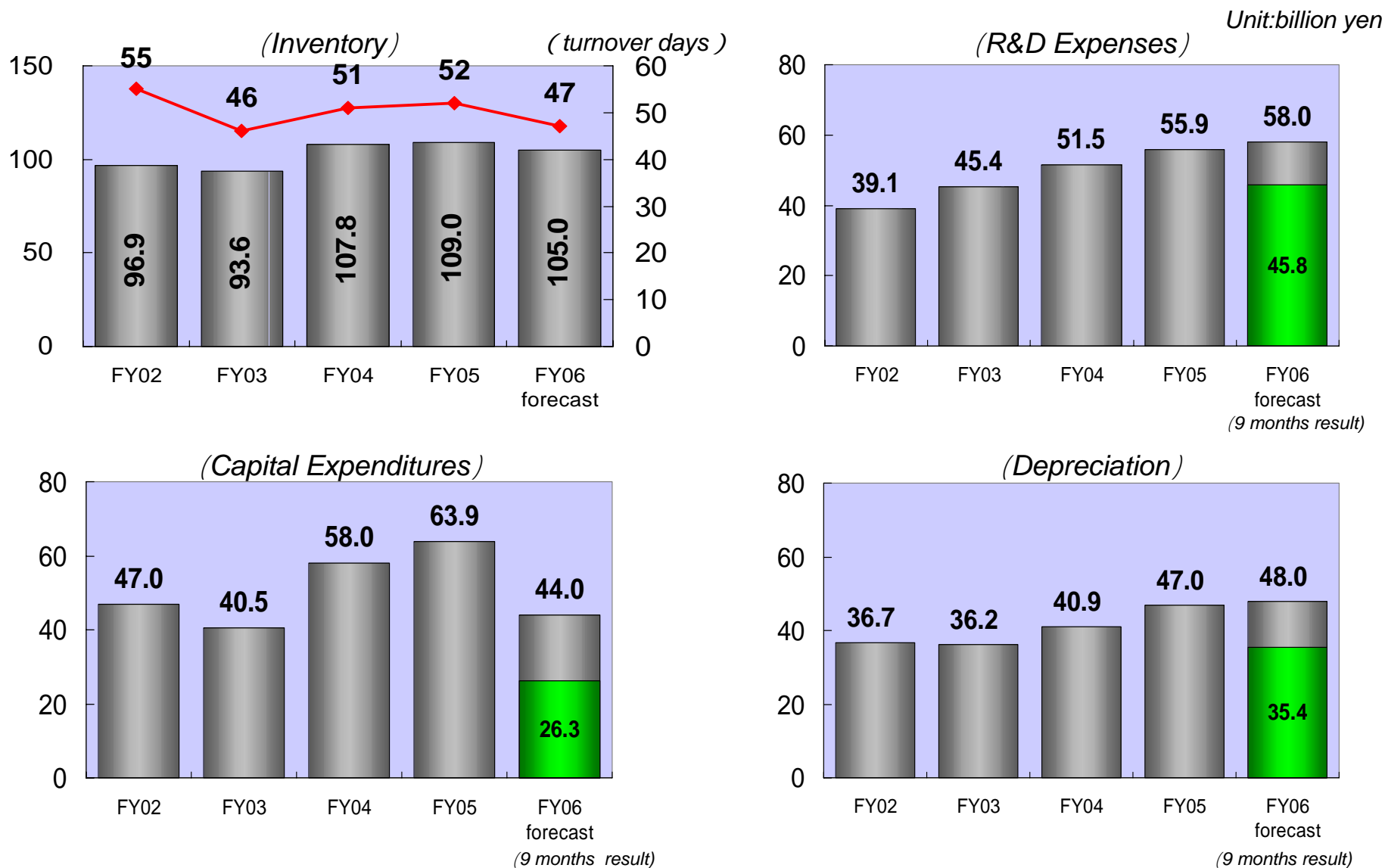


FY March 2006 : Consolidated Business Forecast

Unit: billion yen

| | <i>FY March 2006 Forecast</i> | | | <i>Prior Year</i> |
|--|--------------------------------------|--------------------------|-----------------|-------------------|
| | <i>Current forecast</i> | <i>Previous forecast</i> | <i>Variance</i> | |
| <i>Operating revenue</i> | <i>770.0</i> | <i>770.0</i> | <i>0.0</i> | <i>733.6</i> |
| <i>Operating income/loss</i> | <i>-25.0</i> | <i>-25.0</i> | <i>0.0</i> | <i>2.6</i> |
| <i>Other income/expenses</i> | <i>5.0</i> | <i>5.0</i> | <i>0.0</i> | <i>1.9</i> |
| <i>Restructuring expenses</i> | <i>-53.0</i> | <i>-53.0</i> | <i>0.0</i> | <i>-6.2</i> |
| <i>Total Other income /expenses</i> | <i>-48.0</i> | <i>-48.0</i> | <i>0.0</i> | <i>-2.8</i> |
| <i>Income/loss before income taxes</i> | <i>-73.0</i> | <i>-73.0</i> | <i>0.0</i> | <i>-0.2</i> |
| <i>Income taxes</i> | <i>-6.2</i> | <i>-6.2</i> | <i>0.0</i> | <i>4.8</i> |
| <i>Minority interest in losses/earnings of subsidiaries/Equity in losses of affiliated companies</i> | <i>-20.2</i> | <i>-20.2</i> | <i>0.0</i> | <i>-3.8</i> |
| <i>Net income/loss</i> | <i>-87.0</i> | <i>-87.0</i> | <i>0.0</i> | <i>-8.8</i> |

Inventory, R&D Expenses, Depreciation and Capital Expenditures



Future Business Plans

Mobile Entertainment Business

- 1. Ensure profits by strengthening consumer-market car audio business**
- 2. Expand consumer-market car navigation system business**
- 3. Expand OEM business**



**Car CD Player for Central & South America
“DEH-P7780MP”
Using OLED display panel and compatible
with MP3 & iPod®**



**Portable XM Satellite Radio
“Inno”**

Mobile Entertainment Business

- 1. Ensure profits by strengthening consumer-market car audio business***
- 2. Expand consumer-market car navigation system business***
- 3. Expand OEM business***

PIONEER NAVIGATION
IT KNOWS™
XM NAVTRAFFIC™



***Car Navigation System
for North America using HDD
“AVIC-Z1”***

Home Entertainment Business

1. Plasma displays

- a) Improve profitability by focusing on Pioneer brand products*
- b) Gain competitiveness by 1080p specification panels*
- c) Introduce advanced Home Entertainment centering on plasma displays*

*1080p specification HD PDP for N. America
"PRO-FHD1"*



Home Entertainment Business

PDP production sites



(Yamanashi plant)



(Kagoshima plant)



(Shizuoka Plant)

Home Entertainment Business

2. Optical discs

- a) Focus on value-added products*
- b) Raise efficiency in product development /
co-development with partners*
- c) Develop new business domains*



*DVD recorder featuring Terrestrial digital tuner
"DVR-DT90"*



*Blu-ray disc player
"BDP-HD1"*



*Blu-ray disc drive
"BDR-101A"*

Home Entertainment Business

3. Revitalize Home Audio products

a) Speakers

- *EX series speaker system*

b) *Product proposals in the stereo components field with Pioneer's uniqueness*



EX series speaker



*AV receivers for N. America
"VSX-74TXVi"*

Overview of Structural Reforms

Structural reforms

- 1. Review business process ranging from product planning, design and production, and related organizations*
- 2. Conclude negotiations on workforce reductions with labor unions by the end of the current fiscal year.*

Management Innovation Projects

- 1. Formulate a new corporate vision*
- 2. Revise and reinforce core processes*
- 3. Change the corporate culture*
- 4. Revitalize the audio business*
- 5. Optimally allocate strategy formulation and administrative functions on a consolidated basis*

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