

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

WEST END CAPITAL MANAGEMENT, LLC
Individually And On Behalf of All Others Similarly
Situated,

Plaintiff,

vs.

SEO KYU LEE, MOON SUNG KIM, DONGWOO
CHUN, SANG SOO LEE, CHOONG-KI KIM, HA JIN
JHUN, TAEK JIN NAM, OU SEB LEE, JEFFERIES &
COMPANY, INC., WR HAMBRECHT + CO., LLC,
AND PIXELPLUS COMPANY LTD.,

Defendants.

Civil Action No. 06-CV-02951 (TPG)
(Consolidated)

CLASS ACTION

**NOTICE OF PENDENCY AND PROPOSED
SETTLEMENT OF CLASS ACTION INCLUDING
PROPOSED PLAN OF ALLOCATION**

IF YOU PURCHASED OR OTHERWISE ACQUIRED THE PUBLICLY-TRADED AMERICAN DEPOSITORY SHARES ("ADS") OF PIXELPLUS COMPANY LTD. ("PIXELPLUS" OR THE "COMPANY") BETWEEN DECEMBER 21, 2005 AND APRIL 11, 2006 INCLUSIVE, OR PURCHASED PIXELPLUS ADS PURSUANT TO AND/OR TRACEABLE TO THE COMPANY'S DECEMBER 21, 2005 IPO, WHICH IS DEFINED FOR PURPOSES OF THIS SETTLEMENT TO INCLUDE FROM DECEMBER 21, 2005 TO APRIL 11, 2006, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Securities and Time Period: Pixelplus ADS purchased or otherwise acquired between December 21, 2005 and April 11, 2006 inclusive ("the Class Period") (the "Exchange Act Class"), and/or Pixelplus ADS purchased pursuant and/or traceable to the Company's December 21, 2005 IPO, which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006 (the "Securities Act Class").

Settlement Fund: \$1,355,000.00 in cash. Your recovery will depend on the number of ADS purchased and the timing of your purchases, and any sales. Depending on the number of ADS that participate in the settlement and when the ADS were purchased and sold, the estimated average recovery per ADS (each ADS is .5 shares of Pixelplus common stock) will be approximately \$0.26 before interest on the fund and before deduction of Court-approved fees and expenses, assuming all eligible ADS claim.

Reasons for Settlement: This settlement is between Lead Plaintiff, on behalf of the Classes, and all Defendants.

The settlement avoids the costs and risks associated with continued litigation against Defendants, including the danger of no recovery, and provides a substantial benefit to the Exchange Act Class and the Securities Act Class now.

If the Case Had Not Settled: The settlement must be compared to the risk of no recovery after contested motions, trial, and likely appeals. While Lead Counsel were prepared to go to trial with respect to the claims against Defendants, a trial is a risky proposition and Lead Plaintiff might not have prevailed against Defendants. The claims in this case involve numerous complex legal and factual issues. Among the many key issues about which the Parties do not agree are: (1) whether Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) the extent (if any) to which various facts alleged by the Lead Plaintiff influenced the trading prices of Pixelplus ADS during the relevant period; (3) the method for determining whether Pixelplus ADS were artificially inflated during the relevant period; (4) the amount (if any) of such inflation; and (5) the amount of damages (if any) that could be recovered at trial.

Attorneys' Fees and Expenses: Lead Counsel have not received any payment for their work investigating the facts, conducting this litigation, and negotiating the settlement on behalf of Lead Plaintiff and the Exchange Act Class and the Securities Act Class. Court-appointed Lead Counsel will ask the Court for attorneys' fees of up to 1/3 of the Settlement Fund and reimbursement of out-of-pocket expenses not to exceed \$55,000 to be paid from the Settlement Fund. If the above

amounts are requested and approved by the Court, the cost per ADS will be approximately \$0.10.

Deadlines:

Submit Claim: March 23, 2009
Request Exclusion: March 05, 2009
File Objection: March 05, 2009

Court Hearing on Fairness of Settlement: Thursday, March 19, 2009 at 4:30 p.m.

More Information: www.CompleteClaimSolutions.com/Pixelplus/

Claims Administrator:
Pixelplus Securities Litigation
c/o Complete Claim Solutions, LLC
Claims Administrator
P.O. Box 24798
West Palm Beach, FL 33416
Tel: (866) 591-7242

Lead Counsel:
Lewis Kahn
Kahn Gauthier Swick, LLC
650 Poydras Street, Suite 2150
New Orleans, LA 70130
Tel: (504) 455-1400
Fax: (504) 455-1498

- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to receive a payment.
OBJECT	You may write to the Court if you do not like this settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the settlement.
DO NOTHING	Receive no payment.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to participate in another lawsuit against Defendants relating to the claims being released in this case.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement. Payments will be made if the Court approves the settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

Why Did I Receive This Notice Package?

You or someone in your family may have purchased publicly-traded ADS of Pixelplus between December 21, 2005 and April 11, 2006 inclusive, and/or purchased Pixelplus ADS pursuant and/or traceable to the Company's December 21, 2005 IPO, which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006.

The Court sent you this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, 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 case is the United States District Court for the Southern District of New York, and the case is titled *West End Capital Management, LLC v. Lee, et al.*, No. 06-CV-02951 (TPG). The person who sued and was appointed by the Court to be the plaintiff in charge of the Litigation is called Lead Plaintiff, and the company, the individuals, and the underwriters who were sued—Pixelplus, Seo Kyu Lee, Moon Sung Kim, Dongwoo Chun, Ha Jin Jhun, Taek Jin Nam, Sang Soo Lee, Choong-Ki Kim, and Ou Seb Lee, Jeffries & Company, Inc. and WR Hambrecht + Co., LLC—are called Defendants.

What Is This Lawsuit About?

This case was brought as a class action alleging that Defendants made false and misleading statements and omissions in the Company's prospectus issued pursuant to its IPO and during the period of December 21, 2005 through April 11, 2006, about, among other things, Pixelplus's technology, its business viability and future prospects, its management experience, its financial condition and accounting practices, and its internal controls. The case alleges that these misrepresentations resulted in the artificial inflation of the prices of Pixelplus publicly-traded ADS between December 21, 2005 to April 11, 2006. Defendants deny that they did anything wrong.

Why Is This a Class Action?

In a class action, one or more people called class representatives (in this case the Court-appointed Lead Plaintiff, West End Capital Management, LLC ("West End")) sued on behalf of people who have similar claims. Here, all these people are called the Exchange Act Class and the Securities Act Class, or Members of the Exchange Act Class and the Securities Act Class. One court resolves the issues for all Members except for those who timely and validly exclude themselves from the Exchange Act Class and the Securities Act Class. Judge Thomas Griesa is in charge of this class action.

Why Is There a Settlement?

The Court did not decide in favor of Lead Plaintiff or Defendants. Instead, the Lead Plaintiff and all Defendants agreed to a settlement. That way, they avoid the cost and uncertainty of a trial, and eligible Class Members who submit valid claims will receive compensation. Lead Plaintiff and their attorneys think the settlement is best for all Members of the Exchange Act Class and the Securities Act Class.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this settlement, you first have to determine if you are a Member of the Exchange Act Class and/or the Securities Act Class.

How Do I Know if I Am Part of the Settlement?

The Classes include (1) all persons who purchased or otherwise acquired the publicly-traded ADS of Pixelplus between December 21, 2005 and April 11, 2006, inclusive and (2) all persons who purchased Pixelplus ADS pursuant and/or traceable to the Company's December 21, 2005 IPO, which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006.

What Are The Exceptions to Being Included?

You are not a Member of the Exchange Act Class or the Securities Act Class if you are a Defendant, a member of the immediate family of one of the Individual Defendants listed in the first question above, a current or former director or officer of Pixelplus, a legal representative, heir, successor, or assign of any excluded party.

If you sold Pixelplus ADS between December 21, 2005 and April 11, 2006, that alone does not make you a Member of the Exchange Act Class or the Securities Act Class. You are a Member of the Exchange Act Class and/or the Securities Act Class only if you purchased the publicly-traded ADS of Pixelplus between December 21, 2005 and April 11, 2006 inclusive, and/or purchased Pixelplus ADS pursuant and/or traceable to the Company's December 21, 2005 IPO, which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006.

I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call Lewis Kahn at (504) 455-1400 for more information. Or you can fill out and return the claim form described below to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

What Does the Settlement Provide?

Defendants have agreed to pay \$1,355,000 in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses (the "Net Settlement Fund") will be divided among all eligible Members of the Exchange Act Class and/or the Securities Act Class who send in valid claim forms.

How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Members of the Exchange Act Class and/or the Securities Act Class send in and how many ADS of Pixelplus you purchased during the relevant period and when you bought and sold them. A claim will be calculated as follows:

ADS

The payment you receive will reflect your *pro rata* share of the Net Settlement Fund. Depending on the number of eligible ADS that participate in the settlement and when those ADS were purchased and sold, the estimated average payment for ADS will be approximately \$0.26 per ADS (.5 shares of common stock equals one ADS) before deduction of Court-approved fees and expenses.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Members of the Exchange Act Class and/or the Securities Act Class who held Pixelplus ADS at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of ADS during the Class Period will be matched, in chronological order, first against ADS held at the beginning of the Class Period. The remaining sales of ADS during the Class Period will then be matched, in chronological order, against ADS purchased during the Class Period.

A Member of the Exchange Act Class and/or the Securities Act Class will be eligible to receive a distribution from the Net Settlement Fund only if the Member of the Exchange Act Class and/or the Securities Act Class had a net loss, after all profits from transactions in Pixelplus ADS during the Class Period are subtracted from all losses.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Member of the Exchange Act Class and/or the Securities Act Class, send in a valid claim form, and properly document your claim as requested in the claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked by March 23, 2009.

When Will I Receive My Payment?

The Court will hold a hearing on Thursday, March 19, 2009, at 4:30 p.m. to decide whether to approve the settlement. If Judge Griesa approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

What Am I Giving Up to Receive a Payment or Stay in the Exchange Act Class and/or the Securities Act Class?

Unless you timely and validly exclude yourself, you are staying in the Exchange Act Class and/or the Securities Act Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Defendants about the Released Claims in this case. It also means that all of the Court's orders will apply to you and legally bind you, and you will release your claims in this case against Defendants. The terms of the release are included in the claim form that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right, if any, to sue or continue to sue the Defendants on your own for the Released Claims in this case, then you must take steps to get out of the Exchange Act Class and/or the Securities Act Class. This is called excluding yourself, or is sometimes referred to as opting out of the Exchange Act Class and/or the Securities Act Class.

How Do I Get Out of the Exchange Act Class and/or the Securities Act Class?

To exclude yourself from the Exchange Act Class and/or the Securities Act Class, you must send a letter by mail stating that you want to be excluded from *West End Capital Management, LLC v. Lee, et al.*, No. 06-CV-02951 (TPG). You must include your name, address, telephone number, your signature, and the number of Pixelplus ADS you purchased between December 21, 2005 and April 11, 2006, inclusive, or purchased pursuant and/or traceable to the Company's December 21, 2005 IPO, which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006, the number of ADS sold during this time period, if any, and the dates of such purchases and sales. You must mail your exclusion request postmarked no later than March 5, 2009 to:

Pixelplus Securities Litigation
c/o Complete Claim Solutions, LLC
P.O. Box 24798
West Palm Beach, FL 33416

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

If I Do Not Exclude Myself, Can I Sue Defendants for the Same Thing Later?

No. Unless you timely and validly exclude yourself, you give up any right to sue Defendants for the Released Claims in this settlement. If you have a pending lawsuit against any of Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is March 5, 2009.

If I Exclude Myself, Can I Receive Money from This Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may be able to sue, continue to sue, or be part of a different lawsuit involving the Released Claims against the Defendants.

THE LAWYERS REPRESENTING YOU

Do I Have a Lawyer in This Case?

The Court approved Lead Plaintiff's selection of the law firms of Kahn Gauthier Swick, LLC and Motley Rice, LLC to represent you and other Members of the Exchange Act Class and/or the Securities Act Class. These lawyers are called Lead Counsel. You will not be charged for these lawyers' services. If you want to be represented by your own lawyer, you may hire one, at your own expense.

How Will the Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys' fees of up to 33 1/3% of the Settlement Fund and for reimbursement of their out-of-pocket expenses up to \$55,000 which were advanced in connection with the litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Members of the Exchange Act Class and/or the Securities Act Class are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this settlement and for their risk in undertaking this representation on a wholly contingent basis. Lead Counsel have committed significant time and expenses in litigating this case for the benefit of the Exchange Act Class and/or the Securities Act Class since its inception in 2006. The fee requested will compensate Plaintiff's Counsel for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Member of the Exchange Act Class and/or the Securities Act Class, you can object to the settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees. You can state the reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *West End Capital Management, LLC v. Lee, et al.*, No. 06-CV-02951 (TPG). Be sure to include your name, address, telephone number, your signature, the number of Pixelplus ADS purchased and sold between December 21, 2005 and April 11, 2006 inclusive or Pixelplus ADS purchased pursuant and/or traceable to the Company's December 21, 2005 IPO, which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006 and the reasons you object. Any objection must be mailed or delivered such that it is received by *each* of the following on or before March 5, 2009:

Court:

Clerk of the Court
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NY
500 Pearl Street
New York, NY 10007

Counsel for Lead Plaintiffs:

Lewis Kahn
KAHN GAUTHIER SWICK, LLC
650 Poydras Street, Suite 2150
New Orleans, LA 70130
Tel: (504) 455-1400
Fax: (504) 455-1498

Counsel for Pixelplus and the Individual Defendants:

Peter M. Stone
PAUL, HASTINGS, JANOFSKY
& WALKER LLP
1117 South California Avenue
Palo Alto, CA 94304
Tel: (650) 320-1800
Fax: (650) 320-1943

Counsel for the Underwriter Defendants:

Jonathan I. Blackman
CLEARY GOTTlieb STEEN
& HAMILTON LLP
One Liberty Plaza
New York, NY 10006
Tel: (212) 225 -2490
Fax: (212) 225-3999

What's the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you do not like something about the settlement. You can object *only if* you stay in the Exchange Act Class and/or the Securities Act Class. Excluding yourself is telling the Court that you do not want to be part of the Exchange Act Class and/or the Securities Act Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you do not have to.

When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a settlement hearing at 4:30 p.m., on Thursday, March 19, 2009, at the United States Courthouse, 500 Pearl Street, Courtroom 26B, New York, NY 10007. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Griesa will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Lead Counsel. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

Do I have to Come to the Hearing?

No. Lead Counsel will answer questions Judge Griesa may have. But, you are welcome to come, at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *West End Capital Management, LLC v. Lee, et al.*, No. 06-CV-02951 (TPG). Be sure to include your name, address, telephone number, your signature, and the number of ADS of Pixelplus common stock purchased between December 21, 2005 and April 11, 2006, inclusive. Your notice of intention to appear must be postmarked on or before March 5, 2009 and be sent to the Clerk of the Court, Lead Counsel, and Defendants' Counsel, at the addresses listed above. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

What Happens if I Do Nothing at All?

If you do nothing, you will not receive any money from this settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the Released Claims in this case.

GETTING MORE INFORMATION

Are There More Details About the Settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement dated as of November 4, 2008. You can obtain a copy of the Stipulation of Settlement and/or related papers by writing to Lewis Kahn, Kahn Gauthier Swick, LLC, 650 Poydras Street, Suite 2150, New Orleans, LA 70130.

How Do I Get More Information?

You can call (504) 455-1400, write to Lewis Kahn at Kahn Gauthier Swick, LLC, 650 Poydras Street, Suite 2150, New Orleans, LA 70130, call the Claims Administrator at (866) 591-7242 or visit the website at www.CompleteClaimSolutions.com/Pixelplus/

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

This Plan of Allocation has been prepared by Lead Plaintiff and Lead Counsel. Defendants do not agree with the characterization that any damages were suffered by any members of the Exchange Act Class or the Securities Act Class.

The \$1,355,000 Cash Settlement amount and the interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to Members of the Classes who submit acceptable Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

Each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's recognized loss bears to the total of the recognized loss of all Authorized Claimants.

The Net Settlement Fund will be distributed to Members of the Classes who submit valid, timely Proof of Claim forms ("Authorized Claimants") under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have a net loss on all transactions in Pixelplus ADS.

Each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The total of all profits shall be subtracted from the total of all losses from transactions during the Class Period to determine if a Member of the Class or Classes has a claim. Only if a Member of the Class or Classes had a net loss, after all profits from transactions in Pixelplus ADS during the Class Period are subtracted from all losses, will such Member of the Class or Classes be eligible to receive a distribution from the Net Settlement Fund. Claims will be calculated as follows:

Class Period December 21, 2005 through April 11, 2006

The Allocation for all Members of the Exchange Act Class and the Securities Act Class is based on the following price information:

April 11, 2006 Closing Price:	\$7.30
April 12, 2006 Closing Price:	<u>\$4.58</u>
April 12, 2006 Price Decline:	\$2.72

1. For ADS of Pixelplus purchased or otherwise acquired between December 21, 2005 through April 11, 2006, and
 - (a) Sold prior to April 12, 2006, the claim per ADS is \$0; or
 - (b) Retained at the end of April 11, 2006, the claim per ADS is the lesser of: (i) the purchase price less \$4.58 (April 12, 2006 closing price), or (ii) \$2.72 (April 12, 2006 price decline).
2. If it results in a greater Recognized Claim than calculated under paragraph (1) above,
The Recognized Claim for Pixelplus ADS purchased or otherwise acquired pursuant to or traceable to the Company's Initial Public Offering of 4.5 million shares commencing on December 21, 2005 (defined for purposes of this settlement as purchased or otherwise acquired between December 21, 2005 and April 11, 2006) shall be the difference, if a positive number between (i) the lesser of the purchase price per ADS or \$ 8.00 (the offering price), less (ii) the greater of the sales price per ADS or \$4.22 (the closing value of the ADS on the date when suit was first commenced).

In the event a Class Member has more than one purchase or sale of Pixelplus ADS, all purchases and sales shall be matched on a FIFO basis. Class Period sales will be matched first against any Pixelplus ADS held at the beginning of the Class Period and then against purchases in chronological order. A purchase or sale of Pixelplus ADS shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of Pixelplus ADS during the Class Period shall not be deemed a purchase or sale of Pixelplus ADS for the calculation of an Authorized Claimant's Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such ADS unless specifically provided in the instrument of gift or assignment. The receipt of Pixelplus ADS during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Pixelplus common stock ADS.

To the extent a Claimant had a gain from his, her or its overall transactions in Pixelplus ADS during the Class Period, the value of the Recognized Claim will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in Pixelplus ADS during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in Pixelplus ADS during the Class Period or suffered a loss, the Claims Administrator shall: (i) total the amount paid for all Pixelplus ADS purchased during the Class Period by the claimant (the "Total Purchase Amount"); (ii) match any sales of Pixelplus ADS during the Class Period first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining shares of Pixelplus ADS sold during the Class Period (the "Sales Proceeds"); and (iv) ascribe a \$3.29 per-ADS holding value for the number of Pixelplus ADS purchased during the Class Period and still held at the end of the Class Period ("Holding Value"). The difference between (x) the Total Purchase Amount ((i) above) and (y) the sum of the Sales Proceeds ((iii) above) and the Holding Value ((iv) above) will be deemed a Claimant's gain or loss on his, her or its overall transactions in Pixelplus ADS during the Class Period.

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants.

Class Members who do not submit acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim will nevertheless be bound by the settlement and the Order and Final Judgment of the Court dismissing this Action.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Members of the Class or Classes who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six (6) months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be donated to an appropriate non-profit 501(c)(3) organization(s) designated by Lead Counsel and approved by the Court.

Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you hold any Pixelplus ADS purchased between December 21, 2005 and April 11, 2006, inclusive, or purchased Pixelplus ADS pursuant and/or traceable to the Company's December 21, 2005 IPO, which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Pixelplus Securities Litigation
c/o Complete Claim Solutions, LLC
P.O. Box 24798
West Palm Beach, FL 33416

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: November 6, 2008

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT NEW YORK

Pixelpus Securities Litigation
c/o Complete Claim Solutions, LLC
P.O. Box 24798
West Palm Beach, FL 33416

IMPORTANT COURT DOCUMENTS