

If you purchased an uncoated Apple First Generation iPod nano, you could be entitled to benefits under a class action settlement.

*The California Superior Court for the County of Los Angeles authorized this Notice.
This is not a solicitation from a lawyer.*

- The settlement will provide a cash payment to qualified purchasers of the uncoated First Generation iPod nano. To qualify, you must have purchased in the United States a new uncoated First Generation iPod nano and experienced scratching of your iPod nano that impaired your use or enjoyment of your iPod nano.
- Some but not all iPod nanos were uncoated. The First Generation iPod nano was sold beginning in September 2005. Some iPod nanos were coated beginning in approximately December 2005. See Section 5 below for an explanation of how to determine if your iPod nano is uncoated and is covered by the settlement.
- Payment amounts will vary; see Section 9 below for an explanation of payment amounts.
- Your legal rights are affected whether you act or don't act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

SUBMIT A CLAIM FORM	The only way to get a payment.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Apple about the legal claims in this case.
OBJECT	Write to the Court about why you don't like the settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

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

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BASIC INFORMATION

1. Why did I get this Notice package?

You may have purchased in the United States a new uncoated First Generation iPod nano for your own use and not for resale. The First Generation iPod nano was sold beginning in September 2005. For convenience, the Apple uncoated First Generation iPod nano will be referred to as the “iPod nano.”

The Court ordered this Notice to be sent to you because you have a right to know about a proposed settlement of a class action lawsuit, and about your options, before the Court decides whether to approve the settlement. If the Court approves it and after objections and appeals are resolved, an administrator 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 California Superior Court for the County of Los Angeles, and the lawsuit is known as *In re iPod nano Cases*, Case No. BC 342057, JCCP No. 4469. For convenience, this will be referred to as “the Lawsuit.” The people who sued are called “Plaintiffs,” and the company they sued, Apple Inc. (formerly known as Apple Computer, Inc.), is called “Apple” or “the Defendant.”

2. What is this lawsuit about?

In the Lawsuit, Plaintiffs claim that the First Generation iPod nano contained a design or manufacturing defect that resulted in excessive scratching. Plaintiffs also claim that Apple failed to disclose the scratching issue and breached the warranties associated with the iPod nano.

Similar class actions were filed in multiple federal courts. By orders of the Judicial Panel on Multi-District Litigation, the federal cases were coordinated before the United States District Court for the Northern District of California.

These cases collectively are captioned *In re iPod nano Products Liability Litigation*, No. M-06-1754-RMW, MDL No. 1754 (the “MDL Action”). These cases will be dismissed without prejudice if the Court approves the settlement.

Apple denies all allegations in the Lawsuit and in the MDL Action, and has asserted many defenses. Apple is entering into this settlement to avoid burdensome and costly litigation. The settlement is not an admission of wrongdoing or an indication that any law was violated.

3. Why is this a class action?

In a class action, one or more people, called Class Representatives (in this case Carey Calado, Roxanne Povio, Clark Sioson, John Valencia, Samuel Allred, Hurr Baqri, Jason Moschella, David Singer, Eli Kahan, Leonard Rappel, and Danny Williamson), sue on behalf of people who have alleged similar claims. All these people are the Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. California Superior Court Judge Carl J. West is in charge of this class action.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or Defendant. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial, and settlement benefits go to the Class Members. The Class Representatives and their attorneys think the settlement is best for the Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to determine whether you are a Class Member.

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

Judge West has decided that everyone who fits this description is a Class Member: *All persons and entities who purchased in the United States a new uncoated iPod nano for their own use and not for resale.*

The settlement covers uncoated First Generation iPod nanos. These iPod nanos were first sold beginning in September 2005, and have a black or white plastic front and a stainless steel back. To determine if your First Generation iPod nano is uncoated and is covered by the settlement, go to www.iPodnanoSettlement.com and enter your e-mail address and the full Serial Number of your iPod nano. The Serial Number appears on the stainless steel backplate of your iPod nano. You will receive a response informing you whether your iPod nano is covered by the settlement. To be entitled to a payment under the settlement, you must have experienced scratching of your iPod nano that impaired your use or enjoyment of your iPod nano.

6. Are there other exceptions to being included?

The Settlement Class does *not* include Apple; any entity in which Apple has a controlling interest; Apple’s directors, officers, and employees; Apple’s legal representatives, successors, and assigns; and all persons who validly request exclusion from the Settlement Class.

7. I'm still not sure if I am included.

If you are still not sure whether you are included, you can visit the settlement website, www.iPodnanoSettlement.com, for more information. You can also call 1-888-232-3395.

THE SETTLEMENT BENEFITS—WHAT YOU GET

8. What does the settlement provide?

Apple has agreed to provide a total cash settlement fund of \$22.5 million (the "Fund") in full settlement of the claims of the Settlement Class. The Fund shall include all payments or other consideration to the Settlement Class; Class Counsel's attorneys' fees and expenses; any incentive fees to named Plaintiffs; and all administration costs and costs of notice. Apple shall not be obligated to pay any additional amounts of any kind in connection with this settlement. Apple has no ability to get back any part of the Fund. The settlement distribution process will be administered by an independent claims administrator ("Claims Administrator") approved by the Court.

9. What can I get from the settlement?

The settlement provides for different payment amounts depending on whether your iPod nano was shipped with or without a slip case, and also depending on the total number of valid claims that are made. To be entitled to a payment under the settlement, you must have experienced scratching of your iPod nano that impaired your use or enjoyment of your iPod nano. After payment of all notice and administration costs, Plaintiffs' counsel's attorneys' fees and expenses, and any incentive awards to named Plaintiffs, all monies remaining in the Fund ("Remaining Fund") will be distributed as follows:

Tier One: Payments of \$25 will be distributed to Settlement Class Members who did not receive a free slip case from Apple with their original iPod nano purchase(s), and file complete and valid Claim Form(s).

Tier Two: Payments of \$15 will be distributed to Settlement Class Members who received a free slip case from Apple with their original iPod nano purchase(s), and file complete and valid Claim Form(s).

If the total number of valid Tier One and Two claims is less than the Remaining Fund, the Remaining Fund shall be prorated among the Settlement Class Members such that the cash payment to each Settlement Class Member shall be increased by the same percentage by which the Remaining Fund is undersubscribed; provided, however, that no Settlement Class Member shall receive an amount in excess of 150% of the amount for that Settlement Class Member's Tier specified in the paragraphs above.

If the total number of valid Tier One and Two claims is in excess of the Remaining Fund, the Remaining Fund shall be prorated among the Settlement Class Members such that the cash payment to each Settlement Class Member shall be reduced by the same percentage by which the Remaining Fund is oversubscribed.

Any monies in the Remaining Fund after the payments described above will be distributed to a charity(ies) to be proposed by Plaintiffs' Counsel and approved by the Court. Apple may object to any such proposed charity(ies) and propose an alternative(s) to the Court.

You are limited to one payment per iPod nano.

HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must send in a Claim Form. A Claim Form, including instructions on how to make a claim, is attached to this Notice. You can also get a Claim Form on the settlement website at www.iPodnanoSettlement.com or by calling 1-888-232-3395.

You must read the instructions carefully, fill out the Claim Form, including a declaration that you experienced scratching of your iPod nano that impaired your use or enjoyment of your iPod nano, and sign the Claim Form under penalty of perjury. You must mail the Claim Form postmarked on or before **June 10, 2009**. **If you fail to return your Claim Form by the required date, your claim will be rejected, and you will be deemed to have waived all rights to receive any benefits under this settlement.**

You may be asked for additional information. Follow all the instructions on the Claim Form.

11. When would I get my payment?

The Court will hold a hearing on **April 28, 2009 at 1:30 p.m.**, to decide whether to approve the settlement. If Judge West approves the settlement, there may be appeals. The appeal process can take time, perhaps more than one year. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit against Apple about the legal issues in this case. It also means that all of the Court's orders will apply to

you and legally bind you. If you sign the Claim Form, you will agree to a “Release of Claims,” included with the Claim Form, which describes exactly the legal claims that you are giving up.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don’t want a payment from this settlement, but you want to keep the right to sue or continue to sue Apple, on your own, about the legal issues in this case, then you must take steps to get out. This is called excluding yourself – or is sometimes referred to as opting out of the Settlement Class.

13. How do I get out of the settlement?

To exclude yourself from the settlement, you must send a letter by mail saying that you want to be excluded from *In re iPod nano Cases*, Case No. BC 342057, JCCP No. 4469. Be sure to include your name, address, telephone number, the Serial Number of your iPod nano, and your signature. You must mail your exclusion request postmarked no later than **March 27, 2009**, to:

Apple iPod nano Cases Claims Administrator
P.O. Box 6177
Novato, CA 94948-6177

You can’t exclude yourself on the phone or by fax or e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this Lawsuit. You may be able to sue (or continue to sue) Apple in the future about the legal issues in this case.

14. If I don’t exclude myself, can I sue Apple for the same thing later?

No. Unless you exclude yourself, you give up the right to sue Apple for the claims that this settlement resolves. You must exclude yourself from *this* Class to pursue your own lawsuit. Remember, your exclusion must be postmarked on or before **March 27, 2009**.

15. If I exclude myself, can I get money from this settlement?

No. If you exclude yourself, do not send in a Claim Form to ask for any money. But, you may sue, continue to sue, or be part of a different lawsuit against Apple about the legal issues in this case.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Class is represented in this case by Steve W. Berman, Reed R. Kathrein, Lee M. Gordon, and Elaine T. Byszewski of Hagens Berman Sobol Shapiro LLP, and Bruce L. Simon, Clifford H. Pearson, and Esther L. Klisura of Pearson Simon Soter Warshaw & Penny LLP, as Co-Lead Counsel for the Class, and other firms acting on behalf of the Plaintiffs. Together, these lawyers are called Plaintiffs’ Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Plaintiffs’ Counsel will request from the Court, and Apple has agreed not to oppose, an award of attorneys’ fees of \$4,500,000 from the Fund and an award of litigation expenses of up to \$200,000 from the Fund. The amount of fees and expenses being requested is supported by the recommendation of a neutral arbitrator. The Court may award more or less than the amount agreed to by the Parties.

Plaintiffs’ Counsel will also ask the Court for an award from the Fund of up to \$2500 for each of the named Plaintiffs in the Lawsuit. Apple has agreed not to oppose these awards. These awards will be based on the contribution to the case as well as the time and expense involved in participating in the lawsuits. The Court may award less than these amounts.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don’t agree with the settlement or some part of it.

18. How do I tell the Court that I don’t like the settlement?

If you’re a Class Member, you can object to the settlement if you don’t like any part of it. You can give 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 *In re iPod nano Cases*, Case No. BC 342057, JCCP No. 4469. Be sure to include your name, address, telephone number, the Serial Number of your iPod nano, your signature, and the reasons you object to the settlement. The objection and any supporting papers must be mailed to and actually received by the following addressees no later than **March 27, 2009**:

COURT	CO-LEAD COUNSEL	DEFENSE COUNSEL
Clerk of the Court Superior Court for the County of Los Angeles Central Civil West 600 South Commonwealth Avenue Los Angeles, CA 90005	Hagens Berman Sobol Shapiro LLP c/o Lee M. Gordon 700 South Flower Street, Suite 2940 Los Angeles, CA 90017 Pearson, Simon, Soter, Warshaw & Penny, LLP c/o Bruce L. Simon 44 Montgomery St., Suite 1430 San Francisco, CA 94104	Penelope A. Preovolos Morrison & Foerster LLP 425 Market Street San Francisco, CA 94105-2482

19. What's the difference between objecting and excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object, because the case no longer affects you.

THE COURT'S FAIRNESS 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 don't have to.

20. When and where will the Court decide whether to approve the settlement?

The Court will hold a Fairness Hearing at **1:30 p.m. on April 28, 2009**, at the Superior Court of California for the County of Los Angeles, located at the Central Civil West Courthouse, Courtroom 311, 600 South Commonwealth Avenue, Los Angeles, California 90005. 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 West will listen to people who have asked to speak at the hearing. The Court may also consider the award of attorneys' fees and expenses to Plaintiffs' Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

21. Do I have to come to the hearing?

No. Co-Lead Counsel will answer questions Judge West may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as your written objection was received on time, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary. Finally, you may seek to intervene in the action, but you need not do so.

22. 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 "Notice of Intention to Appear" in "*In re iPod nano Cases*, Case No. BC 342057, JCCP No. 4469." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be received by the Clerk of the Court, Co-Lead Counsel, and Defense Counsel, at the addresses in question 18, no later than **March 27, 2009**. You cannot speak at the hearing if you excluded yourself.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you'll get no money from this settlement. But, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Apple about the legal issues in this case, ever again.

GETTING MORE INFORMATION

24. Are there more details about the settlement?

This Notice summarizes the proposed settlement. More details are in a Settlement Agreement. Copies of the Settlement Agreement and the pleadings and other documents relating to the case are on file at the Los Angeles Superior Court, and may be examined and copied at any time during regular office hours at the Office of the Clerk, Los Angeles Superior Court, Central Civil West Courthouse, 600 South Commonwealth Avenue, Los Angeles, California 90005.

25. How do I get more information?

You can visit the settlement website at www.iPodnanoSettlement.com, where you will find answers to common questions about the settlement, a Claim Form, plus other information. You may also write to the Claims Administrator at the address set forth above (See Section No. 13). You can also call 1-888-232-3395. **Questions may not be directed to the Court.**

Date: November 24, 2009.