

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

_____	X
IN RE: MAGNETIC AUDIOTAPE	:
ANTITRUST LITIGATION	:
_____	:
	MASTER FILE
	NO. 99-CV-1580 (LMM)
THIS DOCUMENT RELATES TO:	:
ALL ACTIONS	:
_____	X

**NOTICE OF PROPOSED SETTLEMENTS WITH SKM LTD.
AND SUNKYOUNG MAGNETIC AMERICA, INC. ("SKMA") AND HEARING**

TO: ALL PERSONS WHO PURCHASED PANCAKE AUDIOTAPE IN THE UNITED STATES DIRECTLY FROM THE DEFENDANTS DURING THE PERIOD FROM JANUARY 1, 1992 THROUGH DECEMBER 31, 1997.

THIS ADDITIONAL NOTICE IS BEING PROVIDED BY COURT ORDER. PLEASE READ THE NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY THIS LITIGATION.

If you are a member of the Class described in this Notice, your rights may be affected by this litigation and the proposed settlement described below. This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the "Court"). The Notice is sent to inform you about the terms of a proposed settlement entered into with the remaining Defendants, SKM Ltd. and Sunkyong Magnetic America, Inc. ("SKMA").

A hearing will be held before the Honorable Lawrence M. McKenna, United States District Judge, in the United States Court-house, Courtroom 15D, 500 Pearl Street, New York, New York, at 10:00 a.m. on March 12, 2004. The purpose of the hearing will be to determine whether the proposed settlement should be approved by the Court as fair, reasonable and adequate. In addition, at the hearing, the Court will be asked to consider Class Counsel's Petition for Attorneys' Fees and the Reimbursement of Expenses and the request for incentive awards for the three class representatives.

I. THE LITIGATION

You were previously sent notices informing you of this Class action, the proposed distribution plan and settlements previously reached with defendants EMTEC Magnetics ProMedia, Inc., f/k/a JR Pro Sales, Inc., EMTEC Magnetics GmbH, EMTEC Holding GmbH (the "EMTEC Defendants"), TDK Corp. and TDK Electronics Corp. (the "TDK Settling Defendants"), BASF Corporation, OCMP, Inc. and SK Global America Inc. (the "OCMP Settling Defendants"), Auriga Aurex Inc., Aurex S.A. de C.V. and Auriga Aurex S.A. de C.V. (the "Aurex Settling Defendants"). That Notice described the background of this litigation and this Class, previously certified by the Court by an Order dated June 1, 2001, on whose behalf this litigation has been prosecuted (the "Class"). The Class consists of:

All persons who, during the period January 1, 1992, to and including December 31, 1997, purchased Pancake Audiotape [Magnetic Audiotape] in the United States directly from defendants or any subsidiary or affiliate thereof, but excluding defendants, their parents, subsidiaries and affiliates, other manufacturers of Pancake Audiotape [Magnetic Audiotape] and governmental entities.

The Court's Order certifying the Class used the term Magnetic Audiotape, but defined Magnetic Audiotape to include Pancake Audiotape only. Pancake Audiotape means audiotape consisting of a thin magnetic layer, or "top coat," that is bonded onto a thicker film backing and is capable of recording magnetic signals; the top coat consisting of magnetic pigment suspended within a polymer binding that holds the magnetic particles together as well as holding them onto the film backing; the audiotape being sold in bulk in "pancakes" consisting of audiotape wound on a core with no flanges; but excluding any "Type IV" metal audiotape and any audiotape sold by defendants TDK Corporation or TDK Electronics Corporation after June 30, 1995.

Plaintiffs claim that, beginning no later than January 1, 1992 and continuing to December 31, 1997, Defendants engaged in a combination and conspiracy to fix the prices they charged for Pancake Audiotape sold in the United States, in restraint of trade and commerce in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs further claim that, as a result of the conspiracy, they and other Class members were injured by paying more for Pancake Audiotape than they would have paid in the absence of the alleged illegal conduct. Defendants deny these allegations, deny liability, and deny that any Plaintiff or Class member is entitled to damages or other relief.

II. NO COURT RULING ON THE MERITS

This Notice should not be regarded as an expression of any opinion by the Court on the merits of the claims or defenses of the parties. No ruling on such matters has been made, and no trial has occurred. This Notice does not imply that there has been a finding by the Court on any alleged violation of law by the Defendants, or that relief could or could not be obtained by Plaintiffs or members of the Class if the settlement does not become effective.

III. THE PREVIOUS SETTLEMENTS

Plaintiffs have previously entered into settlements with the EMTEC Defendants, the TDK Settling Defendants, BASF Corporation, the OCMP Settling Defendants and the Aurex Settling Defendants. These settlements have been approved by the Court.

The BASF Settlement Agreement required BASF Corporation to pay \$9 million for the benefit of the Class and \$400,000 for interim litigation expenses in exchange for the release of the claims of the Class against BASF Corporation.

The TDK Settlement Agreement required the TDK Settling Defendants to pay \$300,000 into an escrow account for the benefit of the Class, in exchange for the release of the claims of the Class against the TDK Settling Defendants.

EMTEC Magnetics GmbH and EMTEC Holding GmbH filed for bankruptcy protection under German law after the settlement was preliminarily approved. As a result of these filings and the EMTEC Defendants' failure to make their second installment payment, plaintiffs declared the EMTEC Settlement void. Under the EMTEC Settlement Agreement, plaintiffs will be able to keep the first payment (\$500,000.00) made by the EMTEC Defendants for the benefit of the Class. While the Class' claims against the EMTEC Defendants have not been released, because of the poor financial condition of the EMTEC Defendants, Class Counsel will shortly dismiss the claims against EMTEC Defendants without prejudice and no future recovery will be made from the EMTEC Defendants.

The OCMP settlement required the OCMP Settling Defendants to pay \$450,000 into an escrow account for the benefit of the Class, in exchange for the release of the claims of the Class against the OCMP Settling Defendants.

The Aurex Settlement essentially dismissed the Aurex Settling Defendants without prejudice and the payment of notice costs. The Aurex Defendants were dismissed because of their extremely poor financial condition, including bankruptcy filings in Mexico.

IV. THE SKM LTD. AND SKMA SETTLEMENT

Class Co-Lead Counsel and counsel for the SK Settling Defendants also have engaged in arm's-length negotiations that have resulted in a proposed settlement under which the SK Settling Defendants will be dismissed without prejudice. The dismissal will become effective 75 days from final approval of the SK Settlement. Because of the extremely poor financial condition of the SK Settling Defendants, they could not provide class-wide compensation in an amount that would merit their dismissal with prejudice and a release of the Class members' claims. SK filed bankruptcy papers in Korea in December, 2000. Accordingly, Class plaintiffs entered into a settlement providing for the dismissal of the litigation with respect to the SK Settling Defendants without prejudice, thereby preserving individual Class members' claims.

Class Co-Lead Counsel have concluded that the proposed settlement with the SK Settling Defendants is in the best interest of the Class. This settlement will end the litigation against all remaining defendants.

V. DISTRIBUTION OF SETTLEMENT FUNDS

The deadline for submitting proof of claim forms to share in settlement funds has passed following one extension by the Court. Class Counsel expect to distribute settlement funds in approximately 90 days. If you previously submitted a claim form you need not take any further action, unless the Settlement Administrator requests further information. If you have had an address change within the last 12 months, please notify Class Co-Lead Counsel.

VI. HEARING REGARDING FINAL APPROVAL OF SETTLEMENT, PETITION FOR ATTORNEYS' FEES, REIMBURSEMENT OF EXPENSES AND REQUEST FOR INCENTIVE AWARDS.

Pursuant to an Order of the Court, a hearing (the "Settlement Hearing") will be held before the Honorable Lawrence M. McKenna, United States District Judge, at 10:00 a.m., on March 12, 2004, in Courtroom 15D, United States Courthouse, 500 Pearl Street, New York, New York, for the purpose of determining whether the proposed SK Settlement is fair, reasonable, and adequate and should be approved, and other related matters that may come before the Court. The time and date of the Settlement Hearing may be continued from time to time without further notice to the Class.

Additionally, at the hearing, the Court will be ordered to consider Class Counsel's Petition for Attorneys' Fees in the amount of 33 $\frac{1}{3}$ % of the settlement funds that have been obtained in this litigation (approximately \$10.25 million plus interest) and their request for additional reimbursement of litigation expenses. Class Counsel will also ask the Court to approve requests for incentive awards of \$5,000.00 for each of the three class representatives to compensate them for their efforts in pursuing this litigation on behalf of the Class.

Members of the Class who do not wish to object to the proposed settlement or the Petition for Attorneys' Fees and Reimbursement of Expenses or the request for incentive awards need not appear at the Settlement Hearing. Any member of the Class who has not already timely and validly requested exclusion may appear at the hearing in person or by duly authorized attorneys and show cause why the settlement should not be approved as fair, reasonable and adequate or to object to the Petition for Attorneys' Fees, and Reimbursement of Expenses or the request for incentive awards. However, no Class member shall be heard in opposition to the proposed settlement, the fee and expense request or the request for incentive awards and no paper or brief submitted by any Class member shall be received or considered by the Court unless, on or before February 20, 2004, such Class member files a notice of intention to appear and a statement of the position to be asserted and the grounds therefor, together with

copies of any supporting papers or brief, referring to In re Magnetic Audiotape Antitrust Litig. No. 99-CV-1580 (LMM), with the Clerk of Court, United States District Court for the Southern District of New York, 500 Pearl Street, New York, NY 10007-1312. Copies of any such opposition or objection, and any supporting papers or brief also shall be sent by first-class mail, postage pre-paid, postmarked no later than February 20, 2004, to the following counsel:

Howard J. Sedran, Esq.
LEVIN, FISHBEIN, SEDRAN & BERMAN
510 Walnut Street, Suite 500
Philadelphia, PA 19106
Class Co-Lead Counsel

Bud Holman, Esquire
KELLEY DRYE & WARREN, LLP
101 Park Avenue
New York, NY 10178
Attorneys for the Settling Defendants

VII. ADDITIONAL INFORMATION

This Notice contains a summary of the litigation, the proposed settlement, the request for fees, expenses and incentive awards. For more detailed information, you or your attorney may examine the Settlement Agreements and other documents filed in the office of the Clerk of Court, United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York, during regular business hours. If you have any questions with respect to this Notice or the litigation, you may direct them in writing to Class Co-Lead Counsel:

Howard J. Sedran, Esq.
LEVIN, FISHBEIN, SEDRAN & BERMAN
510 Walnut Street, Suite 500
Philadelphia, PA 19106

The Settlement Agreement is also available at the following Internet address: www.heffler.com.

PLEASE DO NOT TELEPHONE OR ADDRESS INQUIRIES TO THE COURT.

Dated: January 6, 2004

Clerk of Court
United States District Court
Southern District of New York

In re Magnetic Audiotape Antitrust Litigation
Heffler, Radetich & Saitta L.L.P.
P.O. Box 108
Philadelphia, PA 19105-0108

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