

What must I do as a Class Member?

If you are a member of the Settlement Class as defined above, you will automatically remain a Class Member unless you elect to be excluded. If you wish to exclude yourself from the Settlement Class, you must send a request for exclusion, in writing, via certified mail, return receipt requested, postmarked no later than **March 12, 2007**, to the Claims Administrator at the following address:

Cheeseman v. Berkheimer
c/o Heffler, Radetich & Saitta L.L.P.
Claims Administrator
P.O. Box 58669
Philadelphia, PA 19102-8669

Your request for exclusion must include your name and address and should refer to the name and number of the case, "*Cheeseman v. Berkheimer*, Civil Action. No. 2002-06020-29-5." If you properly exclude yourself from the Settlement Class, you will not share in the proposed settlement and you will not be bound by any Order and Final Judgment of the Court.

If you are a Class Member and you do not exclude yourself from the Settlement Class, you will be bound by the Order and Final Judgment of the Court. If you want to remain a member of the Settlement Class, you are not required to do anything at this time except submit a timely and valid Proof of Claim, which is attached to this Notice, by **April 13, 2007**.

If you remain a member of the Settlement Class and the settlement is approved by the Court, whether or not you submit a Proof of Claim, and unless you properly exclude yourself, you (including all of your heirs, executors, administrators, successors and assigns) will release and forever discharge Berkheimer from any and all manner of claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, damages, of any nature whenever incurred, liabilities of any nature whatsoever, including costs, expenses, penalties and attorneys' fees, known or unknown, suspected or unsuspected, in law or equity, against Berkheimer, whether directly or derivatively, or in any other capacity, which you ever had, now have, or hereafter can, shall or may have, relating in any way to any conduct prior to the date hereof arising under or relating to any state or common law with respect to costs charged and/or collected in connection with the collection of the local EIT in the Commonwealth of Pennsylvania for the time period from 1995 through 2001, including but not limited to any conduct alleged or that could have been alleged in this lawsuit.

What relief does the proposed settlement provide?

The proposed settlement with Berkheimer provides for the maximum payment of Two Million Dollars (\$2,000,000.00) for the benefit of the Settlement Class. The settlement also provides for a release in favor of Berkheimer of the claims brought by the Settlement Class with respect to the charging of costs by Berkheimer in connection with its collection of the local EIT during the Class Period. Pursuant to Final Approval of the Agreement of Settlement, Berkheimer's counterclaim shall be dismissed without prejudice. That means that this settlement in no way settles, releases or extinguishes any existing EIT obligations of taxpayers who still owe delinquent EIT and who may also be members of the Settlement Class.

Class Counsel agreed to the proposed settlement to ensure a fair and reasonable resolution to this matter and to provide monetary compensation to the members of the Settlement Class recognizing the contested issues of law, the risk inherent in such lengthy class action litigation, and the magnitude of the benefits resulting from the settlement in light of the possible range of recovery that could be obtained through further litigation, including the risk of no recovery. Class Counsel believe that this is in the best interests of the Settlement Class to enter into the proposed settlement and resolve this litigation with Berkheimer.

For the above reasons, Class Counsel believe that the proposed settlement is fair, reasonable, and adequate and in the best interests of the Settlement Class.

This Notice is only a summary of the terms of the proposed settlement. The full agreement is set forth in the Agreement of Settlement with Defendants dated October 24, 2006, which has been filed with the Court. The Agreement of Settlement contains other important provisions and you are referred to the Agreement of Settlement for the complete terms of the settlement. The Agreement is available on-line through the parties' websites. Berkheimer's website located at www.hab-inc.com will provide an Internet link identified as "**BERKHEIMER CLASS ACTION SETTLEMENT**" that will re-direct individuals to Class Counsel's website located at www.bernard-mgross.com. The Agreement is also on file at the Office of the Prothonotary located at the Bucks County Courthouse, 55 E. Court Street, Doylestown, Pennsylvania 18901.

How will the Settlement Fund be distributed?

All monies paid towards the Settlement Fund will be deposited into an interest-bearing account approved by the Court. The Settlement Fund, less the amounts approved by the Court for payment of attorneys' fees and expenses, incentive awards to the Class Representatives, notice and administration costs, and any taxes paid on any interest that may be earned on the Fund (the "Net Settlement Fund"), will be distributed among the members of the Class who file timely and valid Proof of Claims ("Authorized Claimants"). The Net Settlement Fund will be distributed in the following manner: (a) if the total allowable claims submitted by Class Members exceed the Net Settlement Fund, each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his or her allowable claim compared to the total allowable claims of all Authorized Claimants; or (b) if the total allowable claims submitted by Class Members do not exceed the Net Settlement Fund, each Authorized Claimant shall receive full payment, or dollar-for-dollar recovery, on his or her allowable claim. In general, the maximum allowable claim for any given tax year during the Class Period will be \$48.50; however, if an Authorized Claimant can properly substantiate a claim amount *in excess* of \$48.50 for any given tax year, then that Claimant's allowable claim will be the amount so substantiated. Distribution will take place as soon as practicable after review, determination, and audit of the Proof of Claim forms by the Claims Administrator and approval by the Court of the Claims Administrator's recommendations as to the amounts to be paid to the Authorized Claimants.

If all Authorized Claimants receive full payment on his or her allowable claim, Berkheimer shall recover seventy-five percent (75%) of any remaining monies from the Net Settlement Fund. The balance of the Net Settlement Fund, twenty-five percent (25%), shall be donated to a charity approved by the Court upon recommendation of the parties' counsel.

How do I file a Proof of Claim Form?

First, carefully read the description of the Settlement Class set forth earlier in this Notice to verify that you are a Class Member. Then, remove, complete and return the Proof of Claim form at the end of this Notice, post-marked on or before **April 13, 2007**, to the following address:

Cheeseman v. Berkheimer
c/o Heffler, Radetich & Saitta L.L.P.
Claims Administrator
P.O. Box 58669
Philadelphia, PA 19102-8669

Any questions concerning this Notice and Proof of Claim may be directed to the Claims Administrator.

Any Class Member who does not complete and timely return the Proof of Claim will not be entitled to share in the Net Settlement Fund. You may be required as a condition to participating in any recovery to present documents showing the costs that you paid to Berkheimer during the Class Period. You should, therefore, preserve your tax records and any documentation you received from Berkheimer for that time period. All inquiries regarding your claim should be made in writing to the Claims Administrator at the address above. Copies of this Notice and the Proof of Claim can be found on-line through Class Counsel's website located at www.bernardm-gross.com. Also, Berkheimer's website, located at www.hab-inc.com, has a link identified as "**BERKHEIMER CLASS ACTION SETTLEMENT**" which will re-direct individuals to Class Counsel's website for purposes of obtaining copies of this Notice and the Proof of Claim.

Who are the lawyers for the Class in this case and how will they be paid?

The Court has appointed the Law Offices Bernard M. Gross, P.C., as Class Counsel to represent you and other members of the Class. To date, Class Counsel have not been paid any attorneys' fees. Class Counsel, in compensation for their time and risk in prosecuting this action on a wholly-contingent fee basis, will apply to the Court for an award of attorneys' fees in an amount not to exceed 26.25% of the Settlement Amount (plus any interest which might accrue on this fee during the pendency of any appeal related solely to attorneys' fees). Class Counsel's application will also request reimbursement from the Settlement Fund of litigation costs and expenses incurred (up to \$15,000), as well as payment of an incentive award to the Class Representatives (up to \$7,500).

When will the Court decide these issues and must I attend the hearing?

A hearing will be held before the Honorable Judge C. Theodore Fritsch, Jr. on **May 22, 2007** at 2:00 p.m. in courtroom 2 at the Bucks County Courthouse, 55 E. Court Street, Doylestown, Pennsylvania 18901, for the purpose of determining: (a) whether the proposed settlement with Defendants is fair, reasonable, and adequate, and should be approved by the Court; (b) whether the proposed plan of distribution of the Net Settlement Fund should be

made as described in this Notice; and (c) whether Class Counsel's request for an award of attorneys' fees, reimbursement of expenses, and incentive award to the Class Representatives paid out of the Settlement Fund should be approved.

The time and date of the hearing may be continued from time to time without further notice to the Class Members. **Class Members who do not wish to object to the proposed settlement, the proposed distribution of the Settlement Fund, the request for attorneys' fees and expenses, or the request for incentive awards for the Class Representatives need not appear at the hearing or take any other action except timely submitting a completed Proof of Claim.**

Class Members who wish to object to the proposed settlement, plan of distribution, request for attorneys' fees, reimbursement of expenses, or the request for incentive awards to the Class Representatives must, on or before **March 12, 2007**, file a notice of intention to appear and a statement of the position to be asserted and the grounds of the objection, together with any supporting papers or brief, referring to *Cheeseman v. Berkheimer*, Civil Action. No. 2002-06020-29-5, with the Office of the Prothonotary, Bucks County Courthouse, 55 E. Court Street, Doylestown, PA 18901. Copies of any such objection, and any supporting papers or brief, shall also be sent via certified mail, return receipt requested, postmarked no later than **March 12, 2007**, to all counsel at the addresses set forth below:

LAW OFFICES BERNARD M. GROSS, P.C.
ATTN: Tina Moukoulis, Esq.
The Wanamaker Bldg., Suite 450
100 Penn Square East
Philadelphia, PA 19107
Tel: (215) 561-3600
Fax: (215) 561-3000
Class Counsel

TALLMAN HUDDERS & SORRENTINO
ATTN: Oldrich Foucek, III, Esq.
The Paragon Centre, Suite 300
1611 Pond Road
Allentown, PA 18104-2256
Tel: (610) 391-1800
Fax: (610) 391-1805
Defendants' Counsel

Persons who fail to object as provided herein shall be deemed to have waived any such objections.

What if I want additional information concerning these matters, or if my mailing address changes?

All references in this Notice to pleadings, the Settlement Agreement and court orders are only summaries. Any documents related to this settlement are available on-line from Class Counsel's website at www.bernardm-gross.com or may be examined and copied at any time during regular office hours at the Office of the Prothonotary, Bucks County Courthouse, 55 E. Court Street, Doylestown, Pennsylvania 18901. You may access the court's docket at <http://www.buckscounty.org/government/departments/PublicAccess>.

If this Notice reached you at an address other than the one on the mailing address, or if your address changes, please send your correct address to the Claims Administrator at the above referenced Post Office Box.

Please do not contact either the Judge or the Prothonotary's Office concerning these matters.

Dated: December 15, 2006

BY ORDER OF:
The Court of Common Pleas of Bucks County, Pennsylvania

II. COSTS PAID – (Note: “Costs” do not include amount paid in taxes, penalties or interest)

Below is a list of the costs most commonly paid in connection with delinquent EIT for each of the tax years from 1995 through 2001. If you paid a cost for any of these tax years, please check the box corresponding to the cost you paid. If you paid another type of cost or an amount different from that listed, please check “other” and fill in the amount you paid. **The maximum amount that can be claimed in any single tax year is \$48.50.***

	<u>Failure to File Cost</u>	<u>Wage Attachment/ Distrain Cost</u>	<u>Other (max: \$48.50)*</u>	<u>Total (max: \$48.50)*</u>
1995	<input type="checkbox"/> \$18.00	<input type="checkbox"/> \$18.50 OR <input type="checkbox"/> \$37.00	<input type="checkbox"/> \$ _____	\$ _____
1996	<input type="checkbox"/> \$18.00	<input type="checkbox"/> \$18.50 OR <input type="checkbox"/> \$37.00	<input type="checkbox"/> \$ _____	\$ _____
1997	<input type="checkbox"/> \$18.00	<input type="checkbox"/> \$18.50 OR <input type="checkbox"/> \$37.00	<input type="checkbox"/> \$ _____	\$ _____
1998	<input type="checkbox"/> \$18.00	<input type="checkbox"/> \$18.50 OR <input type="checkbox"/> \$37.00	<input type="checkbox"/> \$ _____	\$ _____
1999	<input type="checkbox"/> \$18.00	<input type="checkbox"/> \$18.50 OR <input type="checkbox"/> \$37.00	<input type="checkbox"/> \$ _____	\$ _____
2000	<input type="checkbox"/> \$20.00	<input type="checkbox"/> \$18.50 OR <input type="checkbox"/> \$37.00	<input type="checkbox"/> \$ _____	\$ _____
2001	<input type="checkbox"/> \$20.00	<input type="checkbox"/> \$19.50 OR <input type="checkbox"/> \$39.00	<input type="checkbox"/> \$ _____	\$ _____

GRAND TOTAL OF COSTS PAID FOR 1995-2001: \$ _____

III. VERIFICATION

I, _____, swear and affirm under penalty of perjury that all of the information submitted above is correct, that I am authorized to sign and submit this claim, that I am a member of the Class and have not requested to be excluded from the Class, that this claim is the only claim being submitted, and that I have read all instructions set forth herein as well as the Notice of Pendency of Class Action, Proposed Settlement and Hearing. I submit to the exclusive jurisdiction of the Court of Common Pleas of Bucks County, Pennsylvania with respect to this claim and any proceeding or dispute arising out of or relating to this claim. I understand that filing a false claim is a violation of the criminal laws of the United States and/or the Commonwealth of Pennsylvania and may subject the violator to appropriate criminal penalties.

Date: _____

(Signature)

(Print your name here)

Before submitting your claim, please make sure that you:

1. Sign the Verification.
2. Preserve your tax records and any documentation that may support your claim in the event your claim is subject to review and verification by the Claims Administrator.
3. Keep a copy of the completed Proof of Claim form for your records.
4. Send your Proof of Claim form by Certified Mail (return receipt requested) if you want proof that your claim was received.
5. Submit your claim postmarked on or before **April 13, 2007**.

If you have any questions, or if you change your address, please write to:

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Additional copies of the Proof of Claim may be obtained on-line through Class Counsel’s website at www.bernardmgross.com. Also, Berkheimer’s website, located at www.hab-inc.com, has a link identified as “**BERKHEIMER CLASS ACTION SETTLEMENT**” which will re-direct individuals to Class Counsel’s website for purposes of obtaining additional copies of the Proof of Claim.

* In the unlikely event that your claim, in any tax year, is in excess of \$48.50, you must submit supporting documentation with this Proof of Claim form. Your failure to submit the necessary documentation, even though your form may claim an amount in excess of \$48.50 for any given tax year, will mean that your claim will only be allowed for the maximum amount of \$48.50.

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PLEASE FORWARD—IMPORTANT LEGAL NOTICE

If you paid costs to Berkheimer in connection with the collection of delinquent local earned income taxes for tax years 1995 through 2001, you may be eligible to receive a payment from a settlement reached in this class action lawsuit.