

*For Immediate Release
May 8, 2001*

Pioneer Announces Business Results for Fiscal 2001

TOKYO — Pioneer Corporation today announced its business results on consolidated and parent-only bases for fiscal 2001, ended March 31, 2001.

Consolidated Financial Highlights

(In millions of yen except per share information)
Year ended March 31

	2001	2000	% to prior year
Operating revenue:			
Net sales	¥626,539	¥596,411	105.1
Royalty revenue	20,530	19,460	105.5
	647,069	615,871	105.1
Operating income	¥33,819	¥23,593	143.3
Income before income taxes	¥34,193	¥27,808	123.0
Net income	¥18,298	¥13,075	139.9
Net income per share:			
Basic	¥101.76	¥72.81	
Diluted	¥101.70	¥72.80	

Note: Effective from the first quarter ended June 30, 2000, "Minority interest in income of subsidiaries," previously included in "Others, net," is presented separately. Fiscal 2000 figures have been reclassified to conform to this presentation.

Consolidated Business Results

For the fiscal year ended March 31, 2001, Pioneer Corporation and its subsidiaries (the “Company”) recorded its highest-ever operating revenue—the sum of net sales and royalty revenue—at ¥647,069 million (US\$5,218.3 million), up 5.1% from the same period last year.

Net sales in Japan rose 11.0% to ¥230,983 million (US\$1,862.8 million). Overseas net sales, despite the appreciation of the yen against the euro in the first half of fiscal 2001, increased 1.9% to ¥395,556 million (US\$3,190.0 million).

Electronics Business sales amounted to ¥586,629 million (US\$4,730.9 million), up 6.9% from the previous year.

Audio/Video (AV) Products Group sales of ¥191,139 million (US\$1,541.4 million) remained at last year’s level. In Japan, sales dropped 10.5% to ¥50,556 million (US\$407.7 million), due to decreased sales of compact stereo systems. Sales of plasma displays, however, increased greatly in both the consumer and business markets. Overseas sales of this product group rose 5.3% to ¥140,583 million (US\$1,133.7 million). Sales in Europe were influenced by the weakness of the euro, but sales of DVD players overseas were good. Also, sales of plasma displays, business models in particular, increased globally.

Car Electronics Products Group sales amounted to ¥244,878 million (US\$1,974.8 million), almost the same as in the previous year. Sales in Japan increased 9.2% to ¥89,891 million (US\$724.9 million). Sales of car audio products to car manufacturers greatly increased, and sales of car MD/CD players for consumer markets were strong, as well. Overseas sales decreased 5.2% to ¥154,987 million (US\$1,249.9 million) from the previous year. Although sales of car audio products to car manufacturers in North America went well, sales of car audio products in Europe sharply decreased, due to intensified competition and the influence of the weakened euro.

Sales of Others Group rose 33.5% over the previous year to ¥150,612 million (US\$1,214.6 million). Sales climbed in Japan by 38.1% to ¥62,846 million (US\$506.8 million), reflecting increased sales of factory automation systems, cable-TV settop boxes and DVD-ROM drives. Overseas sales were up 30.3% from the previous year to ¥87,766 million (US\$707.8 million). Sales of digital cable-TV settop boxes in North America largely increased, and sales of digital broadcast settop boxes in Europe did, too.

AV Software Business sales fell 16.3% from the previous year to ¥39,910 million (US\$321.9 million). Sales in Japan increased 16.4% over the previous year to ¥27,690 million (US\$223.3 million) due to good sales of DVD software. Overseas sales decreased 48.8% to ¥12,220 million (US\$98.5 million) due to a large decline in sales of animation videocassettes in North America, caused by a lack of big hits like the previous fiscal year’s *Pokémon* series.

Royalty revenue from **Patent Licensing** increased 5.5% to ¥20,530 million (US\$165.6 million) due mainly to a rise in royalties related to such recording equipment as CD-R drives.

Operating income came to ¥33,819 million (US\$272.7 million)—a 43.3% increase over the ¥23,593 million recorded last year—thanks to increased sales and an improved gross profit margin. Net income increased 39.9% to ¥18,298 million (US\$147.6 million), from ¥13,075 million the previous year. This increase was achieved despite the absence of a gain realized last year in connection with the initial public offering of a subsidiary, and was mainly as a result of increased operating income and reduced foreign exchange losses.

Basic net income per share of common stock was ¥101.76 (US\$0.82), compared with ¥72.81 in the previous year. Diluted net income per share was ¥101.70 (US\$0.82), compared with ¥72.80 the previous year.

Year-End Dividend

A year-end cash dividend of ¥7.5 (US\$0.06) per share of common stock will be paid, subject to approval at the general meeting of shareholders to be held on June 28, 2001. When added to the interim dividend paid last December, this brings the annual cash dividend for this fiscal year to ¥15 (US\$0.12), compared to ¥10 the previous year.

Outlook

We plan to keep downsizing the Company's assets by such means as minimizing inventories. We also intend to reduce general expenses and production costs, and to focus investment in promising fields in order to increase net income.

To raise efficiency throughout the group, we are streamlining and consolidating administrative operations on a global basis. In the fall of 2001, production will start at two plants in China, mainly for DVD and car electronics products. These facilities will take advantage of that nation's recently fast-improving production infrastructure, and expand China's role as our worldwide manufacturing site that will help us reduce production costs further and compete better worldwide. Also, our growing use of electronics manufacturing services (EMS) for outsourcing will help minimize our plant investment and parts inventories, therefore boosting the efficiency of production and assets.

At the same time, we will invest in production facilities, particularly for our plasma and organic electroluminescent (OEL) displays, for which demand is expected to grow rapidly. Regarding our plasma display business, we are expanding our factory lines for the product. By the fall of 2001, we will increase our production capacity from 50,000 at present to 150,000 units per year. As for the OEL display business, Pioneer was the first in the industry to come up with the technology to mass-produce OEL displays. Our OEL displays have been leading the market and earning a high reputation. We are planning for a new joint venture company that we established in March 2001 to start manufacturing, by the fall of 2002, thin-film transistor (TFT) substrates for a higher-resolution full-color active-matrix OEL display.

We will enhance operating efficiency, advance profitability, and focus management more on cash flows.

Consolidated Business Forecasts for Fiscal 2002

Assuming that the yen-U.S. dollar and the yen-euro exchange rates until the end of fiscal 2002 average ¥117 and ¥105, respectively, the Company announced its consolidated business forecasts for fiscal 2002, ending March 31, 2002, as follows:

	<u>Projections for fiscal 2002</u>	<u>Results for fiscal 2001</u>	<u>Percent changes</u>
Operating revenue	¥720,000 million	¥647,069 million	+11%
Income before income taxes	¥38,000 million	¥34,193 million	+11%
Net income	¥21,000 million	¥18,298 million	+15%
Net income per share	¥116.74	¥101.76	

Operating revenue in fiscal 2002 is expected to rise, as strong sales of car electronics products continue, and in anticipation of sales growth for DVD players, DVD recorders and plasma displays worldwide. In addition, the Company plans to aggressively promote key-device businesses for DVD-ROM drives and DVD-R/RW drives.

The Company anticipates achieving a higher net income for fiscal 2002. The new production line for plasma displays in Japan will begin operation, in addition to commencement of full-scale production at new plants in China, combining to lift overall sales and improve profitability; while conversely the Company expects adverse effects from market pressure towards lower prices of the Company's major products and from general market depression in North America.

Forward-Looking Statements

Except for the historical information contained herein, the statements made in this release with respect to Pioneer's plans, strategies, beliefs, and other prospects are forward-looking statements that involve risk and uncertainty. Potential risks and uncertainties include, but are not limited to: general economic conditions in the Company's markets, particularly levels of consumer spending; exchange rates between the yen and other currencies, such as the U.S. dollar and the euro, in which the Company makes significant sales; continued competitive pricing pressures in the marketplace; the effect that competitive factors, and the Company's reaction to them, may have on the buying decisions of consumers and business customers with respect to the Company's products; and the Company's ability to continue to gain acceptance of its products, which are offered in highly competitive markets characterized by continual new product introductions, rapid developments in technology, and changing consumer and other customer preferences.

Proposed Changes in Management

Pioneer announced that at the meeting of its board of directors held on May 8, 2001, it resolved to convene the 55th Ordinary General Meeting of Shareholders on June 28, 2001 in Tokyo. Also announced were proposed changes in management as follows:

I. Effective June 1, 2001

(1) Changes in Directors/Executive Officers:

- Mr. Hiroshi Aiba, currently Director and General Manager of Business Systems Division and Plant Manager of Ohmori Plant of Pioneer, will become Director and General Manager of External Relations Division of Pioneer;
- Mr. Masaru Saotome, currently Executive Officer of Pioneer and Executive Vice President of Pioneer's Home Entertainment Company (HEC) (in charge of sales and marketing), will become Executive Officer of Pioneer and Executive Vice President of Pioneer's HEC (in charge of sales and marketing) and General Manager of Domestic Sales Division of HEC; and
- Mr. Hajime Ishizuka, currently Executive Officer and General Manager of International Business Division of Pioneer, will become Executive Officer and General Manager of Components Business Division; in charge of International Business Division of Pioneer.

(2) Changes in personnel related to above changes:

- Mr. Toshihiko Norizuki, currently General Manager of Domestic Sales Division of Pioneer's HEC, will become General Manager of Business Systems Division and Plant Manager of Ohmori Plant of Pioneer;
- Mr. Tsutomu Haga, currently General Manager of Components Business Division of Pioneer, will become Executive Vice President of Pioneer Electronics (USA) Inc.; and
- Mr. Toshiyuki Ito, currently Deputy General Manager of International Business Division of Pioneer, will become General Manager of International Business Division of Pioneer.

II. Effective June 28, 2001

(1) Mr. Hiroshi Kuribayashi, currently Director, will retire at the conclusion of the above-mentioned shareholders' meeting and concentrate on his duties as Senior Managing Director of Shizuoka Pioneer Corporation.

(2) Mr. Masaru Inagaki, currently Corporate Auditor, will retire at the conclusion of the shareholders' meeting.

(3) Executive Officers to be newly elected:

- Mr. Seiichiro Kurihara, currently serving as General Manager of Intellectual Property Division of Pioneer;
- Mr. Koki Aizawa, currently serving as Deputy General Manager of Research & Development Group and General Manager of Corporate Research & Development Laboratories of Pioneer;
- Mr. Toshihiko Norizuki, currently serving as General Manager of Domestic Sales Division of Pioneer's HEC;
- Mr. Buntarou Nishikawa, currently serving as General Manager of Domestic Sales Division of Pioneer's Mobile Entertainment Company (MEC);

- Mr. Osamu Takada, currently serving as General Manager of Personnel Division of Pioneer;
 - Mr. Masao Kawabata, currently serving as General Manager of Corporate Communications Division of Pioneer;
 - Mr. Sumitaka Matsumura, currently serving as Deputy General Manager of Research & Development Group and General Manager of AV & Network Development Center of Pioneer;
 - Mr. Yoshio Taniyama, currently serving as General Manager of Finance Division of Pioneer; and
 - Mr. Hideki Okayasu, currently serving as General Manager of Accounting Division of Pioneer.
- (4) Executive Officers being promoted to Senior Executive Officer:
- Mr. Kazunori Yamamoto, currently also serving as President of Pioneer North America, Inc.;
 - Mr. Shungo Minato, currently also serving as Chairman and Managing Director of Pioneer Europe NV;
 - Mr. Koichi Shimizu, currently also serving as Managing Director of Pioneer Electronics Asiacentre Pte. Ltd.; and
 - Mr. Masaru Saotome, currently also serving as Executive Vice President of Pioneer's HEC (in charge of sales and marketing).

Pioneer Corporation is one of the leading manufacturers of consumer, commercial and industrial audio/video products, including those employing laser optical disc technologies. Its shares are traded on the New York Stock Exchange, Euronext Amsterdam, Tokyo Stock Exchange, and Osaka Securities Exchange.

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The U.S. dollar amounts in this release represent translation of Japanese yen, for convenience only, at the rate of ¥124=US\$1.00, the approximate rate prevailing on March 30, 2001.

Attached are (I) consolidated financial statements and (II) financial statements of the parent company only.

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I. CONSOLIDATED FINANCIAL STATEMENTS OF PIONEER CORPORATION

(1) SALES BY PRODUCT GROUP

(In millions of yen)

	Year ended March 31				
	2001		2000		% to prior year
	Amount	% to sales	Amount	% to sales	
Domestic	¥ 50,556	8.1	¥ 56,482	9.5	89.5
Overseas	140,583	22.4	133,547	22.4	105.3
Audio/Video	191,139	30.5	190,029	31.9	100.6
Domestic	89,891	14.3	82,353	13.8	109.2
Overseas	154,987	24.8	163,520	27.4	94.8
Car Electronics	244,878	39.1	245,873	41.2	99.6
Domestic	62,846	10.1	45,492	7.6	138.1
Overseas	87,766	13.9	67,343	11.3	130.3
Others	150,612	24.0	112,835	18.9	133.5
Domestic	203,293	32.5	184,327	30.9	110.3
Overseas	383,336	61.1	364,410	61.1	105.2
Electronics Total	586,629	93.6	548,737	92.0	106.9
Domestic	27,690	4.4	23,788	4.0	116.4
Overseas	12,220	2.0	23,886	4.0	51.2
AV (Audio/Video) Software	39,910	6.4	47,674	8.0	83.7
Domestic	230,983	36.9	208,115	34.9	111.0
Overseas	395,556	63.1	388,296	65.1	101.9
Total	¥626,539	100.0	¥596,411	100.0	105.1

(2) CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions of yen)

	Year ended March 31	
	2001	2000
Operating revenue:		
Net sales	¥626,539	¥596,411
Royalty revenue	20,530	19,460
	647,069	615,871
Operating costs and expenses:		
Cost of sales	447,389	428,575
Selling, general and administrative	165,861	163,703
	613,250	592,278
Operating income	33,819	23,593
Other income (expenses):		
Interest income	4,920	3,072
Gain on sale and issuance of subsidiary stock	-	12,491
Foreign exchange loss	(1,192)	(5,132)
Interest expense	(4,301)	(4,679)
Others, net	947	(1,537)
	374	4,215
Income before income taxes	34,193	27,808
Income taxes	14,320	15,216
Minority interest in income of subsidiaries	(1,445)	(18)
Equity in earnings of affiliated companies	(130)	501
Net income	¥ 18,298	¥ 13,075

(3) CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions of yen)

ASSETS	March 31		Increase/ (Decrease)
	2001	2000	
Current assets:			
Cash and cash equivalents	¥121,127	¥151,805	(¥30,678)
Marketable securities	1,598	1,606	(8)
Notes and accounts receivable, less allowances	118,778	101,987	16,791
Inventories	94,429	91,517	2,912
Others	52,680	45,032	7,648
Total current assets	388,612	391,947	(3,335)
Investments and long-term receivables	34,997	40,668	(5,671)
Property, plant and equipment, less depreciation	139,757	133,749	6,008
Other assets	41,790	34,773	7,017
	¥605,156	¥601,137	¥ 4,019
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Current liabilities:			
Short-term borrowings and current portion of long-term debt	¥ 45,567	¥ 78,553	(¥32,986)
Accounts payable—trade	45,877	43,043	2,834
Accrued taxes on income	6,008	5,513	495
Others	80,373	75,626	4,747
Total current liabilities	177,825	202,735	(24,910)
Long-term liabilities	71,773	68,566	3,207
Minority interests	18,563	17,376	1,187
Shareholders' equity	336,995	312,460	24,535
	¥605,156	¥601,137	¥ 4,019

(4) CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY

(In millions of yen)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income(Loss)	Total Shareholders' Equity
Balance at March 31, 1999	¥48,431	¥80,611	¥208,466	(¥24,264)	¥313,244
Net income			13,075		13,075
Other comprehensive income				(12,178)	(12,178)
Exercise of warrants	21	21			42
Value ascribed to warrants		73			73
Cash dividends (¥10.00 per share)			(1,796)		(1,796)
Balance at March 31, 2000	48,452	80,705	219,745	(36,442)	312,460
Net income			18,298		18,298
Other comprehensive income				7,791	7,791
Exercise of warrants	391	391			782
Value ascribed to warrants		362			362
Cash dividends (¥15.00 per share)			(2,698)		(2,698)
Balance at March 31, 2001	¥48,843	¥81,458	¥235,345	(¥28,651)	¥336,995

(5) CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of yen)

	Year ended March 31	
	2001	2000
Operating activities:		
Net income	¥18,298	¥13,075
Depreciation and amortization	32,405	32,852
Gain on sale and issuance of subsidiary stock	-	(12,491)
Increase in notes and accounts receivable	(6,729)	(12,500)
Decrease in inventories	5,786	6,416
Increase in accounts payable—trade	177	5,536
Other	1,304	12,502
Net cash provided by operating activities	51,241	45,390
Investing activities:		
Payment for purchase of fixed assets	(42,183)	(25,458)
Proceeds from sale of subsidiary stock	-	28,780
Other	602	8,662
Net cash provided by (used in) investing activities	(41,581)	11,984
Financing activities:		
Increase (decrease) in short-term borrowings and long-term debt	(44,838)	(3,134)
Dividends paid	(2,247)	(1,796)
Other	518	791
Net cash used in financing activities	(46,567)	(4,139)
Effect of exchange rate changes on cash and cash equivalents	6,229	(3,493)
Net increase (decrease) in cash and cash equivalents	(¥30,678)	¥49,742

Notes:

- The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.
- The consolidated financial statements include the accounts of the parent company and 157 subsidiaries and the investments in 5 affiliated companies accounted for on an equity basis.
- Effective from the first quarter ended June 30, 2000, "Minority interest in income of subsidiaries," previously included in "Others, net," is presented separately. Fiscal 2000 figures have been reclassified to conform to this presentation.
- The Company's comprehensive income (loss) comprises net income and changes in cumulative foreign currency translation adjustments, net unrealized gains on securities and minimum pension liability adjustments. For the year ended March 31, 2001 and 2000, comprehensive income (loss) were ¥26,089 million and ¥897 million, respectively. The difference between net income and comprehensive income (loss) for each period resulted mainly from changes in cumulative foreign currency translation adjustments and minimum pension liability adjustments.

(6) CONDENSED SEGMENT INFORMATION

The following condensed segment information is prepared pursuant to the regulations under the Securities and Exchange Law of Japan.

<Business Segments>

	Year ended March 31				(In millions of yen)	
	2001		2000		% to prior year	
	Operating revenue	Operating income	Operating revenue	Operating income	Operating revenue	Operating Income
Electronics	¥587,352	¥13,831	¥549,663	¥ 4,731	106.9	292.3
AV Software	44,686	125	54,534	196	81.9	63.8
Patent Licensing	22,413	19,734	21,361	18,426	104.9	107.1
Total	654,451	33,690	625,558	23,353	104.6	144.3
Elimination	(7,382)	129	(9,687)	240	-	53.8
Consolidated total	<u>¥647,069</u>	<u>¥33,819</u>	<u>¥615,871</u>	<u>¥23,593</u>	<u>105.1</u>	<u>143.3</u>

<Geographic Segments>

	Year ended March 31				(In millions of yen)	
	2001		2000		% to prior year	
	Operating revenue	Operating income	Operating revenue	Operating Income	Operating Revenue	Operating income
Japan	¥500,633	¥ 6,551	¥459,099	(¥ 6,320)	109.0	-
North America	216,612	20,285	204,032	18,662	106.2	108.7
Europe	125,935	(1,626)	136,280	1,044	92.4	-
Other	197,902	5,644	145,070	4,948	136.4	114.1
Total	1,041,082	30,854	944,481	18,334	110.2	168.3
Elimination	(394,013)	2,965	(328,610)	5,259	-	56.4
Consolidated total	<u>¥647,069</u>	<u>¥33,819</u>	<u>¥615,871</u>	<u>¥23,593</u>	<u>105.1</u>	<u>143.3</u>

II. FINANCIAL STATEMENTS OF PIONEER CORPORATION
FOR THE YEAR ENDED MARCH 31, 2001 and 2000

(1) SALES BY PRODUCT GROUP

(In millions of yen)

	Year ended March 31				
	2001		2000		% to prior year
	Amount	% to sales	Amount	% to sales	
Domestic	¥ 47,361	11.9	¥ 52,520	14.1	90.2
Export	89,317	22.4	82,057	22.1	108.8
Audio/Video	136,679	34.3	134,577	36.2	101.6
Domestic	89,365	22.4	82,359	22.1	108.5
Export	100,760	25.3	102,623	27.6	98.2
Car Electronics	190,125	47.7	184,982	49.7	102.8
Domestic	19,427	4.9	12,786	3.5	151.9
Export	52,323	13.1	39,691	10.6	131.8
Others	71,751	18.0	52,478	14.1	136.7
Domestic	156,154	39.2	147,666	39.7	105.7
Export	242,401	60.8	224,372	60.3	108.0
Total	¥398,556	100.0	¥372,039	100.0	107.1

(2) CONDENSED STATEMENTS OF INCOME

(In millions of yen)

	Year ended March 31			
	2001		2000	
	Amount	% to sales	Amount	% to sales
Net sales - Domestic	¥156,154	39.2	¥147,666	39.7
Export	242,401	60.8	224,372	60.3
	398,556	100.0	372,039	100.0
Cost of sales	319,281	80.1	292,941	78.7
Selling, general and administrative expenses	76,329	19.2	79,402	21.4
Operating income (loss)	2,944	0.7	(304)	(0.1)
Non-operating income, net	2,606	0.7	739	0.2
Ordinary income	5,550	1.4	434	0.1
Other income (expenses), net	(2,665)	(0.7)	1,328	0.4
Income before income taxes	2,885	0.7	1,762	0.5
Income taxes	1,154	0.3	615	0.2
Net income	¥ 1,730	0.4	¥ 1,147	0.3

(3) CONDENSED BALANCE SHEETS

(In millions of yen)

<u>ASSETS</u>	March 31		Increase/ (Decrease)
	2001	2000	
Current assets:			
Cash	¥ 33,916	¥ 53,887	(¥19,971)
Notes and accounts receivable - trade	40,348	39,592	756
Marketable securities	18,529	31,868	(13,339)
Inventories	22,694	27,794	(5,099)
Other current assets	42,422	33,551	8,870
Total current assets	157,912	186,694	(28,782)
Fixed assets:			
Tangible	32,558	37,416	(4,858)
Intangible	6,769	7,295	(526)
Investments and others	180,019	170,067	9,952
Total fixed assets	219,347	214,779	4,568
Total assets	¥377,259	¥401,473	(¥24,214)

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:			
Accounts payable - trade	¥ 25,014	¥ 24,517	¥ 497
Accrued expenses	27,149	23,704	3,444
Other current liabilities	8,614	47,640	(39,025)
Total current liabilities	60,778	95,862	(35,084)
Long-term liabilities	33,792	27,307	6,485
Total liabilities	94,571	123,169	(28,598)
Shareholders' equity	282,688	278,304	4,384
Total liabilities and shareholders' equity	¥377,259	¥401,473	(¥24,214)

Note: In preparing the financial statements, all amounts less than one million yen were disregarded.

(4) PROPOSAL OF APPROPRIATION OF UNAPPROPRIATED RETAINED EARNINGS

(In million of yen except per share information)

	Year ended March 31, 2001	Year ended March 31, 2000
Unappropriated retained earnings at the end of the period	¥2,396	¥16,137
To be appropriated as follows:		
Legal reserve	135	89
Dividends	1,349	897
	(¥7.5 per share of common stock)	(¥5 per share of common stock)
General reserve	-	13,000
Unappropriated retained earnings carried forward to the next period	¥ 911	¥ 2,149
	¥ 911	¥ 2,149

Note: Combined with the interim dividends of ¥7.5 per share of common stock paid on December 6, 2000, the total cash dividends for fiscal year 2001 will amount to ¥15 per share of common stock.