

IMPORTANT IMF LITIGATION UPDATE

The following information explains the rights and liabilities of nearly 400 Illinois municipalities relating to the recently approved settlement in the PrimeCo v. ICC case. If your municipality is involved in this litigation, you will need to take action very soon including paying 70% of the wireless IMF your municipality collected. If your municipality cannot pay this amount by December 19, 2005, it must file a motion seeking an extension of time. For additional information regarding the settlement, please read the following notice.

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS COUNTY DEPARTMENT, CHANCERY DIVISION

PrimeCo Personal Communications, <i>et al.</i> ,)	
)	
v.)	
Illinois Commerce Commission and City of Chicago,)	
)	No. 98 CH 5500
Spillman, <i>et al.</i> ,)	
)	Judge Patrick E. McGann
v.)	
Village of Skokie, <i>et al.</i> ,)	
)	
Defendants.)	

Notice of Wireless Class Action Settlement

This lawsuit relates to the Municipal Infrastructure Maintenance Fee ("Municipal IMF") imposed on telecommunications bills from January 1, 1998 through February 7, 2002 (the "Class Period"). On July 28, 2005, the Wireless Plaintiff Class (defined below) and Wireless Defendant Municipality Class (defined below) reached a settlement, the terms of which are summarized below. This Notice of Wireless Class Action Settlement ("Notice") contains important information regarding the Wireless Class Settlement in this litigation that affects your rights in connection with this lawsuit.

1. Who Should Read This Notice? This Notice is for municipalities that imposed the Municipal IMF on wireless telecommunications retailers, which passed the fee on to their telecommunications customers ("subscribers") from January 1, 1998 through February 7, 2002. These municipalities comprise the Wireless Defendant Municipality Class defined as the following:

All municipalities within the State of Illinois, except the Village of Northbrook and the City of Chicago, that imposed a Telecommunications Infrastructure Maintenance Fee pursuant to P.A. 90-154 on suppliers of telephone service, other than PrimeCo and US Cellular, which do not maintain any part of their telecommunication infrastructure, other than switching stations, as defined above, on or within the public way of said municipality;

In other words, this Notice pertains to claims that the Wireless Plaintiff Class has pending against the Wireless Defendant Municipality Class, which consists of municipalities that imposed a Municipal IMF upon wireless telecommunications services provided during the Class Period, other than services provided by PrimeCo or US Cellular, except for those municipalities identified in paragraph 2 below.

2. Are there any municipalities that are not subject to this settlement? Yes. Only municipalities that are members of the Wireless Defendant Municipality Class are subject to this settlement. The Wireless Defendant Municipality Class consists of those municipalities that did not request exclusion from (opt out of) this class. The Wireless Defendant Municipalities Class consists only of municipalities that imposed the municipal IMF on wireless telecommunications retailers. Thus, if your municipality either (1) properly and timely requested exclusion from this class or (2) did not impose the Municipal IMF on wireless telecommunications retailers, then it is not subject to this settlement. The following is the list of municipalities that requested exclusion from the Wireless Defendant Municipality Class.

Addison, Algonquin, Alton, Apple River, Aurora, Bartonville, Bellevue, Bensenville, Bloomington, Bolingbrook, Brookfield, Broughton, Buffalo Grove, Bull Valley, Burlington, Burnham, Carbondale, Carol Stream, Chatham, Chillicothe, Country Club Hills, Creal Springs, Dalzell, Darien, Downers

Grove, East Moline, East Peoria, Elmhurst, Elmwood, Farmington, Forest Park, Forest View, Fox River Grove, Glen Ellyn, Glendale Heights, Godfrey, Grandview, Greenwood, Gurnee, Harvard, Hazel Crest, Hebron, Henry, Hinsdale, Itasca, Johnsborg, Kewanee, Lake Zurich, Lake-in-the-Hills, Lakewood, Libertyville, Lily Lake, Lisle, Loami, Loves Park, Marengo, Marquette Heights, McHenry, Metamora, Minier, Minooka, Moline, Naperville, New Berlin, New Windsor, Newman, Nora, Normal, Northfield, Oakbrook, Oakbrook Terrace, O'Fallon, Olympia Fields, Oswego, Pawnee, Peoria, Pontiac, Richton Park, Riverton, Roanoke, Rock Island, Rockton, Roscoe, Roselle, Rosemont, Springfield, Vernon Hills, Villa Park, Wadsworth, Warren, Warrenville, Waukegan, Wenona, West Chicago, West Peoria, Westmont, Wheaton, Williamsville, Willowbrook, Wilmington (Will County), Windsor (Mercer County), Winfield, Wood Dale, Woodridge, Woodstock

Additionally, neither Chicago nor Northbrook are members of the Wireless Defendant Municipality Class.

3. What is this lawsuit about? This litigation arises from the Municipal Infrastructure Maintenance Fee Act ("IMF Act"). This legislation was passed by the Illinois General Assembly and signed into law by the Governor of Illinois in 1997. The IMF Act authorized municipalities in Illinois to impose a Municipal IMF on telecommunications providers and their customers. Municipalities were authorized to recoup one percent (1%) of the total charges on a telecommunications bill.

The Wireless Defendant Municipality Class includes municipalities that passed ordinances imposing a Municipal IMF on wireless telecommunications companies that provided service to subscribers whose billing addresses were within their boundaries. The Wireless Defendant Municipality Class collected the Municipal IMF through the telecommunications providers, who placed charges for the Municipal IMF on their customers' bills. The plaintiffs in this lawsuit are telecommunications subscribers whose bills included a Municipal IMF. The Municipal IMF at issue in this lawsuit was terminated February 8, 2002, when the Governor of Illinois signed into law the Simplified Municipal Telecommunications Act. This lawsuit does not relate to any Municipal IMF or similar fee or tax imposed on or after February 8, 2002. This settlement also does not apply to litigation relating to the imposition of the Municipal IMF on landline telecommunications retailers.

4. What municipality and attorneys represent the Wireless Defendant Class? The Village of Skokie, over its objection, was appointed to represent the Wireless Defendant Municipality Class by the Court. The Court also appointed Jack M. Siegel as Defendants' Class Counsel. Mr. Siegel and Iain D. Johnston, both of Holland & Knight LLP, have represented the Wireless Defendant Municipality Class.

5. Why was this case settled on behalf of the Wireless Defendant Municipality Class? The Village of Skokie (as class representative), Defendant Class Counsel and a Steering Committee comprised of members of the Wireless Defendant Municipality Class determined that the settlement summarized herein was favorable in light of the risks, costs, and uncertainties associated with protracted litigation and appeals. In making this determination, the Village of Skokie, Defendant Class Counsel and the Steering Committee considered the fact that on January 14, 2005, the Court struck the affirmative defenses of the Wireless Defendant Municipality Class.

6. What are the terms of settlement? The Wireless Class Settlement relates only to wireless telecommunications services. It does not relate to landline telecommunications services.

The Wireless Defendant Municipality Class members are to pay into the "Settlement Fund" 70% (seventy percent) of the amounts collected through the Municipal IMF for wireless telecommunications services provided from January 1, 1998 through February 7, 2002. A payment into the Settlement Fund does not relieve a Wireless Defendant Municipality Class Member of its duty to contribute to the defense of this litigation.

In exchange, the Wireless Plaintiff Class will dismiss with prejudice its claims against the Wireless Defendant Municipality Class arising from the imposition of the Municipal IMF on wireless telecommunications service.

7. How will the settlement proceeds be applied? The Settlement Fund will be applied for the benefit of the Wireless Plaintiff Class as follows:

a. Due to the impracticability and infeasibility of directly reimbursing members of the Wireless Plaintiff Class from the Settlement Fund, Defendant Class Counsel will recommend that the Court distribute the Settlement Fund in accordance with *cy pres* principles, or for its "next best" use. Defendant Class Counsel will recommend to the Court that the Settlement Fund be distributed as follows: 60% (sixty percent) for emergency 9-1-1 telecommunications programs or entities including but not limited to emergency telephone service boards and public safety answering points, to be used to enhance or obtain equipment, technology or infrastructure; and 40% (forty percent) for hospitals, trauma centers and emergent care facilities and providers, primarily in rural areas to enhance their emergency care services for indigents. The *cy pres* distribution will be made from the Settlement Fund after deduction of any Court-approved Class Expenses as discussed below.

b. "Class Expenses" will be deducted from the Settlement Fund and include: sums awarded by the Court to Wireless Plaintiff Class Counsel for their attorneys' fees; sums awarded by the Court for reimbursement of expenses incurred by Wireless Plaintiff Class Counsel in

prosecuting the Class' claims; expenses incurred in sending the Wireless Plaintiff Notice of Class Action Settlement; an incentive award for the Wireless Plaintiff Class Representative(s) (not to exceed \$5,000 per representative); and the reimbursement in an amount not to exceed \$60,000 for expenses the Village of Skokie has incurred, which expenses are found by the Court to have benefited the Wireless Plaintiff Class.

8. How much will Wireless Plaintiff Class Counsel Receive? Wireless Plaintiff Class Counsel will apply to the Court for an award of attorneys' fees for work performed in the prosecution of this action on behalf of the Wireless Plaintiff Class in an amount not to exceed one-third (33 $\frac{1}{3}$ %) of the Settlement Fund. Wireless Plaintiff Class Counsel will also apply for reimbursement of expenses incurred in the prosecution of this action. Any award of attorneys' fees for or reimbursement of expenses to Wireless Plaintiff Class Counsel must be approved by the Court.

9. How much will the Defendant Class Counsel receive? Defendant Class Counsel will receive no remuneration from this Settlement. But Wireless Defendant Municipality Class Members may be subject for payments for defense costs pursuant to this Court's orders of March 28, 2003 and August 5, 2003. Wireless Defendant Municipality Class Members that have already contributed to the defense of this litigation pursuant to the intergovernmental agreement will not be required to pay additional defense costs.

10. Will my municipality be giving up any rights by participating in the Wireless Class Settlement? Yes, by participating in this Wireless Class Settlement, your municipality will give up its right to further litigate this case in connection with any Municipal IMF imposed on wireless telecommunications bills for services provided during the period January 1, 1997 through February 7, 2002.

11. Does my municipality need to do anything after receiving this Notice? If your municipality does not want to object to this settlement, then it does not need to do anything upon receipt of this Notice. If your municipality does not object to the Wireless Class Settlement in the manner and time specified in Section 12, then it will not be able to thereafter object to or attempt to modify the terms of the Class Action Settlement set forth in this Notice and will be bound to this settlement.

12. What if my municipality wants to object to the terms of this Wireless Class Settlement? If your municipality wants to object to the terms of the Wireless Class Settlement discussed in this Notice, it or its counsel must set forth in writing the reasons why it is objecting to this Wireless Class Settlement. The written objection must be filed with the Court at the Clerk of the Circuit Court of Cook County, Illinois, Room 800, Richard J. Daley Center, Chicago, Illinois 60602, on or before September 30, 2005. Your municipality must serve a copy of your written objection upon the following counsel:

Lawrence W. Schad
BEELER, SCHAD & DIAMOND LLP
332 S. Michigan Ave., Suite 1000
Chicago, IL 60604

Iain D. Johnston
HOLLAND & KNIGHT LLP
131 S. Dearborn, Suite 3000
Chicago, IL 60603

There will be a Fairness Hearing before the Court on October 18, 2005 as explained in Section 13, below. Your municipality or its counsel may appear at the Fairness Hearing to present the objection.

13. What is the "Fairness Hearing" and when will it take place? The Fairness Hearing is a proceeding that will take place before the Court. The Court will determine whether the Wireless Class Settlement discussed in this Notice should be given final approval. The Court will also decide matters raised by any objections properly submitted pursuant to Section 12 above. The Fairness Hearing will take place on October 18, 2005 at 10:30 a.m. in Room 2508 of the Richard J. Daley Center, Chicago, Illinois 60602.

14. What if my municipality has questions regarding the Wireless Class Settlement or any matter discussed in this Notice? If your municipality has any questions regarding the Wireless Class Settlement or any matter discussed in this Notice, you may contact Wireless Defendant Class Counsel at:

Wireless IMF Settlement
Iain D. Johnston
Holland & Knight LLP
131 S. Dearborn St., 30th Floor
Chicago, IL 60603
(312) 263-3600

A copy of the Stipulation of Settlement is available at the Holland & Knight LLP Practice Area Website, located at <http://paw.hkllaw.com>. Sign in as a public user, select "PrimeCo v. ICC (Infrastructure Maintenance Fee Litigation Documents)," click on "Documents" and select the Stipulation of Settlement. Wireless Defendant Municipality Class Members are encouraged to carefully review the Stipulation of Settlement.

You can also learn more about the terms of the Wireless Class Settlement and the entire litigation by reviewing the Stipulation of Settlement and other court pleadings in the file for this lawsuit which is located at the Clerk of the Circuit Court of Cook County, Illinois, Room 800, Richard J. Daley Center, Chicago, Illinois 60602.

Do not contact the Court directly regarding the Wireless Class Settlement or any matter discussed in this Notice of Class Action Settlement.

Dated: August 5, 2005 _____

By Order of the Circuit Court of Cook County, Illinois
Judge Patrick E. McGann

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