

IN THE CIRCUIT COURT OF THE CITY OF ST. LOUIS
STATE OF MISSOURI

JAMES J. LINDSAY, et al.,	§	
	§	
Plaintiffs,	§	
	§	
vs.	§	Case No. 952-01066
	§	
SOUTHWESTERN BELL TELEPHONE	§	Division No. 2
COMPANY, et al.,	§	
	§	
Defendants.	§	

**NOTICE OF CONDITIONAL CLASS CERTIFICATION,
PROPOSED SETTLEMENT AND HEARING**

1. PURPOSE OF THIS NOTICE.

This Notice is intended for those persons who may be eligible to receive certain benefits in a settlement of a class action lawsuit that was filed against Southwestern Bell Telephone Company and SBC Communications Inc. (“Southwestern Bell”) in the Circuit Court of the City of St. Louis, Missouri (the “Lawsuit”). If you are now or previously were a telephone customer of Southwestern Bell and you subscribed to inside wire maintenance service, known as InLine or InLine Plus, or any predecessor service, this notice is for you.

You should carefully read this entire Notice before making any decision regarding the Lawsuit. This Notice is given to you pursuant to an Order of the Circuit Court of the City of St. Louis, Missouri, concerning the Lawsuit. Your rights may be affected by the Lawsuit. The Lawsuit has, subject to the approval of the Court, been settled.

2. DESCRIPTION OF THE LAWSUIT.

In 1986, the Federal Communications Commission (“FCC”) ordered that some parts of basic telephone service provided by companies like Southwestern Bell be deregulated. Included in the deregulation was the service provided by the telephone companies called “customer premises inside wire maintenance service” (“IWMS”). Before deregulation, if the telephone wiring or jacks in your home needed repairs, the telephone company would do the repairs as part of its basic service at no additional cost to you.

With deregulation, telephone companies like Southwestern Bell were ordered to separately offer and sell services like IWMS to their customers. Thereafter, Southwestern Bell customers who indicated that they wished to subscribe to an IWMS plan were billed a monthly fee that covered the cost of maintaining the customers’ telephone wiring and jacks, subject to certain limitations. The Lawsuit claims that customers may have been misled or confused by the way in which Southwestern Bell sold IWMS. Claims are asserted in the Lawsuit on behalf of approximately 10 million current and former Southwestern Bell residential and simple business customers who have or had an IWMS plan at any time between January 1, 1987 and March 12, 1997 (the “Class Period”). These claims are set forth in a Second Amended Petition styled *James J. Lindsay, et al. v. Southwestern Bell Telephone Company, et. al.*, filed with the Circuit Court of the City of St. Louis, State of Missouri, Case No. 952-01066.

The Lawsuit claims that Southwestern Bell’s marketing of IWMS plans violated various state consumer fraud and consumer protection laws, antitrust laws, breached a duty of good faith and fair dealing, breached written and oral contracts, fraudulently or negligently misrepresented, concealed or omitted facts regarding the nature, terms and limitations of IWMS plans, violated certain common laws,

and that Southwestern Bell has unlawfully monopolized, attempted to monopolize, and conspired to monopolize the market for residential and simple business IWMS plans.

Southwestern Bell denies that it has done anything wrong, denies that it has violated any laws, and denies that any of its marketing of IWMS plans has been in any way misleading.

3. WHO IS IN THE SETTLEMENT CLASS?

The Lawsuit and settlement were filed on behalf of current and former customers of Southwestern Bell who subscribed to any IWMS plans, including but not limited to InLine® and InLine® Plus.¹

If you were a residential or simple business customer of Southwestern Bell Telephone Company who subscribed to IWMS between January 1, 1987 and March 12, 1997, you are included in the settlement class.

4. WHO REPRESENTS THE SETTLEMENT CLASS?

The attorneys representing the settlement class are:

Sandor Korein
Steven A. Katz
Carr, Korein, Tillery, Kunin,
Montroy & Glass
701 Market Street, Suite 300
St. Louis, Missouri 63101

John J. Carey
Joseph P. Danis
Carey & Danis, L.L.C.
8182 Maryland Avenue, Suite 1400
St. Louis, Missouri 63105

John H. Kim
The Kim Law Firm
Two Houston Center
909 Fannin, Suite 3800
Houston, Texas 77010

James P. Holloran
The Holloran Law Firm
906 Olive, Suite 1200
St. Louis, Missouri 63101

¹Other Southwestern Bell IWMS plans that are covered by the settlement are InLine Plus Discount ® (Oklahoma only), Optional Wire Maintenance (Arkansas only), Optional Home Maintenance Service (Kansas only), and Optional Maintenance Service (Kansas only).

These attorneys represent the interests of the settlement class, and you will not be charged for their services. You also have the right to hire your own attorney to advise you in this matter. If you hire your own attorney, then you will be responsible for paying that attorney's fees.

5. THE COURT WILL HOLD A HEARING TO CONSIDER APPROVAL OF THE PROPOSED SETTLEMENT.

There will be a hearing to consider approval of the proposed settlement on August 26, 1997, beginning at 9:30 a.m. at the St. Louis City Circuit Court, Division 2, Civil Courts Building, 10 North Tucker Boulevard, St. Louis, Missouri 63101. Any persons wishing to be heard on the subject of the proposed settlement, including any person wishing to state any objection to the proposed settlement, may attend the hearing and address or ask questions of the parties or the Court.

Pursuant to the Court's March 12, 1997 order, to participate or object at the hearing, you must file with the Court on or before July 25, 1997, a notice of intention to appear, the name of the attorney, if any, who will appear on your behalf, and all papers supporting your position. In your papers, which you must sign personally, you must state: (1) your full name, current address and telephone number, and (2) the dates on which you subscribed to IWMS. Copies of any papers filed with the Court must also be sent, certified mail, to the following persons:

Steven A. Katz
Carr, Korein, Tillery, Kunin et.al.
701 Market Street, Suite 300
St. Louis, Missouri, 63101

Keith E. Davis
Southwestern Bell Telephone Co.
One Bell Plaza, Room 2900
Dallas, Texas 75202

6. THE PROPOSED SETTLEMENT.

The parties to the Lawsuit have agreed to settle and resolve this dispute. Both sides agree that by settling, Southwestern Bell is not admitting any liability or that it did anything wrong, but both sides

want to avoid the costs and uncertainties of litigation.

Under the proposed settlement, Southwestern Bell will supplement its disclosures regarding the terms and conditions of, and will make certain revisions to, Southwestern Bell's IWMS plans. In addition, Southwestern Bell will provide one of the following benefits, as applicable, if you complete and return a valid claim form to be provided at a later date:

- A. If you are a present Southwestern Bell customer: You can elect to obtain a new subscription to one of three services offered by Southwestern Bell, and receive credits for the service connection fee and a maximum of three (3) months service. The three services, not all of which may be available in your area, are CallNotes®, Caller ID Value Package Plus, and/or Voice Dial. If you already subscribe to all of these services that are available in your area, you will be eligible to receive one \$15.00 credit against your local telephone service bill. The new service may be canceled at any time by a request made to Southwestern Bell.
- B. If you no longer are a Southwestern Bell customer: You will be eligible to purchase a prepaid calling card at a discount. The prepaid calling card, used to make local and long distance calls, will have a face value of \$40, but may be purchased for \$30. The per minute rate for local and intraLATA calls charged to the calling card will be \$0.40. The per minute rate for interLATA or international calls charged to the calling card will depend on which interexchange carrier is selected. The prepaid calling cards will be fully transferable and each card will expire twelve (12) months from its activation date. Only former IWMS subscribers who are no longer Southwestern Bell customers will be eligible for the prepaid calling card.

7. LEGAL EFFECT OF THE SETTLEMENT (RELEASE OF CLAIMS).

The settlement will completely settle and resolve, and release Southwestern Bell, SBC Communications Inc., and all of their affiliates and subsidiaries (the “Released Parties”) from any and all claims, rights, causes of action, suits, matters, issues, controversies, or other bases for liability, whether known or unknown, that have been, could have been, or that might be asserted hereafter in the Lawsuit, or in any other court or proceeding (including but not limited to any claims arising under federal or state law) by or on behalf of Plaintiffs or any members of the settlement class, whether individual, derivative, representative, legal, equitable or any other type or in any other capacity against the Released Parties which have arisen, arise now, or hereafter arise out of or relate in any way to the advertising, provision, disclosures, marketing, billing, pricing, or terms and conditions of IWMS, including any and all claims arising out of or relating to the provision, disclosures, marketing, billing, pricing, or terms and conditions of Southwestern Bell’s IWMS plans as revised in accordance with the settlement, or any disclosures related thereto.

8. PRELIMINARY INJUNCTION.

On March 12, 1997, the Court entered a preliminary injunction barring and enjoining all class members from commencing or prosecuting any state court actions asserting any of the settled claims, either directly, representatively, derivatively or in any other capacity, against any of the defendants in the lawsuit, pending the final determination of whether this settlement should be approved. In order to file a separate suit asserting any of the settled claims, you must take the steps described in Section 9 below to be excluded from the settlement.

9. EXCLUSION FROM THE SETTLEMENT.

You have the right to be excluded from the Lawsuit and the settlement. If you wish to be

excluded, you must take the steps listed below. If you do, you will not be bound by the settlement, but you will not receive the benefits of the settlement.

If you do not want to be part of this Lawsuit and the settlement, you must write to the Administrator at the following address:

Settlement Administrator
P.O. Box 1865
Westbury, New York 11590

Your request to be excluded from the Lawsuit and settlement must be postmarked on or before July 25, 1997, and must contain: (1) your name, current address, and telephone number, (2) your signature and (3) a specific statement that "I want to be excluded from the settlement."

10. REQUEST TO RECEIVE A CLAIM FORM.

For Current Southwestern Bell Customers: If you are a current Southwestern Bell telephone customer, look for a notice that will be included with your telephone bill. You do not need to do anything at this time to participate in the suit and receive the benefits of the proposed settlement. If you no longer subscribe to IWMS with Southwestern Bell, and you want to receive a claim form, you should complete and return the form that will be included with the notice in your phone bill.

For Former Southwestern Bell Customers who Previously Subscribed to Southwestern Bell IWMS during the Class Period: If you do not currently have telephone service with Southwestern Bell, you must notify the Administrator of your address so that a Claim Form can be mailed to you. Please fill out the form at the bottom of this notice and mail it to the Administrator at the address listed in Section 9. The completed form must be postmarked by no later than July 25, 1997.

11. ADDITIONAL INFORMATION.

For additional information, call 1-(888) 283-7604. The settlement and pleadings may be

examined at the Clerk's Office, St. Louis City Circuit Court, Civil Courts Building, 10 North Tucker Boulevard, St. Louis, Missouri 63101. Do not write or call the Court or the Clerk's office.

12. WHO IS RESPONSIBLE FOR ATTORNEYS' FEES?

Class counsel may apply to the Court for reasonable attorneys' fees and expenses. They plan to seek fees and expenses of thirty-five to fifty cents per class member. Southwestern Bell has agreed to pay Class counsel the amount of fees and expenses approved by the Court (up to a limit of 3.5 million dollars) as part of the settlement. Southwestern Bell may, at its option before the August 26 hearing, agree to increase the limit of attorneys' fees and expenses it will pay as part of the settlement up to a total of five million dollars. Southwestern Bell has agreed to pay these fees and expenses over and above the benefits you may be entitled to as a class member. The benefits you receive will not be reduced by the payment of fees and expenses to Class counsel.

DATED: March 12, 1997

Clerk for the Circuit Court of the City of
St. Louis, State of Missouri

RESPONSE FORM

Do not return this form if you currently subscribe to an IWMS plan.

Instructions: Read the Notice that came with this form. Return this form only if you previously subscribed to a Southwestern Bell IWMS plan, but do not currently subscribe to one, and you want to receive a Claim Form. Complete all of the information requested below and mail this form to: Settlement Administrator, P.O. Box 1865, Westbury, NY 11590. This form must be postmarked no later than July 25, 1997.

PLEASE PRINT USING ALL CAPITALS

Name

Address

■ ■
Telephone number at which you previously
subscribed to IWMS service

City State Zip

For information, call toll free to 1-888-283-7604. DO NOT write or call the Court or Clerk's office.