

SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SAN DIEGO

Case No. GIC 835574: GLEN JAFFE, on Behalf of Himself and All Others Similarly Situated and on Behalf of the General Public, Plaintiff, v. PIONEER NORTH AMERICA, INC., a Delaware corporation, PIONEER ELECTRONICS (USA) INC., a Delaware corporation, and DOES 1 through 100, Inclusive, Defendants.

Class Action Assigned to Judge S. Charles Wickersham

Case No. GIC 837626: BYRON WATSON, on Behalf of Himself and All Others Similarly Situated and on Behalf of the General Public, Plaintiff, v. PIONEER NORTH AMERICA, INC., a Delaware corporation, PIONEER ELECTRONICS (USA) INC., a Delaware corporation, and DOES 1 through 100, Inclusive, Defendants.

Class Action Assigned to Judge S. Charles Wickersham

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION AND NOTICE OF HEARING

TO: ALL PERSONS IN THE UNITED STATES WHO, PRIOR TO MARCH 31, 2005, PURCHASED OR ACQUIRED "PIONEER" AND "ELITE" PLASMA DISPLAY PANEL TELEVISION OR MONITOR MODELS PDP-505HD, PDP-503PU, PDP-5030HD, PDP-5031HD, PDP-433PU, PDP-4300, PDP-4310, PDP-4330HD, PRO-800HD, PRO-800HDI, PRO-1000HD, PRO-1000HDI, PDP-502MX, PDP-502MXE, PDP-503CMX, PDP-433 CMX AND PDP-503MXE ("CHALLENGED PDP MODELS").

THIS NOTICE IS GIVEN TO INFORM YOU OF THE PENDENCY OF THIS CLASS ACTION AND OF ITS PROPOSED SETTLEMENT. IF THE SETTLEMENT IS APPROVED BY THE COURT, CERTAIN BENEFITS WILL BE AVAILABLE TO THE MEMBERS OF THE CLASS IN SETTLEMENT OF ALL CLAIMS RELATING TO ALLEGEDLY DEFECTIVE POWER SUPPLIES IN THE CHALLENGED PDP MODELS SOLD DURING THE CLASS PERIOD.

THIS NOTICE CONCERNS YOUR LEGAL RIGHTS. PLEASE READ IT CAREFULLY. NOTHING IN THIS NOTICE SHOULD BE CONSTRUED AS AN EXPRESSION BY THE COURT ABOUT THE MERITS OF THIS LAWSUIT OR THE SETTLEMENT.

By Order dated March 17, 2005, the Court has certified a class, for settlement purposes only, consisting of: ALL PERSONS IN THE UNITED STATES, WHO, PRIOR TO MARCH 31, 2005 (THE "CLASS PERIOD"), PURCHASED OR ACQUIRED THE CHALLENGED PDP MODELS. Excluded from membership in the class are the following: (1) Pioneer, including employees and their immediate family members; (2) retailers, wholesalers and other middlemen who purchased the CHALLENGED PDP MODELS for resale; and (3) persons who timely and validly opt to exclude themselves from the class.

BACKGROUND OF THE ACTION

1. Plaintiffs Glen Jaffe and Byron Watson (collectively, "Class Representatives") commenced their respective above captioned class action lawsuits against Pioneer Electronics (USA) Inc. and Pioneer North America, Inc. (collectively, "Pioneer") in the Superior Court of the State of California for the County of San Diego, on behalf of themselves and all others similarly situated Pioneer customers within the United States, seeking economic damages and injunctive relief relating to their purchases of certain of the CHALLENGED PDP MODELS (the "Action"). The Consolidated First Amended Complaint in the Action alleges that the CHALLENGED PDP MODELS have defective power supplies that fail suddenly and that Pioneer did not disclose the alleged defect. The Class Representatives allege causes of action for violation of the California Consumers Legal Remedies Act and the California Unfair Competition Law.

2. Pioneer has appeared in the Action and denies that it has violated any laws, contracts or statutes, or occasioned any damages to purchasers, in connection with the advertising, marketing, manufacturing and/or sale of the CHALLENGED PDP MODELS. Furthermore, Pioneer asserts that only a small percentage of the units of the CHALLENGED PDP MODELS sold have experienced power-supply failures, that Pioneer has repaired or replaced such failed power supplies in accordance with its written limited warranties at no charge to customers and believes that no repaired or replaced power supplies in the CHALLENGED PDP MODELS have experienced any subsequent problem attributable to those power supplies. Pioneer is providing notice of the settlement in this Action and the availability of its benefits through Pioneer's website, a press release, e-mail to registered owners of the CHALLENGED PDP MODELS and separate notices to its dealers and distributors.

BACKGROUND OF THE PROPOSED SETTLEMENT

3. In response to complaints filed in separate actions brought by the Class Representatives, Pioneer filed demurrers and motions to strike asserting that the Class Representatives had no claims personally under the statutes cited in their complaints and therefore they cannot seek to assert claims on behalf of anyone else in the proposed class. Before the dates scheduled for hearings on these matters, the parties agreed that the two actions should be consolidated and that a Consolidated First Amended Complaint should be filed. Before Pioneer responded to the Consolidated First Amended Complaint, the parties' respective counsel agreed on a tentative settlement of all claims. As of March 17, 2005, the parties entered into a settlement agreement, which is subject to final approval of the Court.

4. The Class Representatives and their counsel, Handal & Associates, 1200 Third Avenue, Suite 1321, San Diego, California 92101 ("Class Counsel"), believe that the claims asserted in the Action have merit. Nevertheless, the Class Representatives and Class Counsel believe that it is in the best interests of the class to settle the pending Action. In determining to settle the Action, Class Counsel have evaluated information made available in the course of the Action and have taken into account the risks and uncertainties of proceeding with the Action. Those risks include, but are not limited to, the outcome of the demurrer and motion to strike that Pioneer would file in response to the Consolidated First Amended Complaint, the outcome of further dispositive motion practice, proof of liability at trial, the existence and/or the quantum of damages provable at trial, post-trial motions and likely appeals, as well as the substantial expense, effort and time necessary to prosecute the Action through the remainder of the litigation. Based upon their consideration of all of these factors, the Class Representatives and

Class Counsel believe it is in the best interests of the class to settle the Action on the terms disclosed herein, which they believe confers a very substantial benefit upon the class.

5. THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF THE CLASS REPRESENTATIVES' CLAIMS OR THE DEFENSES THERETO. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW BY PIONEER OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE ACTION WERE NOT SETTLED.

TERMS OF THE PROPOSED SETTLEMENT

6. Pursuant to the settlement agreement, members of the class who have not opted out of the class are entitled to the following:

(a) Solely with respect to the failure of power supplies in CHALLENGED PDP MODELS where such failure is not attributable either to some other defect not covered by warranty or to misuse by a customer, Pioneer will extend its existing written limited warranties through December 31, 2007, which absent settlement would expire on or about one year from the date of purchase with respect to "Pioneer" branded models and two years from the date of purchase with respect to "Elite" branded models. All other limitations in Pioneer's written limited warranties will continue to apply through the extended warranty period.

(b) During the above-described extended warranty period, Pioneer will replace the power supply in a CHALLENGED PDP MODEL without charge, either upon request or automatically if the CHALLENGED PDP MODEL is serviced for another reason.

(c) As an alternative to (b), Pioneer will reimburse any amount that a customer who purchased a CHALLENGED PDP MODEL from an authorized Pioneer dealer paid to a Pioneer authorized service company to replace a failed power supply on such CHALLENGED PDP MODEL, provided that within six months of certification of a class the customer submits to Pioneer a claim form, a valid original proof of purchase of a CHALLENGED PDP MODEL from an authorized Pioneer dealer and a valid original receipt showing payment to a Pioneer authorized service company for replacement of a power supply on such CHALLENGED PDP MODEL.

7. If you are a class member, and you have not opted out of the class, you are entitled to the extended limited warranty solely with respect to the power supply and to either a replacement power supply or, upon submission of proper documentation, to reimbursement of any amount paid to a Pioneer authorized service company to replace a failed power supply, as described in and limited by paragraph 6 above.

8. If the settlement is approved by the Court, Pioneer and each of its present and former, direct and indirect, subsidiaries, parents, affiliates, unincorporated entities, divisions, groups, officers, directors, shareholders, partners, partnerships, joint ventures, employees, agents, servants, assignees, successors, insurers, indemnitees, attorneys, transferees and/or representatives, specifically including Pioneer Corporation, a corporation organized under the laws of Japan with its principal place of business in Tokyo, Japan (collectively, the "Released Parties"), shall be released and forever discharged by the Class Representatives, for themselves and as the representatives of each class member, and each class member on behalf of himself, herself, or itself and their respective present and former, direct and indirect, subsidiaries, parents, affiliates, unincorporated entities, divisions, groups, officers, directors, shareholders, partners, partnerships, joint ventures, employees, agents, servants, assignees, successors, insurers, indemnitees, attorneys, transferees, and/or representatives, from claims, causes of action, rights, duties, requests, suits, administrative proceedings, damages, costs or other demands that have been, might have been, are now, or could have been brought arising from or related to any problem with the power supply on any of the CHALLENGED PDP MODELS, whether in law or equity, whether seeking damages or any other relief (including attorneys' fees), of any kind or character, known or unknown, that are now recognized by law or that may be created or recognized in the future by statute, regulation, judicial decision, or in any other manner, based upon any federal or state statutory or common law, including, without limitation, claims sounding in tort, contract, and the consumer protection laws of the United States or of any state or other jurisdiction within the United States, as well as under the unfair or deceptive trade practices, trade regulation, consumer fraud, and false advertising law of the United States or any state or other jurisdiction within the United States, including but not limited to any claims relating to the alleged diminished value of or need to replace a CHALLENGED PDP MODEL (the "Released Claims").

9. Upon entry of the Final Judgment and Order Approving Settlement, and in consideration of the settlement agreement and the benefits extended to the class, each Class Representative shall have, and each class member who has not opted out of the class shall be deemed to have, covenanted and agreed that he, she or it will forever refrain from instituting, maintaining, or proceeding in any action against any Released Party with respect to any Released Claim, including Released Claims known and those not now known, suspected or claimed, that he, she or it had or hereafter may have. The settlement agreement may be pleaded by the Released Parties as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit or other proceeding that has been or may be instituted, prosecuted or attempted, asserting any Released Claim.

10. The settlement agreement constitutes a compromise, resolution, and settlement of the disputed claims to avoid the uncertainty, time, trouble, and expense of litigation. All parties understand and agree that the settlement agreement does not constitute and shall not be taken or construed as an admission of liability on the part of Pioneer or any of the Released Parties, but rather, such liability has been and is expressly denied. It is further understood and agreed that the settlement agreement shall not be taken or used, nor shall the settlement agreement be admissible in evidence, in any action, cause of action, or proceeding, except in an action to enforce the terms of the settlement agreement. The class does not concede any infirmity or weakness in their claims. Pioneer does not concede any infirmity or weakness in its defenses or its products.

THE RIGHTS OF CLASS MEMBERS

11. The Court has certified this Action to proceed as a class action for settlement purposes only, with the class consisting of all purchasers or acquirors of the CHALLENGED PDP MODELS throughout the United States. Class members have the following options pursuant to the settlement agreement:

(a) If you wish to participate in the settlement, you do not need to appear at the Settlement Hearing discussed below or take any other action.

(b) If you do not wish to remain a member of the class, you may opt out of the class. If you request to opt out of the class, you will NOT be entitled to receive any benefits from the settlement agreement, may not object to the settlement and will retain any individual rights you may have with respect to the claims asserted in the Action. Any class member who wishes to opt out of the class must do so in writing by mailing a request for exclusion to Class Counsel, who shall promptly thereafter notify the Court and Pioneer's counsel of record of the identities of all persons who have opted out of the class. Any class member electing to opt out of the class must mail to Class Counsel a written notice of unconditional election to opt out of the class that is postmarked not later than May 10, 2005. No request to opt out will be accepted unless it is postmarked on or before May 10, 2005. The request to opt out must be signed by the person seeking to opt out. All requests for exclusion that fail to satisfy the requirements of this paragraph, and any additional requirements as the Court may impose, shall not be effective. Any class member who does not properly and timely submit a request for exclusion as required herein shall be deemed to have waived all rights to opt out and shall be deemed a member of the class for all purposes under the settlement agreement. Any class member opting out may not be allowed to rescind or revoke such decision, without the approval of the parties and the Court.

(c) You may, if you desire, appear at the Settlement Hearing described below to object to the proposed settlement or to the application for attorneys' fees and reimbursement of expenses, if you do not request to opt out of the class. To do so, you must file a written notice of objection, together with a statement of your reasons for objecting, with the Court. To be considered by the Court, all objections must be received on or before May 16, 2005, and copies must also be sent to:

Handal & Associates	Hughes Hubbard & Reed LLP
Anton N. Handal	William T. Bisset
1200 Third Avenue	350 South Grand Avenue
Suite 1321	36th Floor
San Diego, CA 92101	Los Angeles, CA 90071-3442
Attorneys for Plaintiffs	Attorneys for Defendant

SETTLEMENT FAIRNESS HEARING

12. On May 27, 2005, at 2:00 p.m., a hearing will be held in the Superior Court of the State of California for the County of San Diego, located at 330 West Broadway, Dep't 73, San Diego, California 92101, to determine whether the settlement should be approved by the Court as fair, reasonable and adequate, and whether judgment should be entered thereon. The Court will also consider at this hearing the request of Class Counsel for an award of attorneys' fees and reimbursement of expenses in the amount of \$300,000 for the services they have rendered in the Action. Pioneer has agreed as part of the settlement agreement to pay Class Counsel whatever amount is ordered by the Court by way of attorneys' fees and reimbursement of expenses, the total amount of which shall not exceed \$300,000.

13. Your attendance at the Settlement Hearing is not required. However, you may be heard orally at the Settlement Hearing in opposition to the proposed settlement or Class Counsels' application for attorneys' fees and expenses only if you have not requested to be excluded from the class and have timely filed written objections in the manner described above. You may also enter an appearance through an attorney, at your own expense. If you do not do so, you will be represented in the Action by Class Counsel.

FURTHER INFORMATION

14. For more details of the matters involved in this Action, reference is made to the pleadings, to the settlement agreement, to the orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the Superior Court of the State of California for the County of San Diego, located at 330 West Broadway, San Diego, California 92101 (under the first Docket Number listed in the caption above) during regular business hours.

15. Inquiries regarding the settlement benefits and procedures may be directed to Class Counsel at (619) 544-6400. **PLEASE DO NOT CALL OR DIRECT ANY INQUIRIES TO THE COURT.**