



Pioneer Corporation

***Second Quarter
Business Results of Fiscal 2010***

November 5th 2009

Today's Agenda

- 1. Main Points of Today's Presentation**
- 2. Business Results for First Half of FY 2010**
- 3. Business Forecasts for FY 2010**
- 4. Progress with Restructuring Measures**
- 5. Business Results for Second Quarter of FY 2010**

Note: Effective from fiscal 2010, "Net sales" has included "Other operating revenue" (Royalty revenue) because of its reduced importance to consolidated business results. Previously, "Net sales" and "Other operating revenue" composed "Operating revenue." Figures for the previous year have been reclassified to conform to this presentation.

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. It is not 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 Japanese yen and the U.S. dollar, the euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continuously design and develop highly rated products and services in extremely competitive markets, which are characterized by continual product launches, rapid technological development, intense price-based competition, subjective and changing consumer preferences and other factors; (iv) our ability to successfully implement our business strategies; (v) our ability to compete, as well as 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 restructuring plans; and (x) the outcome of contingencies.

Main Points of Today's Presentation

* Semiannual business forecasts and full-year business forecasts have been revised upward (announced on Oct. 29).

1. Turnaround of Car Electronics Profitability in Second Half of FY 2010

- Car Electronics profitability for the second half of FY 2010 is expected to turn to operating income of ¥5.5 billion from operating loss of ¥14.0 billion for the first half of FY 2010 due to following factors;
(Consumer market) Recovering auto sales in newly emerging economies as well as a boost from new product launches.
(OEM) Higher sales projected as automakers raise production plans.

2. Decrease in Funds Needed

- Amount of funds needed is expected to decrease to around half of the original estimate of approx. ¥40 billion, due to a smaller operating loss than originally planned, and to savings in restructuring costs.
- At the same time, Pioneer continues to consider all funding options.

3. Asset Sale Plans for Head Office Site, etc.

- Further efforts to reduce funds needed through the sale of assets, including the Head Office site.

4. Enhancing Alliances with Other Companies

- Joint development on car navigation platforms with Mitsubishi Electric Corporation.
- Joint venture regarding optical disc business with Sharp Corporation (Procedures related to compliance with anti-trust laws overseas have been completed.).
- Enforcing car electronics business in China through a joint venture with Shanghai Automotive Industry.

2. Business Results for First Half of FY 2010

First Half of FY 2010

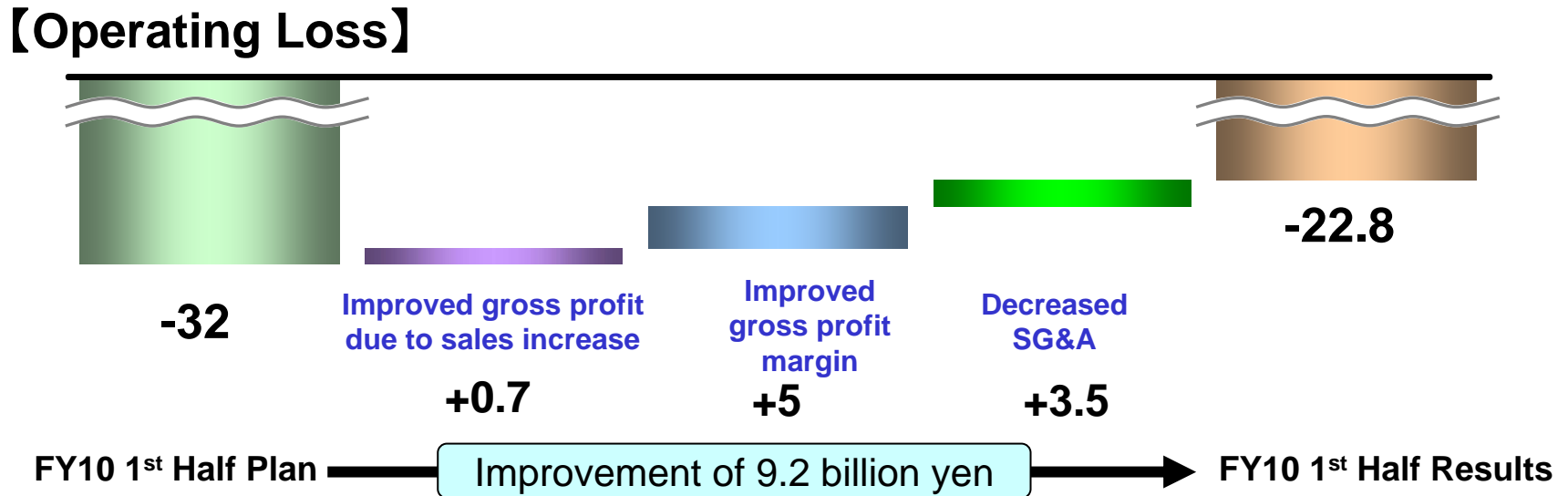
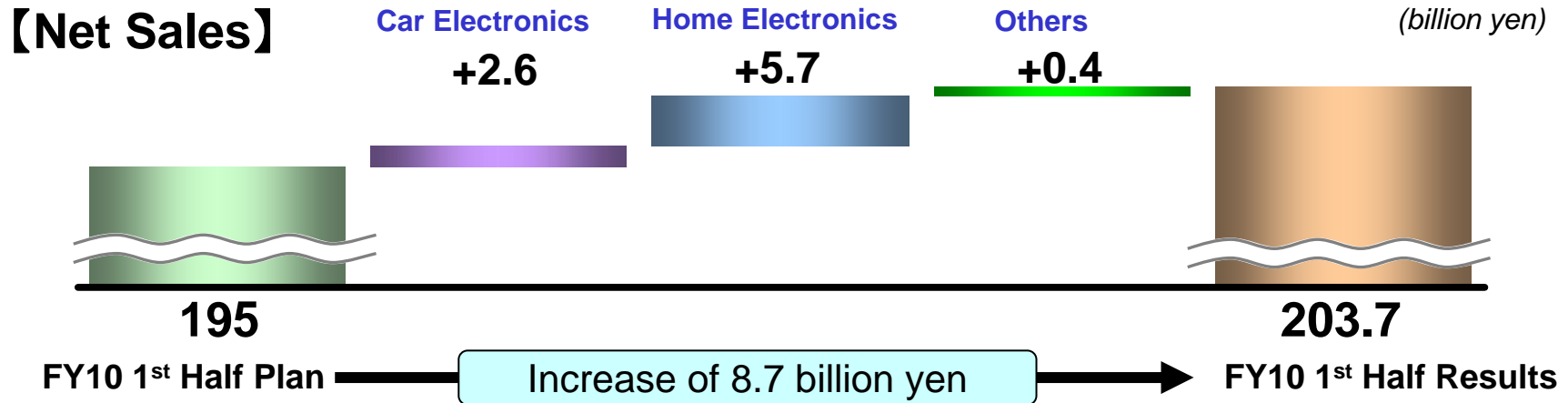
(billion yen)

	(1) Results for 1st Half of FY 2010	(2) Original Forecasts for 1st Half of FY 2010 (May 13)	Variance ((1)-(2))	(3) Results for 2nd Half of FY 2009	Variance ((1)-(3))
Net sales	203.7	195.0	+8.7	231.8	-28.1
Operating loss	-22.8	-32.0	+9.2	-40.2	+17.4
Ordinary loss	-24.3	-35.0	+10.7	-40.9	+16.6
Net loss	-40.9	-47.0	+6.1	-86.5	+45.6

(yen)

Average foreign exchange rates	1 US\$	95.49	90	5.49	94.97	0.52
	1 Euro	133.16	115	18.16	124.28	8.88

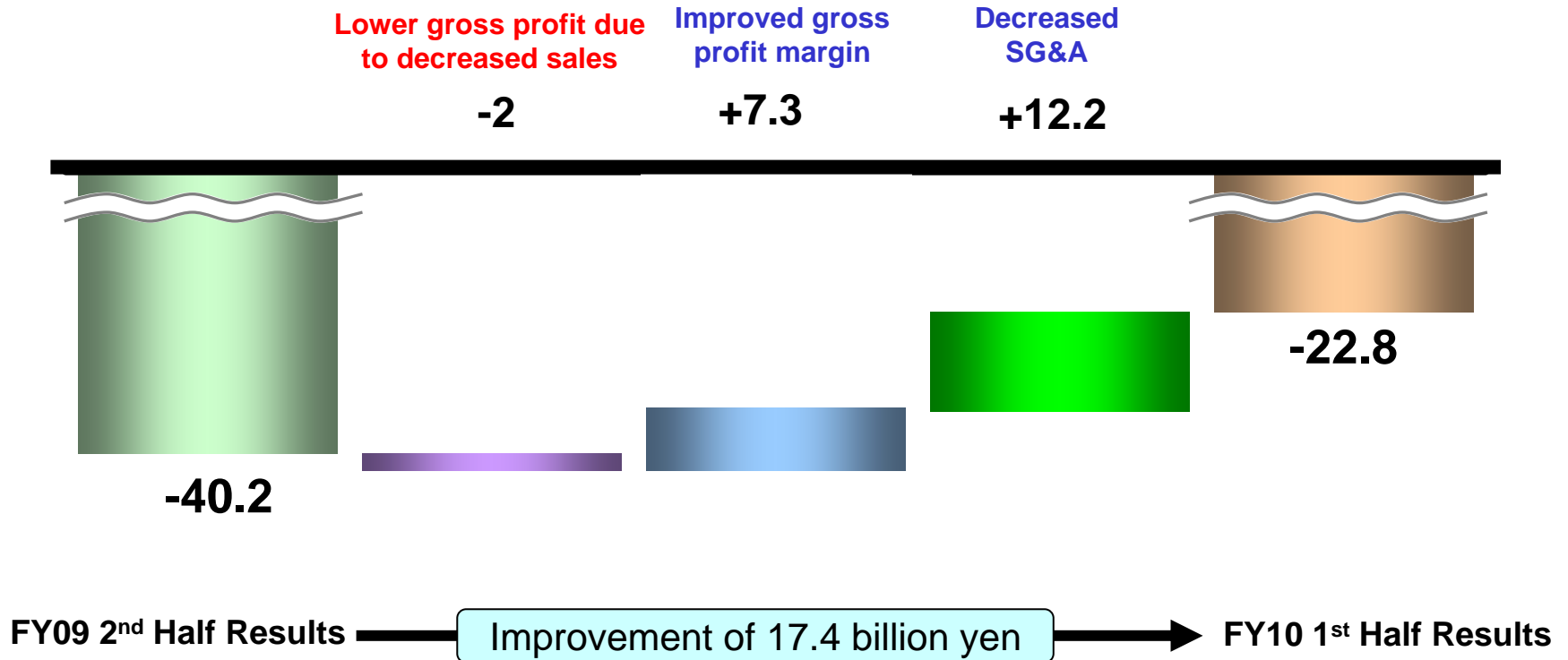
First Half of FY 2010: Net sales/Operating Loss Structure Breakdown (compared with original plan)



First Half of FY 2010: Operating Loss Structure Breakdown (compared with 2nd half of FY 2009)

【Operating Loss】

(billion yen)



3. Business Forecasts for FY 2010

FY 2010: Consolidated P/L Forecasts

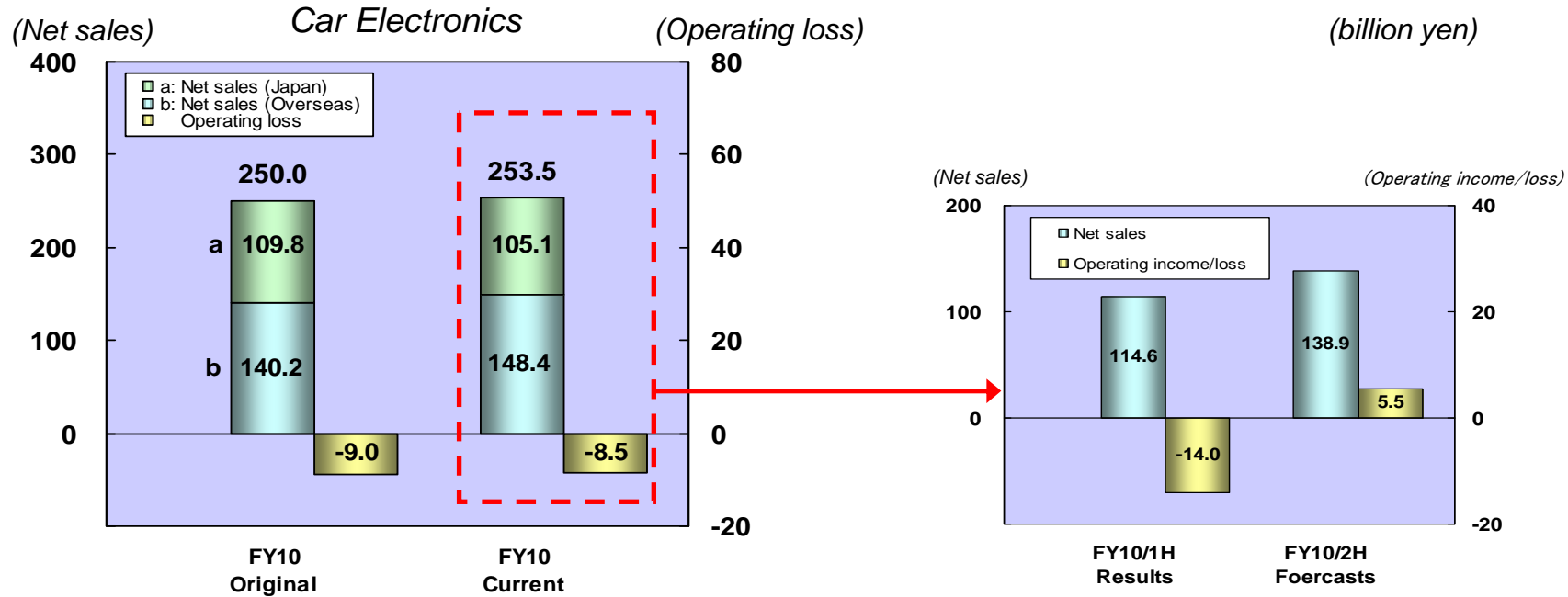
(billion yen)

	Current Forecasts for FY 2010 (October 29)	Original Forecasts for FY 2010 (May 13)	Variance	Results for FY 2009 (Reference)
Net sales	451.0	420.0	+31.0	558.8
Operating loss	-25.5	-33.0	+7.5	-54.5
Ordinary loss	-30.0	-37.5	+7.5	-54.4
Net loss	-59.5	-83.0	+23.5	-130.5

(yen)

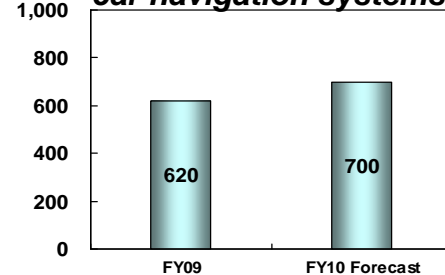
Currency rates	1 US\$	90	90
	1 Euro	130	115

Forecasts for FY 2010: Car Electronics

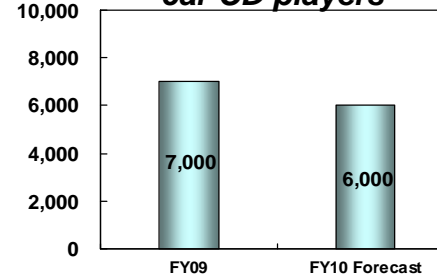


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Consumer market car navigation systems



Consumer market car CD players

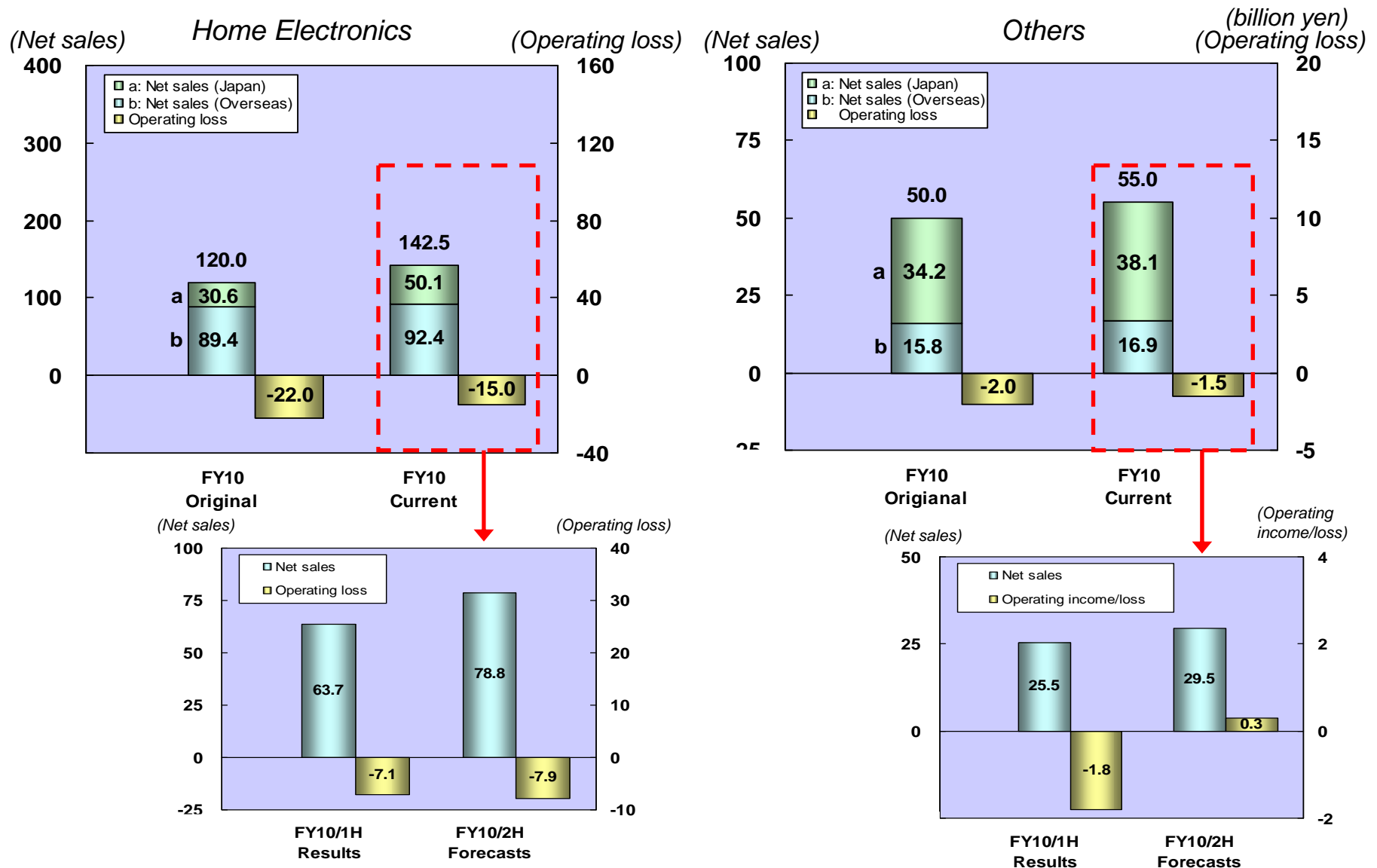


(thousand units)

No change in shipment forecast announced on May 13, 2009

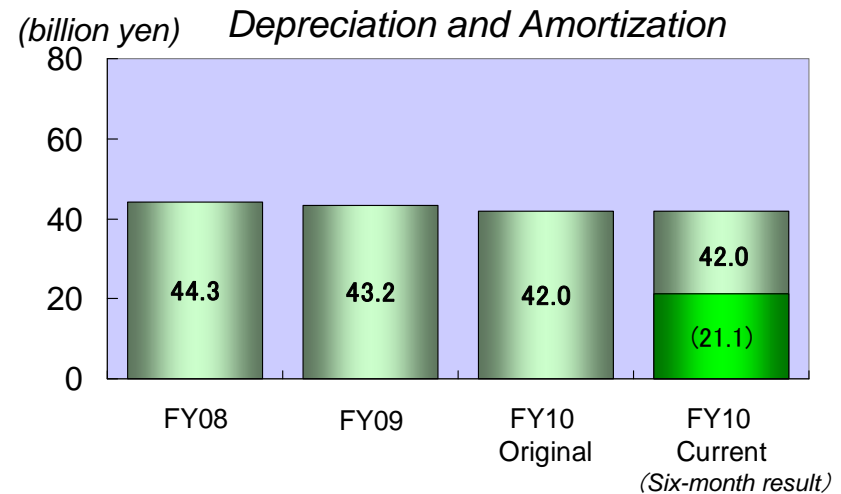
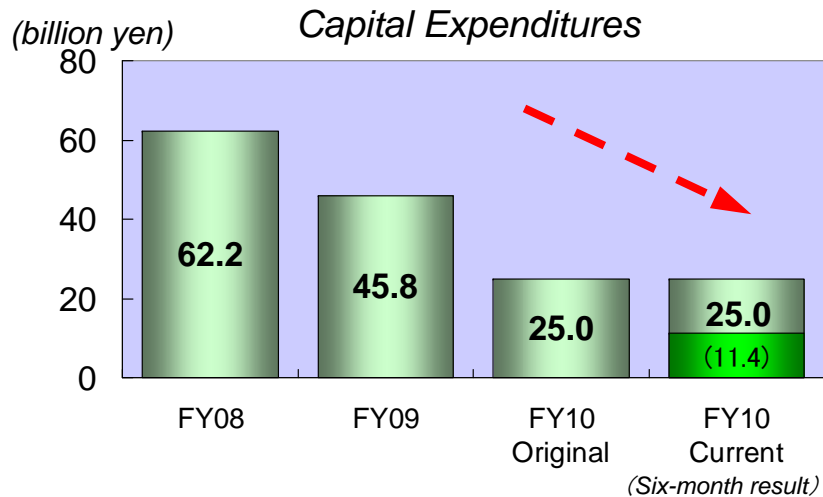
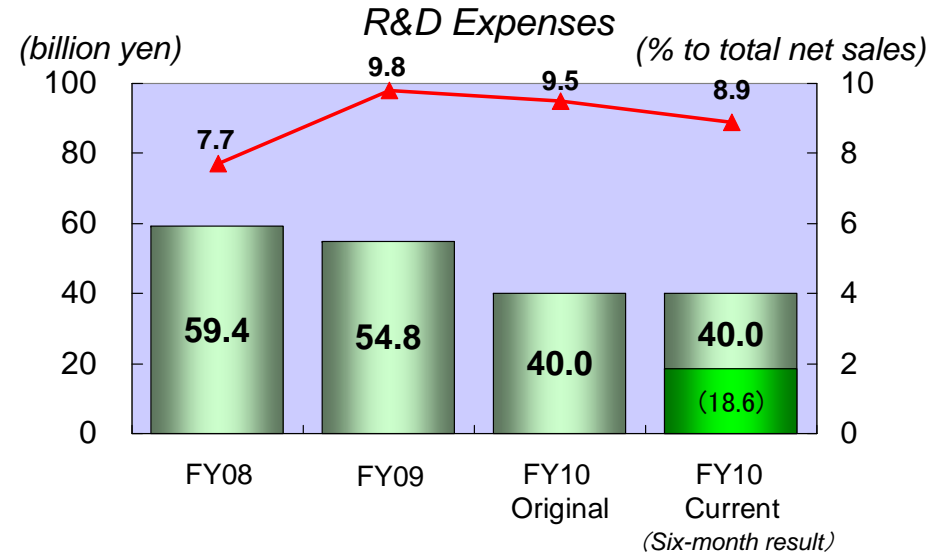
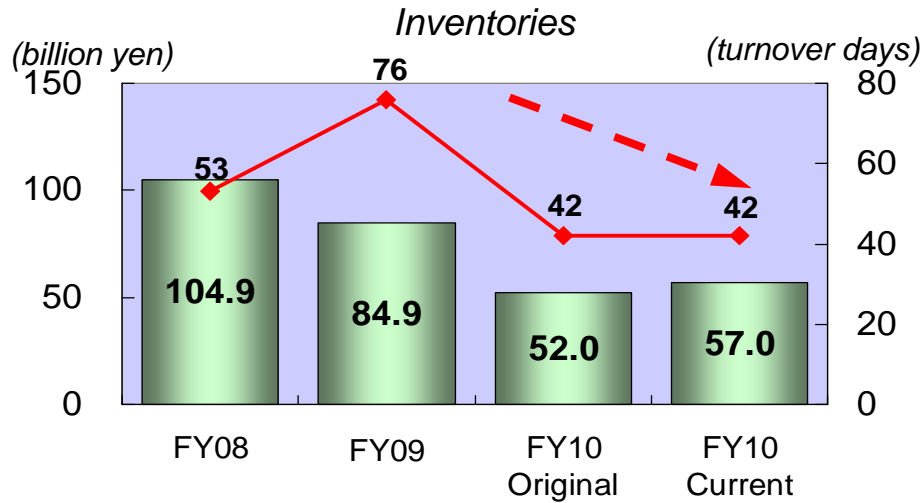
*Operating income/loss by segment shown in this presentation represents figures prior to elimination of transactions among segments.

Forecasts for FY 2010: Home Electronics and Others



*Operating income/loss by segment shown in this presentation represents figures prior to elimination of transactions among segments.

Forecasts for FY 2010:
Inventories, R&D Expenses, Capital Expenditures, Depreciation & Amortization



4. Progress with Restructuring Measures

Point 1: Relocation and Planned Sale of Meguro Head Office

■ Relocation of Head Office from Meguro to Kawasaki

- Consolidating five operating bases in Kanto area, Japan into two locations:
Relocate the Head Office on November 24, 2009 from Meguro to Kawasaki.

Address : 1-1, Shin-ogura, Saiwai-ku, Kawasaki-shi, Kanagawa
Relocation Date : November 24, 2009

■ Plan to sell the Meguro Head Office site after completion of Head Office relocation

Point 2: Reduction of Amount of Funds Needed

- **Reduction in amount of funds needed to around half of the original estimate of approx. ¥40 billion**
 - Pioneer has continued working to generate cash through review of working capital needs.
 - Substantial improvement in free-cash-flow due to a smaller operating loss than originally planned, and to savings in restructuring costs.
 - Further efforts to reduce this amount through the sale of assets, including the Meguro head office site.

- **Continue discussions regarding financial partnerships with potential sponsors**
 - No change in plans to pursue fund raising to implement medium-term management plan, although amount of funds necessary may be reduced.

Point 3: Enhancing Alliances with Other Companies

- **Joint development work on car navigation platforms with Mitsubishi Electric Corporation**
 - Executed joint development agreement on car navigation platforms.

- **Optical disc joint venture with Sharp Corporation**
 - Completed all procedures regarding compliance with anti-trust laws overseas.
 - Expect to save approx. ¥16 billion in restructuring costs and curtail cash outflows by approx. ¥6 billion in FY 2010.

- **Joint venture with Shanghai Automotive Industry Corporation (Group) of China**
 - Joint venture established in October 2009.
 - Operations expected to start in November 2009, focusing on development, production and sales of car audio products, car navigation systems and intelligent traffic information service system in China.

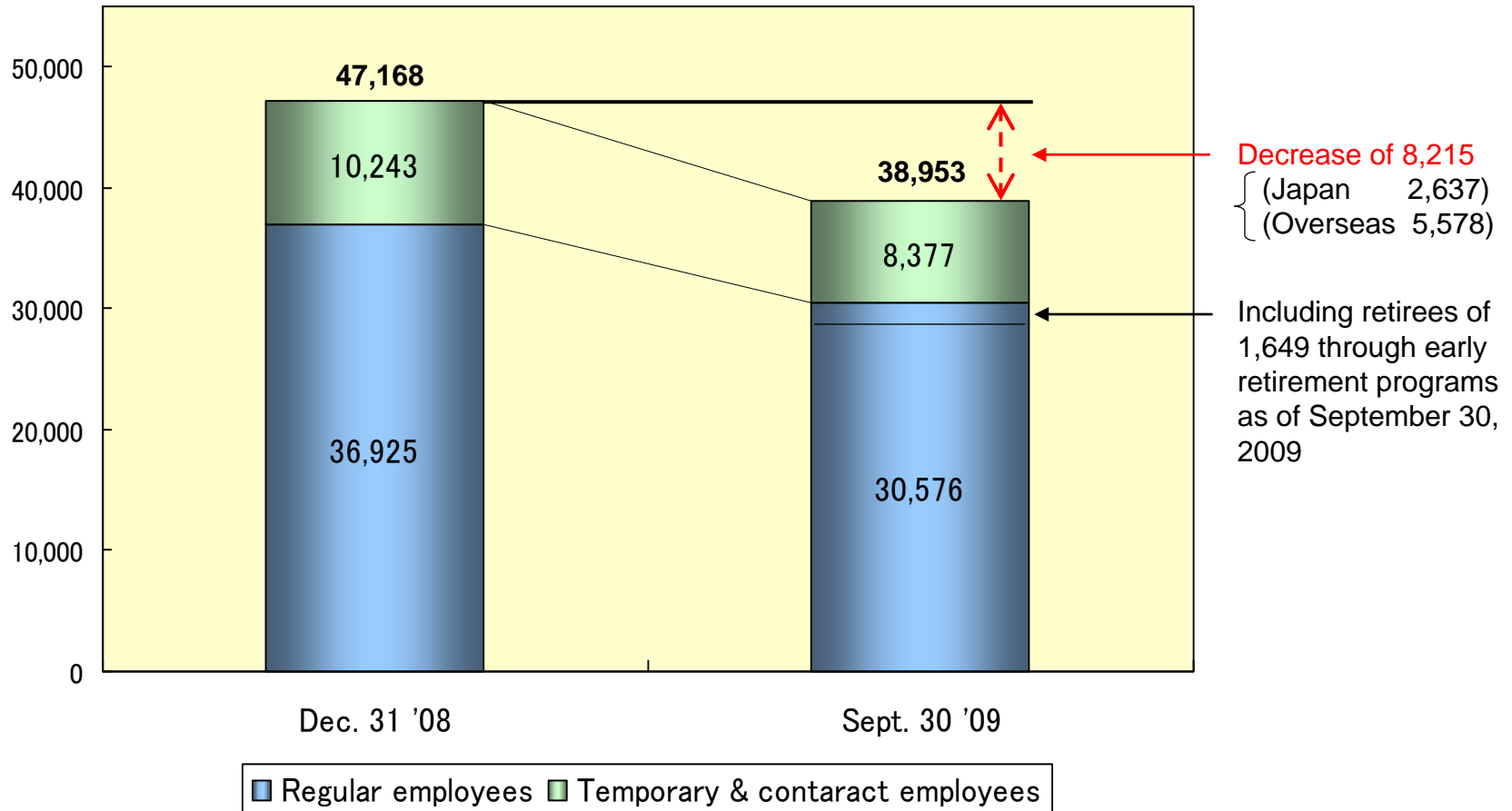
Point 4: Decrease in Number of Personnel

■ Number of Employees (Consolidated)

(Target: Decreases of approx. 5,800 regular employees and approx. 4,000 temporary and contract employees)

(persons)

《Worldwide》



Progress with Restructuring Measures

Business Portfolio Realignment

Measures	Announced on April 28	Progress
Building a lean operating structure and generating new businesses in Car Electronics	<ul style="list-style-type: none"> -Agreed with Mitsubishi Electric Corporation to jointly develop hardware and software -Basic agreement with Shanghai Automotive Industry Corporation (Group) on April 23, 2009 to establish a joint venture 	<ul style="list-style-type: none"> -Executed joint development agreement on car navigation platforms and pursue joint development work -Establishment of joint venture in October 2009
Completely withdrawing from display business	<ul style="list-style-type: none"> -End sales by March 2010 -Close production facilities and review organizations and personnel at related divisions 	<ul style="list-style-type: none"> -End sales by March 2010, as planned -[Done] Terminated production on August 19 and closed production facilities on September 30, 2009
Establishing a joint venture in the optical disc business	<ul style="list-style-type: none"> -Basic agreement with Sharp Corporation on April 9, 2009 to establish a joint venture 	<ul style="list-style-type: none"> -Plan to begin operations as procedures related to compliance with anti-trust laws overseas have been completed -Expect to save approx. ¥16 billion in restructuring costs and curtail cash outflows by approx. ¥6 billion in FY 2010

Progress with Restructuring Measures

Streamlining the Business Framework of the Entire Pioneer Group

Measures	Announced on April 28	Progress
Reducing number of production companies in Japan and overseas	-Closing 9 and downsizing 6 of 30 production companies	-Closed 5, and expect to close 3 more by March 2010 and 1 by September 2010 -Downsized 1 and expect to downsize 5 more by March 2010
Streamlining worldwide sales structures	-Downsizing domestic and overseas sales divisions both for Car Electronics and for Home Electronics	-In Japan, integrated sales divisions into two sales companies, one each for Car Electronics and Home Electronics businesses, on October 1, 2009 -Implement measures under way in North America and Europe -Completed streamlining sales structures in other regions
Overhauling headquarters and R&D structure	-Consolidating five operating bases in Kanto area, Japan into two locations (Kawasaki City and Kawagoe City) -Reorganizing operations with the aim of optimizing the efficiency of headquarters and back office functions	-Consolidating two operating bases underway and the Head Office site relocate to Kawasaki City on November 24, 2009 - [Done] Changed organization on October 1, 2009
Readjusting personnel levels	Through the above streamlining, compared with December 31, 2008, we will reduce personnel by around 5,800 regular employees and about 4,000 temporary and contract employees (4,600 in Japan; 5,200 overseas)	-In Japan, implemented an incentive-based early retirement programs and around 1,600 employees applied (including 1,204 related to the Head Office) -Overseas, implement personnel reductions by March 2010 -Decrease of around 6,300 regular employees and around 1,900 temporary and contract employees as of September 30, 2009, compared with December 31, 2008 (excluding retirees as of September 30)
Reduction of directors and executive officers	Number of directors and executive officers will be reduced after the AGM of shareholders in June 2009	- [Done] Reduced by 5 members to currently 20 directors and executive officers

Progress with Restructuring Measures

Improving Our Financial Position

Measures	Announced on April 28	Progress
Generating cash	<ul style="list-style-type: none"> -Reducing inventories and accelerate trade receivables collections -Curbing capital expenditures and selling fixed assets -Cutting directors/executive officers' remuneration and employees' salaries 	<ul style="list-style-type: none"> -Reduced inventories by ¥19.4 billion as of September 30, 2009, compared with March 31, 2009 -Curbing capital expenditures as planned and sell noncurrent assets such as the Head Office site - Still under implementation
Considering financial partnerships	<ul style="list-style-type: none"> -Keep considering to raise around ¥40.0 billion -The Board of Directors has resolved to raise ¥2.5 billion through a third-party allotment of shares to Honda Motor Co., Ltd. 	<ul style="list-style-type: none"> -Still under consideration with potential sponsors while necessary fund-raising amount is expected to decrease -Under discussion regarding implementation period

4. Business Results for Second Quarter of FY 2010

Consolidated Results for Second Quarter & First Half of FY 2010

(billion yen)

	Second Quarter of FY 2010			First Half of FY 2010		
	Three Months	Prior Year	% to Prior Year	Six Months	Prior Year	% to Prior Year
Net sales	108.0	166.1	65.0%	203.7	327.0	62.3%
Operating loss	-14.0	-7.5	-	-22.8	-14.3	-
Ordinary loss	-15.3	-8.0	-	-24.3	-13.5	-
Loss before income taxes and minority interests	-33.9	-24.6	-	-37.9	-30.4	-
Net loss	-36.8	-34.6	-	-40.9	-44.1	-

(yen)

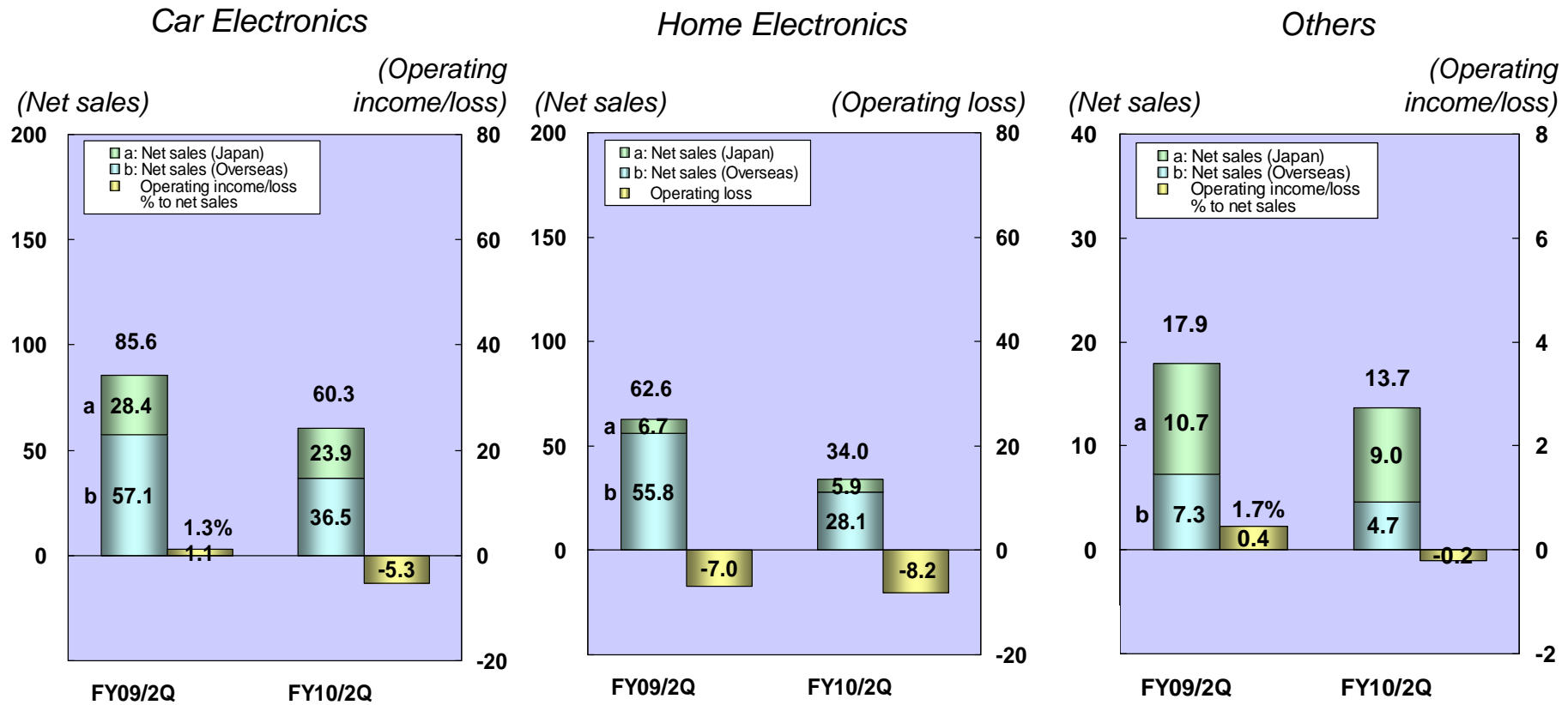
Average foreign exchange rate	1 US \$	93.65	107.66	-15.0%	95.49	106.11	-11.1%
	1 Euro	133.74	161.93	-21.1%	133.16	162.68	-22.2%

(yen)

Net loss per share	-179.30	-168.69	-10.61	-199.29	-214.96	15.67
Book-value per share	319.67	1,022.57	-702.90			

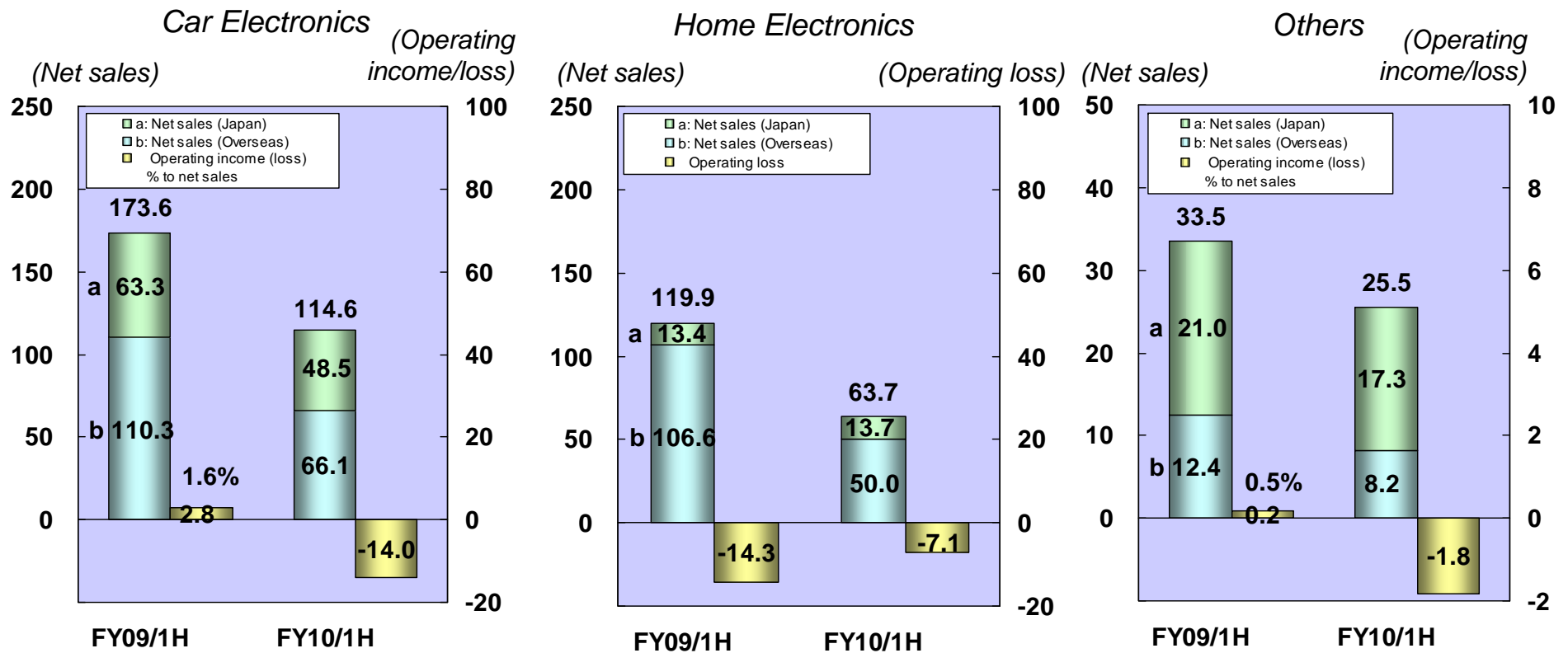
Second Quarter of FY 2010: Net Sales & Operating Income/Loss by Segment

(billion yen)



First Half of FY 2010: Net Sales & Operating Income/Loss by Segment

(billion yen)

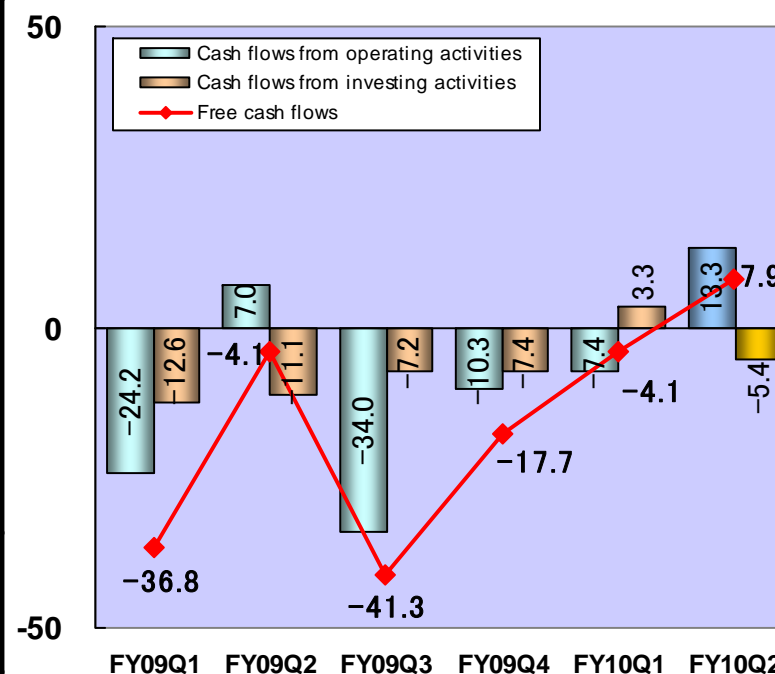


Second Quarter & First Half of FY 2010: Summary of Consolidated Statements of Cash Flows

	Second Quarter		First Half	
	FY 2010	FY 2009	FY 2010	FY 2009
Loss before income taxes and minority interests	-33.9	-24.6	-37.9	-30.4
Depreciation and amortization	10.5	10.9	21.0	20.6
Impairment loss	0.0	0.6	0.0	1.4
Accrued pension and severance costs	0.2	0.6	-2.5	0.8
Gain on sale and disposal of noncurrent assets	0.9	-0.2	-5.0	-0.7
Trade receivables	-3.8	15.8	-4.9	5.2
Inventories	9.1	-9.1	17.9	-23.5
Trade payables	8.7	-5.6	16.8	7.8
Accrued expenses	16.6	19.6	6.5	11.4
Other	5.0	-1.0	-6.0	-9.8
Cash flows from operating activities	13.3	7.0	5.9	-17.2
Cash flows from investing activities	-5.4	-11.1	-2.1	-23.7
Cash flows from financing activities	-0.6	0.2	-0.6	30.9
Free cash flows	7.9	-4.1	3.8	-40.9

Net increase/decrease in cash and cash equivalents	5.2	-7.0	1.5	-8.7
Balance of cash and cash equivalents	65.2	72.4		
Net cash balance	-113.3	-54.8		

(billion yen)



Pioneer