

The Year 2000 Problem (Y2K)

The source of the Year 2000 (Y2K) problem is simple and easy to understand: to save space when recording dates, many computer systems allow only two digits for identification of the year field (eg. 1998 is represented as 98). Reducing years to two digits works well as long as the century does not change. As the next century approaches, however, computers that still maintain years as two digits may not recognize that the year 2000 is greater than the previous year. Although a computer may recognize that 99 is greater than 98 (as in 1999 and 1998), it may not recognize that 00 is greater than 99 (as in 2000 and 1999) and may consider it 1900.

QSC Audio Products' Y2K Readiness Plan

QSC Audio Products' management recognizes the Year 2000 challenge and is committed to enterprise readiness. Executive management has appointed a cross-functional project team to formulate and guide the company's Year 2000 Readiness Plan. We have evaluated our internal systems and during 1998 replaced or modified all non-compliant systems that were deemed mission critical. We have identified other, non-mission critical systems for modification or replacement by June, 1999. Since the Y2K issue affects everyone our success at achieving adequate readiness is dependent on third party compliance. To that end we have contacted our material and technology suppliers, outside service providers, sales representatives, international distributors, freight forwarders, distribution centers, financial institutions and governmental agencies for assurances of their Y2K readiness. Contingency plans will be developed for non-compliant third parties deemed critical to our business operations. We will continue to audit and monitor our systems and third parties throughout calendar year 1999.

QSC Audio Products, Inc. Products

QSC Audio Products, Inc. represents and warrants that their past and present product lines of power amplifiers and RAVE audio distribution products do not process date/time data. Consequently, the operation of these products will not be affected by the transition from, into, and between the 20th and 21st centuries. For network based audio products this assurance is given provided that the computer system(s) to which the products are connected accurately process the transition from, into, and between the 20th and 21st centuries. This warranty does not apply to any third-party branded products that may be bundled with products or otherwise distributed by QSC Audio Products, Inc. which, when used in combination with products manufactured by QSC Audio Products, Inc. may adversely affect such products performance. This warranty also does not apply to certain products manufactured by third parties for QSC under our brand name. These products include the NSC8 Network Controller and the LM8 Load Monitor. This warranty is being withheld because we have not received written assurance from the OEM manufacturer that these products are Y2K compliant. Upon receipt of Y2K compliance disclosures, we will amend this product declaration and post it to our web site.

QSC Audio Products, Inc. is committed to making sure that our power amplifier, signal processing, signal transport and audio networking products are 100% Year 2000 compliant.

QSC Audio Products, Inc. Year 2000 Readiness Disclosure

The Year 2000 challenges confront all aspects of society, not just our industry. The nature of this problem presents risks and uncertainties for all of us. While every effort is being made by QSC Audio Products to ensure that our business operations will not be disrupted by the date change at the end of the millennium, our dependence on third party readiness prevents us from making any absolute assurances. Do we think we will have the systems and contingency plans in place to transition between the centuries without disrupting our business operations?- Yes. Can we guaranty it?- No. Therefore this Disclosure and any other corporate communications including written, verbal and electronic communications offer no assurance of complete Y2K readiness, hence no liability can be assumed.

We trust that this information addresses any concerns regarding the transition into the Year 2000. For additional information, contact: John Andrews, Chief Operating Officer (714)957-7110 or john_andrews@qscaudio.com. or visit our web site- www.qscaudio.com.