

**UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF STATE**

John Smith and Mary North, on behalf of themselves  
and all others with similar claims,  
Plaintiffs

v.

Civil Action No. 00-1234

XYZ Corporation  
and  
Anne Adams,  
Defendants

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**SUMMARY OF NOTICE OF PROPOSED CLASS ACTION SETTLEMENT,  
RIGHT TO EXCLUSION, AND HEARING**

To: All persons and entities who purchased one or more shares of stock of XYZ Corporation during the time period from January 2, 1999 through December 31, 1999.

**Read this notice carefully. You may be entitled to share in the settlement proceeds of a class action lawsuit. Your rights to money and other benefits may be affected.**

**This is not a lawsuit against you. You are not being sued. This is a notice of proposed class action settlement. In the following summary notice, you are being asked to decide whether you would like to participate in this class action.**

A class action lawsuit has been filed against XYZ Corporation and Anne Adams, XYZ Corporation's Chief Executive Officer, claiming that they intentionally overstated XYZ Corporation's anticipated earnings for 1999. Plaintiffs (the "class") and defendants (XYZ Corporation and Anne Adams) have decided to settle the case. The settlement must receive court approval to become effective. You may be entitled to money from the settlement fund if you purchased shares of XYZ Corporation stock during the period from January 2, 1999 through December 31, 1999. You may qualify only if you do not exclude yourself from the class and you are not a defendant, an officer or director of XYZ Corporation, or a member of the immediate family of an officer or director.

Under the terms of the proposed settlement, the defendants have agreed to create a settlement fund in the amount of \$10,000,000.00 plus whatever interest is earned after the fund is created. The attorneys for the class are asking for up to \$3,000,000.00 (3% of the settlement fund) plus interest for their services, expenses, and costs of administering the settlement.

**Plaintiffs and defendants estimate that the proposed settlement will produce an average recovery of \$.18 (18 cents) per share if the court approves the settlement.** The actual amount to be distributed will depend on a number of factors including: the number of claims filed; the amount of the attorney fees, expenses, and administrative costs approved by the court; the amount of special payments to class representatives approved by the court; and court approval of the settlement.

*You have three options (see page 5):*

**1. If you are satisfied with the terms of the settlement and want to participate in the class action,** you will need to complete, sign, and mail the enclosed Claim Form (**BLUE FORM**) postmarked by December 3, 2001. In exchange for receiving the benefits of the settlement, you will be prohibited from bringing a lawsuit against either of the defendants based on the alleged overstatement of earnings in relation to the purchase of shares of stock of XYZ Corporation during 1999.

**2. If you are not satisfied with the terms of the settlement and want to participate in the class action,** you can object to, or comment on, the proposed settlement by completing and signing the enclosed Objection/Appearance Form (**GREEN FORM**) and mailing it along with a written statement postmarked by November 1, 2001. In the written statement, list in detail the reasons you believe support your objection or comments. For example, in your written statement

you may wish to discuss whether the proposed settlement is fair, reasonable, and adequate; whether the class representatives and their attorneys adequately represent the class; whether the attorney fees or expenses are reasonable; and any other aspect of the proposed settlement or the payment and distribution of the proposed settlement. United States District Judge Jane Jones will consider your objections or comments in deciding whether she will approve the proposed settlement.

Even if you file an objection, you still must file a Claim Form (**BLUE FORM**) if you want to share in any settlement the court may approve. Your claim will not be affected because you made an objection or comment.

3. **If you do not want to participate in this class action**, you should exclude yourself from the class by completing, signing, and mailing the enclosed Exclusion Form (**PURPLE FORM**) postmarked by November 1, 2001. If you exclude yourself, you will not share in the proposed settlement. However, you will be free to pursue on your own, or as a member or representative of another class (if there is one), whatever claims you might have against any of the defendants regarding the alleged overstatement of earnings in relation to the purchase of shares of stock of the XYZ Corporation during 1999.

**WARNING: If you do not file any forms**, you will not receive the financial benefits of the proposed settlement. If you do not file any forms and the court approves the proposed settlement, you will also be prohibited from bringing a lawsuit against any of the defendants based on the alleged overstatement of earnings in relation to the purchase of shares of stock of the XYZ Corporation during 1999.

On November 15, 2001 at 9 am, Judge Jones will hold a **hearing** on the proposed settlement in courtroom #5 in the Federal Courthouse located at 75 Spring Street, Any Town, US. The purpose of the hearing is to determine whether the proposed settlement is fair, reasonable, and adequate and whether it deserves court approval. You may attend the hearing if you wish, but you are not required to attend.

If you file a claim, you will be represented by the attorneys for the class. You are free, however, to represent yourself or hire an attorney to represent you at your own expense. If you hire your own attorney to appear at the hearing **or** if you plan to appear at the hearing yourself, you will need to complete and mail the enclosed Objection/Appearance Form (**GREEN FORM**) postmarked by November 1, 2001.

If Judge Jones approves the proposed settlement, a claims administrator will notify you in writing if your claim has been accepted or rejected and will give you the reasons for any such rejection. You will have thirty days after that to correct any deficiencies in your claim. Each eligible class member who submits a valid claim will receive a payment in the form of a check. The claims administrator expects to distribute checks within six months of Judge Jones' action on the proposed settlement.

This notice provides only a summary of matters regarding the lawsuit. If there is any difference between the terms of this notice and the settlement agreement, the language of the settlement agreement controls. Copies of the full notice, settlement agreement, other documents, court orders, and other information related to the lawsuit may be examined at **www.xyzclassaction.com** on the Internet or at the Office of the Clerk of the U.S. District Court at 75 Spring Street, Anytown, US. You may also obtain a copy of the settlement agreement and other information by calling **1-800-555-1234**. Please do not call the judge or the clerk of the court.

If you wish to obtain further information, you may do so by letter [or e-mail] at the address listed below. You should address any such inquiries to either:

The Claims Administrator

P.O. Box 32453

Any Town, US 12345

Email: [admin@xyz.com](mailto:admin@xyz.com)

or

Attorneys for the class

P.O. Box 1628

Any Town, US 12345

Email: [classatt@xyz.net](mailto:classatt@xyz.net)

Dated: October 4, 2000

By order of the District Court

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Jane Jones

United States District Judge

**Summary of Options, Forms, Deadlines, and Consequences**

| <b>If you want to:</b>   | <b>File this form:</b>  | <b>Postmarked by this date:</b> | <b>Then:</b>  | <b>You may also file:</b>                                |
|--|---|---------------------------------|---|--|
| <p>Object to or comment on the class action and/or enter an appearance for you or your attorney (see page 2-3)</p> | <p><b>GREEN FORM</b><br/>(Objection/Appearance Form)</p> <p><b>if you want to file a claim you must also file a BLUE FORM (see below)</b></p> | <p>November 1, 2001</p>         | <p>The Judge will:</p> <ul style="list-style-type: none"> <li>• consider your objections and comments in deciding whether she will approve the settlement</li> <li>• You or your attorney may participate at the hearing.</li> </ul>                                  | <p><b>BLUE FORM</b><br/>(Claim Form)</p>                 |
| <p>Exclude yourself from the class action (see page 3)</p>   | <p><b>PURPLE FORM</b><br/>(Exclusion Form)</p>  | <p>November 1, 2001</p>         | <p>You will:</p> <ul style="list-style-type: none"> <li>• not share in the benefits of the settlement;</li> <li>• be free to pursue by other legal action any claims you may have against XYZ Corporation.</li> </ul>   | <p><b>Do not fill out any other forms</b></p>            |
| <p>File a claim (see page 2)</p>   | <p><b>BLUE FORM</b><br/>(Claim Form)</p>  | <p>December 3, 2001</p>         | <p>You will:</p> <ul style="list-style-type: none"> <li>• be bound by the proposed settlement if it is approved;</li> <li>• share in the settlement if your claim is valid;</li> <li>• be prohibited from suing defendant based on the alleged wrongdoing.</li> </ul> | <p><b>GREEN FORM</b><br/>(Objection/Appearance Form)</p> |

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**CLAIM FORM**

(see page 2 of notice)

File this form if you are eligible and want to participate in the class action. If you also want to object to or comment on the proposed settlement and/or enter an appearance for yourself or your attorney, you need to file a **GREEN FORM**. If you file this **BLUE FORM**, **do not file an Exclusion Form (PURPLE FORM)**.

If you want to be eligible to participate in the distribution of the settlement fund, you must complete and mail and postmark this form by December 3, 2001 to:

Claims Administrator  
P.O. Box 32453  
Any Town, US 12345

Retain records of purchases, such as confirmations, statements, and similar documents related to your purchase of XYZ Corporation stocks in 1999.

**Section I. Identification** (Please type or print)

Your name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_

Email address (if any) \_\_\_\_\_

**(Additional information and signature block on back of form).**

## Section II. Purchases of shares of stock in XYZ Corporation

Please type or print your answers to the following questions. Attach additional sheets if necessary.

1. On what date in 1999 did you purchase shares of XYZ Corporation stock?
2. How many shares did you purchase on that date?
3. Did you sell any of these shares during 1999?
4. If yes, how many shares did you sell during 1999?
5. On what date(s) did you sell these shares?

I understand that, if the proposed settlement is approved, I am, by signing and mailing this Claim Form, giving up any rights I might have to bring a lawsuit based on the alleged overstatement of earnings in relation to the purchase of shares of stock of the XYZ Corporation during the period from January 2, 1999 through December 31, 1999. In exchange, I will receive any share of the settlement to which I may be entitled.

Your signature \_\_\_\_\_

Date: \_\_\_\_\_

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**OBJECTION/APPEARANCE FORM**

(see page 2-3 of notice)

File this form if you plan to object to or comment on the proposed settlement. In order to file a claim, you must also submit a **BLUE FORM**. If you plan on hiring an attorney to appear at the hearing, you must fill out the attorney information in Section II below.

By submitting this form, I am objecting to or commenting on the proposed class action settlement in this case. Please check the appropriate box or boxes below if you or your attorney will appear at the hearing scheduled in this case for November 15, 2001 at 9:00 A.M. in the courtroom of Judge Jones, located at 75 Main Street, Any Town, US:

- I will appear at the hearing (fill out section I below)
- My attorney will appear at the hearing (fill out sections I and II below)
- I will not appear at the hearing (fill out section I below)

Your signature \_\_\_\_\_

Date: \_\_\_\_\_

**Section I: (Please type or print)**

Your name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
City, State, Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_ E-mail address (if any) \_\_\_\_\_

**(Additional information on the back of this form.)**

**Section II (see section 7 of Notice):**

**Please type or print the name and address of your attorney (if you have one):**

Attorney's name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_ E-mail address (if any) \_\_\_\_\_

**Remember to attach to this form your written statement detailing your reasons for objecting to or commenting on the proposed settlement.**

Please mail this form and your written statement postmarked by November 1, 2001 to:

Clerk of the United States District Court for the Northern District of State  
P.O. Box 6226  
Any Town, US 12345

You must at the same time send a copy of this objection form and your written statement to the lead attorney for the class:

Herman Green, Esq.  
P.O. Box 1628  
Any Town, US 12345

and to defendant's attorney:

John Simmons, Esq.  
835 Peach Street  
Suite 950  
Any Town, US 12345

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**EXCLUSION FORM**  
(see page 3 of notice)

**File this form if you plan on excluding yourself from the lawsuit. If you file this form, do not file any other form.**

If you want to exclude yourself from the class, you must complete this form and mail and postmark it by November 1, 2001 to:

Claims Administrator  
P.O. Box 32453  
Any Town, US 12345

Each purchaser of XYZ Corporation stock who wishes to be excluded from the class should complete and mail a separate Notice of Exclusion Form.

I have received the Notice of Proposed Class Action Settlement, Right to Exclusion, and Hearing, dated October 4, 2000 and do **NOT** wish to remain a member of the plaintiff class certified in the case of Smith v. XYZ Corporation, Civil Action No. 00-1234, in the United States District Court for the Northern District of State.

**(Additional information and signature block on back of this form).**

I understand that by signing and mailing this form:

- I will not receive any of the monetary benefits of the proposed settlement as described in the Notice of Proposed Class Action Settlement, Right to Exclusion, and Hearing;
- I will not be represented in this action as a class member; and
- I may pursue, at my own expense, whatever claims I may have against any of the defendants, including claims regarding the alleged overstatement of earnings in relation to the purchase of shares of stock of the XYZ Corporation during the period from January 2, 1999 through December 31, 1999. I understand that I would have to prove any claim I might file, and that any claim would be subject to any defenses defendants may have.

Your signature \_\_\_\_\_

Date: \_\_\_\_\_

**Please type or print:**

Your name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Telephone \_\_\_\_\_

Email address (if any) \_\_\_\_\_