

If, prior to October 25, 2006, you purchased a Pioneer or Pioneer Elite DVD-Video or DVD-Audio player (or a Pioneer or Pioneer Elite Home-Theater-In-A-Box system containing a DVD-Video or DVD-Audio player) described in attached Exhibit A, you are a “Class Member” and you may be entitled to a benefit under a class action settlement.

A California court authorized this notice. This is not a solicitation from a lawyer.

- A settlement may provide certain benefits to people who purchased a Pioneer or Pioneer Elite DVD-Video or DVD-Audio player, or a Pioneer or Pioneer Elite Home-Theater-In-A-Box system containing a Pioneer DVD-Video or DVD-Audio player, in the United States between January 1, 1997 and October 25, 2006. For purposes of settlement, “Pioneer DVD Player” means all of these DVD players.
- To qualify for one of the alternative benefits, you must have purchased a Pioneer DVD Player before October 25, 2006, and you must submit one of the claim forms attached to this notice and the documentation specified in the claim form.
- Your legal rights are affected whether you act or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to get a benefit under the settlement.
EXCLUDE YOURSELF	Get no benefit. This is the only option that allows you to ever be part of any other lawsuit against Pioneer, about the legal claims in this case.
OBJECT	You must write to the Court about why you don’t like the settlement.
GOTO A HEARING	Opportunity to speak in Court about the fairness of the settlement.
DO NOTHING	Get no benefit. Give up rights.

- These rights and options—**and the deadlines to exercise them**— are explained in this notice.
 - The Court still has to decide whether to approve the settlement. Benefits will be made available to you if the Court approves the settlement and after any appeals are resolved. Please be patient.
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BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased a Pioneer DVD Player between January 1, 1997 and October 25, 2006.

The Court authorized this notice because you have a right to know about a proposed settlement of a series of class action lawsuits, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after objections and appeals are resolved, you may be entitled to one of several alternative settlement benefits.

This package explains the pending lawsuits, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the settlement is the Superior Court of the State of California for the County of Los Angeles, and the case in which the proposed settlement is being considered is known as *Messick v. Pioneer Electronics (USA) Inc.*, Case No. BC323489. Six other related lawsuits were filed in other courts. The people who sued are called the Plaintiffs, and the companies they sued, Pioneer Electronics (USA) Inc. and Pioneer Corporation (together, "Pioneer"), are called the Defendants.

2. What are these lawsuits about?

The lawsuits claimed that Pioneer sold Pioneer DVD players that were unable to play certain DVD-Video or DVD-Audio discs sold in the United States because of a "Playback Incompatibility" caused by an error in the Pioneer DVD player's firmware or decoder chip. The symptoms might have included "skipping", "pixelating", failing to properly play or process menu functions, failing to display a disc at all, lack of audio/visual synchronization or other problems.

3. Why is this a class action?

In a class action, one or more people called Class Representatives sue on behalf of people who have similar claims. All these people are a Class or Class Members. Courts resolve the issues for all Class Members who do not exclude themselves from the Class in the manner described in paragraph 12 below.

4. What court rulings have been made and why is there a settlement?

The Court has granted summary judgment in favor of Pioneer on all claims in the *Messick* case, as did the courts in the other four related cases that have been decided so far. The Plaintiffs have appealed these decisions. The two other cases remain in litigation. Instead of proceeding further, however, both sides agreed to a settlement. That way, they avoid the cost of further litigation, and the people affected may get some benefit. The Class Representatives and Class Counsel think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT?

To see if you may get a benefit from this settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the settlement?

The Court decided that everyone who fits this description is a Class Member: *All persons in the United States who between January 1, 1997 and October 25, 2006 purchased a Pioneer or Pioneer Elite DVD-Video or DVD-Audio player (or any Pioneer or Pioneer Elite Home-Theater-In-A-Box system containing a DVD player) described in attached Exhibit A.*

6. Are there exceptions to being included in the settlement?

You are not a Class Member if you are an employee of Pioneer, a member of a Pioneer employee's immediate family, or a retailer, wholesaler or other middleman who purchased a Pioneer DVD player for resale.

7. What if I'm still not sure if I am included in the settlement?

If you are still not sure whether you are included, you can ask for free help. You can call Class Counsel, toll-free, at 1-800-320-5081 for more information.

THE SETTLEMENT BENEFITS—WHAT YOU MAY GET

8. What does the settlement provide?

Each Class Member who purchased a Pioneer DVD Player between January 1, 1997 and October 25, 2006 and has not opted out of the class ("Participating Class Member") may be entitled to **one but only one** of the benefits described in subparagraphs A, B and C below.

A. **Refund Of Amount Paid To Pioneer Or Pioneer Authorized Service Company For Firmware Upgrade.** Pioneer will reimburse a Participating Class Member for his, her or its actual out-of-pocket payment, if any, made before October 25, 2006, for provision and installation by Pioneer or a Pioneer authorized service company listed on Pioneer's website (www.pioneerelectronics.com) of a firmware upgrade specifically to resolve a Playback Incompatibility that the Participating Class Member's Pioneer DVD Player encountered with a particular DVD-Video or DVD-Audio title for which Pioneer made a firmware upgrade available.

To qualify for this benefit, a request for reimbursement (using the claim form attached hereto as Exhibit B) must be submitted to Pioneer, c/o Parago, Inc., Administration No. 06-58178 (Pioneer DVD Player Claims), P.O. Box 9006, Coppell, Texas 75019-9006, by mail postmarked within 90 days after the date on which the Court

gives its final approval to the settlement (“Final Approval Date”) and **must include all of the following:**

- (i) a completed claim form 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 a firmware upgrade to resolve a Playback Incompatibility with respect to a specified DVD-Video on DVD-Audio title for which Pioneer made a firmware upgrade available; and
- (iii) proof of payment of the invoice or statement by the Participating Class Member (or a copy of the original proof of payment if no other claim for a refund is made with respect to the same household).

B. **Free Firmware Upgrade (If Available)**. Alternatively, Pioneer will provide a free firmware upgrade, if available, to a Participating Class Member for three years after the Participating Class Member purchased his, her or its Pioneer DVD Player or for 180 days after the Final Approval Date, whichever is later, if the Participating Class Member (1) has not previously obtained a firmware upgrade to his, her or its Pioneer DVD Player or (2) last obtained a firmware upgrade to his, her or its Pioneer DVD Player more than two years before the Final Approval Date. Within ten days after the Final Approval Date, Pioneer will release a firmware upgrade for Pioneer DVD Players capable of playing DVD-Audio discs that will include a resolution for (i) the Playback Incompatibility relating to copy control coding, including the Playback Incompatibility that affects the DVD-Audio titles Neil Young’s “Greendale” and Steely Dan’s “Gaucho” and (ii) other Playback Incompatibilities with the DVD-Audio titles “Monty Alexander, Ray Brown and Herb Ellis Trio”, “Brazilian Soul”, “Bach Classics” and “Harvest”.

To qualify for this benefit, a request for a firmware upgrade (using the claim form attached hereto as Exhibit C) must be submitted to Pioneer Electronics Service, P.O. Box 1760, Long Beach, California 90801, Att’n: Customer Service/Firmware Upgrade, by mail postmarked within 180 days of the Final Approval Date, and **must include all of the following:**

- (i) a completed claim form signed under penalty of perjury; **and**
- (ii) the original sales receipt showing the retailer of the Pioneer DVD Player purchased, the model of the Pioneer DVD Player purchased and the date of the purchase on or before October 25, 2006. A copy of the sales receipt or store invoice will be accepted if no other claim with respect to the same Pioneer DVD Player is submitted by anyone.

Within 45 days after receipt of a claim that complies with this subparagraph, Pioneer will supply an authorization letter that the Participating Class Member can take, together with his, her or its Pioneer DVD Player, to an authorized service company listed on Pioneer’s website to obtain the free firmware upgrade if one is available. If there is no authorized service company listed on Pioneer’s website that is within 20 miles of the Participating Claim Member’s residential address, Pioneer will pay ground shipping charges (not including any costs associated with the packing of the

Pioneer DVD Player) for two-way shipment of the Pioneer DVD Player between the Participating Class Member's residential address and the authorized service company listed on Pioneer's website that is nearest to the Participating Class Member's residential address. Alternatively, in Pioneer's sole and absolute discretion, Pioneer may provide the Participating Class Member with a disc that the Participating Class Member can use to upgrade the firmware in his, her or its Pioneer DVD Player. Other than as provided in this subparagraph, Pioneer shall have no obligation to develop or release any firmware upgrade.

C. **Settlement Voucher.** Alternatively, Pioneer will provide a Participating Class Member with a settlement voucher redeemable for a \$50 cash rebate from Pioneer on a Participating Class Member's purchase, after the Final Approval Date, from Pioneer or an authorized Pioneer dealer listed on Pioneer's website, of one Pioneer home electronics product (specifically, a DVD player or recorder, Blu-ray player or recorder (if available), 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); **if, but only if**, the Participating Class Member (1) purchased his, her or its Pioneer DVD Player before October 25, 2006; (2) never obtained a firmware upgrade for that Pioneer DVD Player; **and** (3) disposed of that Pioneer DVD Player and purchased a different manufacturer's DVD player, both within 12 months after the purchase of the Pioneer DVD Player and before October 25, 2006, because of a Playback Incompatibility with that Pioneer DVD Player. The maximum total reimbursement to be paid by Pioneer to all Participating Class Members submitting claims pursuant to this subparagraph shall be \$1 million and, if more than that total amount is claimed, rebates 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. However, if more than 20,000 Participating Class Members submit claim forms that comply with this subparagraph, Pioneer shall elect at its sole option either (a) to provide all such Participating Class Members with a \$50 settlement voucher or (b) to notify such Participating Class Members of the prorated amount of the settlement voucher to which they are entitled and to allow such Participating Class Members instead to apply for one of the alternative benefits that they may qualify for under subparagraph A or B above by submitting by mail (postmarked not more than 45 days after the date of the proration notice) the required claim form and documentation described in subparagraph A or B above.

To qualify for a settlement voucher, a request for a settlement voucher (using the claim form attached hereto as Exhibit D) must be submitted to Pioneer, c/o Parago, Inc., Administration No. 06-58179 (Pioneer DVD Player 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 signed under penalty of perjury;
- (ii) the original sales receipt showing the retailer, the model of the Pioneer DVD Player purchased, and the date of the purchase for the purchase of a Pioneer DVD Player on or before October 25, 2006 (a copy of the sales receipt or store invoice will be accepted if no other claim with respect to the same purchase of a Pioneer DVD Player is submitted by anyone); **and**

(iii) the original sales receipt showing the retailer, the model of another manufacturer's DVD player purchased and the date of the purchase, for the purchase of another manufacturer's DVD player made within 12 months after the purchase of the Pioneer DVD player but before October 25, 2006. A copy of the sales receipt or store invoice will be accepted if no other claim with respect to the same purchase of that DVD player is submitted by anyone.

Settlement vouchers are non-transferable and usable only once and not in combination with any other settlement voucher. Between March 29 and April 29, 2007, Pioneer will send settlement vouchers to Participating Class Members from whom Pioneer has received claim forms that comply with this subparagraph. A Participating Class Member can use the settlement voucher to obtain a cash rebate on a future purchase of a new Pioneer home electronics product listed above in the first sentence of 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. 06-58180 (Pioneer DVD Player Claims), P.O. Box 9600, Coppell, Texas 75019-9006, by mail postmarked on or before June 30, 2007, **all of the following**:

- (i) a completed settlement voucher; **and**
- (ii) an original sales receipt showing the retailer, the product purchased and the date and amount of the purchase for the purchase, made after the Final Approval Date (December 29, 2006, or such other date on which the Court enters an order giving its final approval of the settlement), of a new Pioneer home electronics product listed above in the first sentence of this subparagraph C from Pioneer or an authorized Pioneer dealer listed on Pioneer's website. A copy of the sales receipt or store invoice will be accepted if no other claim with respect to the same purchase is submitted by anyone.

HOW YOU GET A BENEFIT—SUBMITTING A CLAIM FORM

9. How can I get a settlement benefit?

To qualify for a settlement benefit, you must send in one of three claim forms attached to this Notice. You may also get copies of the claim forms on the Internet at www.pioneerelectronics.com ("Product Upgrades and Notices" page). Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and make sure it is postmarked no later than March 29, 2007 (or June 29, 2007, if you request a firmware upgrade).

10. When would I get my settlement benefit?

The Court will hold a hearing on December 29, 2006, to decide whether to approve the settlement. If the Court approves the settlement, there may be appeals. It's always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. Please be patient.

