

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTIONS
AND NOTICE OF HEARING

TO ALL PERSONS IN THE UNITED STATES WHO, PRIOR TO MAY 12, 2006, PURCHASED A PIONEER ELITE HIGH-DEFINITION, REAR-PROJECTION TELEVISION MODEL NO. PRO-530 HD, PRO-530 HDI, PRO-630 HD, PRO-730 HD OR PRO-730 HDI (“Elite PRO-x30 Televisions”):

THIS NOTICE IS TO INFORM YOU OF THE PENDENCY OF CERTAIN CLASS ACTIONS AND THEIR 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 THE ELITE PRO-x 30 TELEVISIONS 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 THESE LAWSUITS OR THEIR PROPOSED SETTLEMENT.

By Order dated June 8, 2006 (the “Preliminary Approval Date”), the Court has provisionally certified a class, for settlement purposes only, consisting of all persons in the United States, who, prior to May 12, 2006 (the “Class Period”), purchased or acquired an Elite PRO-x30 Television, excluding the following: (1) Pioneer, including employees and their immediate family members; (2) retailers, wholesalers and other middlemen who purchased the Elite PRO-x30 Televisions for resale; and (3) persons who timely and validly opt to exclude themselves from the class (“Class Members”).

BACKGROUND OF THE ACTIONS

1. Class Representatives’ Position. Various plaintiffs commenced class-action lawsuits, on behalf of themselves and other similarly-situated purchasers of Elite PRO-x30 Televisions, seeking damages and other relief from Pioneer Electronics (USA) Inc., Pioneer North America, Inc., and Pioneer Corporation (collectively, “Pioneer”). Seven of these cases

were consolidated for all purposes in the Superior Court of the State of California for the County of Los Angeles (the “Court”) and captioned In re Pioneer Elite PRO-x30 Cases (Case No. JCCP 4390) (the “Lead Case”). The consolidated amended complaint filed on behalf of the named plaintiffs (collectively, the “Class Representatives”) in the Lead Case and the parallel actions filed in New Jersey, Florida, Texas and Delaware (collectively, the “Actions”) allege video and power problems which cause Elite PRO-x30 Televisions to display colored lines and assert causes of action for violation of the California Consumers Legal Remedies Act, the California Song-Beverly Consumer Warranty Act, the California Unfair Competition Law, the unfair and deceptive practices statutes of various states and the Magnuson-Moss Warranty Act and for breach of warranty and unjust enrichment.

2. Pioneer’s Position. Pioneer denies that it has violated any laws, contracts or statutes, or occasioned any damages to purchasers, in connection with the advertising, marketing, manufacturing, design and/or sale of the Elite PRO-x30 Televisions.

BACKGROUND OF THE PROPOSED SETTLEMENT

3. Background. As of May 12, 2006, the parties entered into a settlement agreement, which is subject to the approval of the Court. Milberg Weiss Bershad & Schulman LLP, 355 S. Grand Avenue, Suite 4170, Los Angeles, California 90071; Robert I. Lax & Associates, 535 Fifth Avenue, Suite 2100, New York, New York 10017; The Herskowitz Law Firm, 9100 S. Dadeland Boulevard, Suite 1404, Miami, Florida 33156; Law Offices of Harold J. Tomin, 1465 Fuller Avenue, Los Angeles, California 90036; Handal & Associates, 1200 Third Avenue, San Diego, California 92101; and Law Offices of Lance N. Stott, 500 W. 16th Street, Suite 101, Austin, Texas 78701 (collectively, “Class Counsel”) believe that the claims asserted in the Actions have merit. Nevertheless, the Class Representatives and Class Counsel believe that it is in the best interests of the class to settle the pending Actions. In determining to settle the Actions, Class Counsel have evaluated information made available in the course of the Actions and have taken into account the risks and uncertainties of proceeding with the Actions. Those risks include, but are not limited to, the outcome of dispositive motions, proof of liability at trial, the existence and/or the amount of damages provable at trial, post-trial motions and

likely appeals, as well as the substantial expense, effort and time necessary to prosecute the Actions. Based on their consideration of all of these factors, the Class Representatives and Class Counsel believe that it is in the best interests of the class to settle the Actions on the terms disclosed herein, which they believe confer a substantial benefit on the class.

4. Court's Role. The Court has not determined the merits of the Class Representatives' claims or Pioneer's 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 Actions were not settled.

TERMS OF THE PROPOSED SETTLEMENT

5. Potential Class Benefits. Pursuant to the parties' Settlement Agreement, which is subject to final approval of the Court, each Class Member who purchased an Elite PRO-x30 Television and has not opted out of the class ("Participating Class Member") may be entitled to one or more of the benefits described in paragraphs 6, 7, 8 and 9 below.

6. Free Installation Of Video Amplification Circuit Replacement ("Kit 2"). Without charge to Participating Class Members, Pioneer will supply, and provide in-home installation of, replacement video amplification circuits ("Kit 2") for any Participating Class Member who has not previously received a Kit 2 or who has a Kit 2 that is not functioning properly. Eligible Participating Class Members must request the Kit 2 installation within 180 days after the date on which the Court finally approves the proposed settlement (the "Final Approval Date") by contacting Pioneer (a) by telephone at 1 800-421-1404, (b) on-line at its website (www.pioneerelectronics.com) using the "Contact Us" page under the "Services & Support" tab or (c) by letter at Customer Service Department, Pioneer Electronics Service, Inc., P.O. Box 1760, Long Beach, California 90801, to request that Pioneer provide a Kit 2.

7. Extended Kit 2 Limited Warranty. Solely with respect to Kit 2, Pioneer will extend its existing Elite PRO-x30 Television written limited warranty so that it will provide a total of two years of coverage after installation of the Kit 2, whether such installation was before or after the Final Approval Date. All other limitations in Pioneer's written limited warranty applicable to Participating Class Members' Elite PRO-x30 Televisions will continue to apply

without change through this extended warranty period. During this extended warranty period, Pioneer, at its option, will repair or replace the Kit 2 without charge in the event that there is a defect in the Kit 2 or an error in its installation in an Elite PRO-x30 Television by Pioneer or a Pioneer authorized service company listed on Pioneer's website (www.pioneerelectronics.com).

8. Reimbursement Of Certain Payments To Pioneer Or Pioneer Authorized Service Companies. Pioneer will reimburse each Participating Class Member for his, her or its actual out-of-pocket payment, if any, made before May 12, 2006, for provision and installation by Pioneer or a Pioneer authorized service company listed on Pioneer's website of a Kit 2, its predecessor ("Kit 1") or their respective component parts or for other work performed by Pioneer or a Pioneer authorized service company listed on Pioneer's website specifically to eliminate colored lines that appeared inappropriately on the screen of an Elite PRO-x30 Television. To qualify, all requests for reimbursement must be submitted to Pioneer, c/o Parago, Inc., Administration No. 06-50460 (Elite PRO-x30 TV Claims), P.O. Box 540032, El Paso, Texas 88554-0032, by mail, postmarked within 90 days after the Final Approval Date, and must include all of the following: (i) a completed claim form, in the form attached hereto as Exhibit A, signed under penalty of perjury; (ii) an original invoice or statement from Pioneer or a Pioneer authorized service company listed on Pioneer's website showing on its face that it was for provision and installation of Kit 1, Kit 2 or their component parts or for other work to eliminate colored lines that appeared inappropriately on the screen of an Elite PRO-x30 Television; and (iii) proof of payment by a Participating Class Member (or, in lieu of an original, a copy of the original proof of payment if no other claim with respect to the same service is submitted by anyone) of that invoice or statement.

9. Settlement Voucher.

(a) After completing all of the steps detailed in subparagraphs 9(b) and 9(c) below, each Participating Class Member shall be entitled to a settlement voucher redeemable for a 22% cash rebate from Pioneer on such Participating Class Member's purchase, after the Final Approval Date, from an authorized Pioneer dealer listed on Pioneer's website, of one but only one Pioneer home electronics product (specifically, a DVD player or recorder, Blu-ray player or

recorder, CD player, cassette player, home-theater-in-a-box system, speaker or headphone, turntable, A/V receiver or amplifier, or plasma television designed for use at home) having a sales price of more than \$200, exclusive of taxes, delivery, installation, extended warranty or other charges; provided, however, that in no event shall the cash rebate exceed \$800 even if the amount of the sales price exceeds \$3,636.37.

(b) To obtain a settlement voucher to be used for a cash rebate on a future purchase, a Participating Class Member must submit to Pioneer, c/o Parago, Inc., Administration No. 06-50458 (Elite PRO-x30 TV Claims), P.O. Box 540032, El Paso, Texas 88554-0032, by mail, postmarked within 180 days after the Final Approval Date, the following: (i) a completed claim form, in the form attached as Exhibit B to the copy of this notice posted on Pioneer's website or available from Class Counsel at the address set forth in paragraph 15(c) below, signed under penalty of perjury; and (ii) the original sales receipt (or, in lieu of an original, a copy of the sales receipt or store invoice showing the retailer, the model of Elite PRO-x30 Television sold and the date and amount of the sale if no other claim with respect to the same purchase is submitted by anyone) for the purchase of an Elite PRO-x30 Television on or before May 12, 2006. Settlement vouchers are non-transferable and usable only once and not in combination with any other settlement voucher. Pioneer will send settlement vouchers to Participating Class Members within 45 days of receipt of claims that comply with this subparagraph.

(c) To redeem a settlement voucher for a cash rebate, a Participating Class Member must submit to Pioneer, c/o Parago, Inc., Administration No. 06-50459 (Elite PRO-x30 TV Claims), P.O. Box 540032, El Paso, Texas 88554-0032, by mail, postmarked on or before March 31, 2007, the following: (i) a completed settlement voucher and (ii) an original sales receipt (or, in lieu of an original, a copy of the sales receipt or store invoice showing the retailer, the product sold and the date and amount of the sale if no other claim with respect to the same purchase is submitted by anyone) for the purchase, made after the Final Approval Date, of a Pioneer home electronics product listed in subparagraph 9(a) from an authorized Pioneer dealer listed on Pioneer's website.

10. ISF Calibration Reimbursement.

(a) After a Participating Class Member has completed all of the steps detailed in this subparagraph and subject to subparagraph 5(b) below, Pioneer will reimburse him/her/it up to a maximum of \$500 per Participating Class Member for his/her/its payment before the Preliminary Approval Date of charges for one or more ISF Calibrations on his/her/its Elite PRO-x30 Television if but only if performed after installation of Kit 2 and if but only if the Participating Class Member had also paid for an ISF Calibration before installation of Kit 1 or Kit 2. A Participating Class Member seeking such reimbursement must submit to Pioneer, c/o Parago, Inc., Administration No. 06-50462 (Pioneer x30 TV Claims), P.O. Box 540032, El Paso, Texas 88554-0032, by mail, postmarked within 90 days after the Final Approval Date, the following: (i) a completed claim form, in the form attached hereto as Exhibit C, signed under penalty of perjury, and (ii) an original invoice or statement and proof of payment (or, in lieu of an original, a copy if no other claim with respect to the same ISF Calibration is submitted by anyone) showing that the Participating Class Member (a) obtained and paid for an ISF Calibration on his/her/its Elite PRO-x30 Television; (b) after such payment for ISF Calibration, had Kit 1 or Kit 2 installed in his/her/its Elite PRO-x30 Television; and (c) after installation of Kit 1 or Kit 2 but before the Preliminary Approval Date, obtained and paid for one or more additional ISF Calibrations.

(b) The maximum total reimbursement to be paid by Pioneer to all Participating Class Members submitting claims pursuant to subparagraph (a) of this paragraph shall be \$1 million and, if more than that total amount is claimed, payments to all individual Participating Class Members submitting claims shall be reduced pro rata by the percentage by which the total amount claimed by all Participating Class Members exceeds \$1 million.

11. Release Of Class Claims.

(a) If the Court grants the parties' request for final approval of the proposed settlement, all Actions shall be dismissed in their entirety with prejudice and 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 (collectively, the “Released Parties”), shall be released and forever discharged by the Participating Class Representatives, for themselves and as the representatives of each Participating Class Member, and each Participating 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, indemnitors, indemnitees, attorneys, transferees, and/or representatives, from all 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 (a) any advertising, marketing, statement, omission or other business practice with respect to any Elite PRO-x30 Television or (b) any issue with any Elite PRO-x30 Television relating to video quality, the appearance of any colored line on the screen or any loss of power 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 Elite PRO-x30 Television but not including any claim for bodily (but not emotional) injury (the “Released Claims”); provided, however, that notwithstanding this release, Participating Class Members will retain their rights under this Settlement Agreement and whatever rights, if any, they may have in accordance with, but subject to all time and other limitations in, Pioneer’s written limited warranties and this Settlement Agreement.

(b) Class Representatives are aware of and, on behalf of themselves and all Participating Class Members, hereby waive to the fullest extent permitted by law the benefit, with respect to Elite PRO-x30 Televisions, of California Civil Code § 1542, which reads as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

and any similar statute, rule or law of any other jurisdiction.

(c) If the Court grants the parties’ request for final approval of the proposed settlement, in consideration of this Settlement Agreement and the benefits extended to the class the Class Representatives covenant and agree, and each Participating Class Member shall be deemed to have covenanted and agreed, that he, she or it will forever refrain from instituting, maintaining or proceeding with any action against any Released Party with respect to any Released Claim, including Released Claims known and unknown, suspected and unsuspected, that he, she or it has or hereafter may have. This 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.

12. Release Of Pioneer Claims. If the Court grants the parties’ request for final approval of the proposed settlement, Pioneer shall release the Class Representatives, Class Counsel and Class Counsel’s respective partners, associates, counsel, employees, servants, successors, indemnitors and representatives (collectively, “Released Class Representatives/Counsel”) from all claims, causes of action, rights, duties, requests, suits, administrative proceedings, damages, costs or other demands that might or could have been brought arising from or related to the initiation, prosecution and settlement of the Actions, 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 (the “Released Pioneer Claims”). In connection with this release, Pioneer hereby waives to the fullest extent permitted by the law the benefit, with respect to the initiation, prosecution and settlement of the Actions, of California Civil Code § 1542 quoted in subparagraph 7(b) above and of any similar statute, rule or law of any other jurisdiction and Pioneer covenants and agrees that it will forever refrain from instituting, maintaining or proceeding with any action against any Released Class Representative/Counsel with respect to any Released Pioneer Claim, including any Released Pioneer Claim, known and unknown, suspected and unsuspected, that Pioneer has or hereafter may have.

13. Compromise Settlement. The proposed settlement 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 shall 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 admissible in evidence in any action or proceeding, except an action to enforce the terms of the Settlement Agreement or an action in which the Settlement Agreement provides a defense. The Class Members do 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 TO OPT OUT OF THE CLASS OR TO OBJECT TO THE PROPOSED SETTLEMENT OR CLASS COUNSELS’ REQUEST FOR FEES AND EXPENSES

14. Right To Opt Out Or Object. The Court has certified the Lead Action to proceed as a class action for settlement purposes only, with the class consisting of all purchasers of Elite

PRO-x30 Televisions throughout the United States. Class Members have the following options under 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 be a Participating Class Member, you may opt out of the class. If you elect to opt out of the class, you will NOT be entitled to receive any benefits under the Settlement Agreement, you may NOT object to the settlement and you will retain any individual rights you may have with respect to the claims asserted in the Actions. Any Class Member who wishes to opt out of the class must do so in writing by mailing an election to opt out of the class 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 at the address set forth in subparagraph 14(c) below a written notice of unconditional election to opt out of the class that is postmarked not later than July 10, 2006. No request to opt out will be accepted unless it is postmarked on or before July 10, 2006, and received no later than July 17, 2006. The election to opt out must be signed by the Class Member electing to opt out. All requests to opt out 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 an election to opt out as required herein shall be deemed to have waived all rights to opt out and shall be deemed a Participating Class Member for all purposes under the Settlement Agreement. Any Class Member electing to opt out of the class may not be allowed to rescind or revoke such election, without the approval of the parties and the Court. If more than 5% of all Class Members elect to opt out of the class, Pioneer shall have the option to terminate the settlement, in which case the settlement class shall be decertified and the parties shall be returned to the positions they would have had in the Actions if there had been no settlement.

(c) You may, if you desire, appear at the Settlement Fairness Hearing described below to object to the proposed settlement or to the application for attorneys' fees and reimbursement of expenses if but only if you do not elect to opt out of the class. To object, you

must file a written notice of objection, together with a statement of your reasons for objecting, with the Court, at 600 South Commonwealth Avenue, Department 324, Los Angeles, California 90005. To be considered by the Court, all objections must be received on or before July 17, 2006, and copies must also be sent to:

Class Counsel:

Jeff S. Westerman, Esq.
Milberg Weiss Bershad & Schulman LLP
355 South Grand Avenue, Suite 4170
Los Angeles, California 90071

Counsel for Pioneer:

William T. Bisset, Esq.
Hughes Hubbard & Reed LLP
350 South Grand Avenue
36th Floor
Los Angeles, California 90071

SETTLEMENT FAIRNESS HEARING

15. Settlement Fairness Hearing.

(a) On July 31, 2006, at 9:30 a.m., the Court will hold a hearing at 600 South Commonwealth Avenue, Department 324, Los Angeles, California 90005, to determine whether the proposed settlement should be approved 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 total amount of \$1.5 million for the services they rendered in the Actions. 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, provided that the total amount does not exceed \$1.5 million. Any amount awarded by the Court will be paid separately by Pioneer to Class Counsel and will not in any way diminish the remedies available to Participating Class Members under the Settlement Agreement.

(b) Your attendance at the Settlement Fairness Hearing is not required. However, you may be heard orally at the Settlement Fairness Hearing in opposition to the proposed settlement or Class Counsel's application for attorneys' fees and expenses only if you have not elected to opt out of the class and only if you have timely filed a written objection 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 Actions by Class Counsel.

FURTHER INFORMATION

16. Further Information. For more details of the matters involved in the Actions, reference is made to the pleadings and the other papers filed in the Lead Action, which may be inspected at the Office of the Clerk of the Court, located at 600 South Commonwealth Avenue, Los Angeles, California 90005 (under the Docket Number listed in the caption above) during regular business hours.

17. Inquiries. Inquiries regarding the settlement benefits, procedures and claim forms may be directed to Class Counsel at (213) 617-1200. Participating Class Members who have questions also may telephone Parago, Inc. at (800) 871-0878. PLEASE DO NOT CALL OR DIRECT ANY INQUIRIES TO THE COURT.