

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

ALLAPATTAH SERVICES, INC.,	:	CASE NO. 91-0986-CIV-GOLD/SIMONTON
et al.,	:	
	:	
Plaintiffs,	:	
	:	
vs.	:	
	:	
EXXON CORPORATION,	:	
	:	
Defendant.	:	

**NOTICE OF:
PROPOSED SETTLEMENT WITH EXXON CORPORATION;
HEARING TO CONSIDER THE MOTION TO APPROVE
THE PROPOSED SETTLEMENT AND TIME TO OBJECT TO SETTLEMENT; AND
TIME FOR INTERESTED PARTIES TO OBJECT TO PETITIONS FOR ATTORNEYS' FEES,
COSTS AND INCENTIVE AWARDS**

IF YOU ARE A MEMBER OF THE CLASS IN THE MATTER OF ALLAPATTAH SERVICES INC., ET AL. V. EXXON CORPORATION, ALSO KNOWN AS THE EXXON DISCOUNT FOR CASH ("DFC") CLASS ACTION LITIGATION, OR IF YOU HAVE ANY INTEREST IN THE PROCEEDS OF CLAIMS MADE IN THIS LITIGATION, PLEASE READ THIS NOTICE CAREFULLY. THE PROPOSED SETTLEMENT DISCUSSED IN THIS NOTICE AFFECTS THE RIGHTS OF ALL PARTIES WITH AN INTEREST IN THIS LITIGATION.

THE COURT HAS SCHEDULED A HEARING TO BEGIN AT 3:00 P.M. ON APRIL 5, 2006, TO CONSIDER THE MOTION TO APPROVE THE SETTLEMENT BASED ON THE TERMS DESCRIBED IN THIS NOTICE. AN INTERESTED PARTY WHO SEEKS TO OPPOSE THE SETTLEMENT MUST FILE OBJECTIONS TO IT WITH THE COURT POSTMARKED NO LATER THAN MARCH 24, 2006 AND MUST SIMULTANEOUSLY SEND A COPY TO THE ATTORNEYS OF RECORD IDENTIFIED IN THIS NOTICE.

THE COURT HAS ALSO EXTENDED THE TIME FOR CLASS MEMBERS TO OBJECT TO PETITIONS BY CLASS COUNSEL FOR AN AWARD OF ATTORNEYS' FEES AND COSTS AND THE TIME TO OBJECT TO THE PETITIONS BY THE CLASS REPRESENTATIVES FOR INCENTIVE AWARDS. SUCH OBJECTIONS MUST BE FILED WITH THE COURT NO LATER THAN MARCH 24, 2006. AT THE HEARING ON APRIL 5, 2006, THE COURT WILL ALSO HEAR ARGUMENT ON BOTH THE PROCEDURE AND SCHEDULE TO RESOLVE THE PETITIONS FOR ATTORNEYS' FEES, COSTS AND INCENTIVE AWARDS.

TABLE OF CONTENTS

	Page
1. Introduction	3
2. A Brief Summary of the DFC Case From Trial Through Appeals	6
3. The Claims Process.....	7
4. The District Court’s Rulings on Class Members’ Obligation for Payment of Attorneys’ Fees.....	10
5. Terms of the Proposed Settlement	10
6. Effect of Adoption of the Settlement Proposed.....	15
7. Cash Available from the Settlement Fund and Interest Income to Satisfy Claims and Support Claims Administration	17
8. Class Counsel Recommends Approval of the Settlement Proposal	19
9. Class Representatives Recommend Approval of the Settlement	21
10. Examples of Application of Settlement	21
11. Procedure for Consideration of the Settlement.....	24
12. Procedure for Consideration of Attorneys’ Fees, Costs, and Named Plaintiff Incentive Awards.	24
13. Additional Information.	25

1. Introduction

a. A Proposed Settlement of the DFC Class Action Will Be Considered by the Court

The attorneys who represent the Class of Exxon dealers in the Discount For Cash (“DFC”) class action litigation against Exxon Corporation (“Class counsel”) have agreed on behalf of the Class, subject to notice to the Class and final approval by the Court, to settle all claims against Exxon arising in this action in exchange for the payment by Exxon of \$1.075 billion (\$1,075,000,000) to establish a settlement fund to be disbursed as provided in this Notice. This settlement must first be approved by the Court.

The cash sum which Exxon proposes to pay and which Class counsel recommends accepting is less than all of the money Exxon could be required to pay if the Class were to prevail on every contested issue remaining unresolved through years more of litigation. Thus, acceptance of the proposal would require an allocation to interested parties of something less than one hundred percent of every asserted and unasserted claim. The reasons Class counsel recommends approval of the settlement is discussed in this Notice in an effort to allow interested parties to make an informed decision as to whether to support or oppose the proposed settlement.

Although the District Court has reviewed the form of this Notice and has strived to make certain that the disclosure herein is both complete and understandable, the form and content of this Notice was prepared by Class counsel as part of the process of obtaining approval from the District Court.

b. Preliminary Approval of the Proposed Settlement Has Been Given But Does Not Require Final Approval

In addition to approving the form of this Notice, the District Court also has given preliminary approval to the terms of the proposed settlement described in this Notice. This preliminary approval was given because the agreement appears on its face to be fair, reasonable and adequate. However, the Court will make an independent determination at the final fairness hearing. In determining whether the proposed settlement is fair, reasonable and adequate, the Court will consider support for the proposal and opposition to the proposal from those affected by its terms. Ultimately, however, the Court will make its own decision as to fairness of the proposal regardless of the existence of or magnitude of any support or opposition.

c. Petitions by Class Counsel for an Award of Attorneys’ Fees and Costs and the Class Representatives’ Petitions for Incentive Awards; the Opportunity to Object to These Petitions Has Been Reopened

Prior to announcement of the proposed settlement, Class Counsel had filed petitions for an award of attorneys’ fees (not to exceed one-third of the recovery) and an award of litigation costs and expenses (not to exceed .5% of any recovery). The Class Representatives had also filed petitions seeking incentive awards of 1.5% (in the aggregate to be divided among them) of any recovery. No Class Member filed an objection to the petitions for attorneys’ fees and costs or objected to the petitions by the Class Representatives for incentive awards.

At the time the petitions were filed, it was not possible to determine the magnitude of the total recovery to the Class because that total could only be derived from completion of the claims process. A percentage of an uncertain number would not allow calculation of the request for attorneys' fees or incentive awards in dollars as well as a percentage of each claim. If the proposed settlement is approved, Exxon will deposit \$1.075 billion in the Settlement Fund, thereby eliminating uncertainty as to collection and permitting precise calculation of the amount sought by Class counsel and the Class Representatives in both percentages and dollars.

Because the circumstances that will exist if the settlement proposal is approved by the District Court are different than the circumstances known to exist when the petitions were originally filed, the District Court has determined that the opportunity to object to the petitions for an award of attorneys' fees and costs and the petitions for incentive awards will be extended as discussed more fully herein.

Five separate law firms with varying degrees of involvement in the case have filed petitions seeking recovery of attorneys' fees and costs. Although there are disagreements among the law firms as to their respective entitlements to recover attorneys' fees, they do agree that in no event should the total legal fees exceed one third of the total recovery in the case, or one-third of every claim (including the claims of the states). That is, if the District Court were to approve the fee petitions collectively seeking recovery of one-third of the \$1.060 billion that Exxon is paying to satisfy claims,¹ the total of attorneys' fees to be divided among the five law firms would be \$353.33 million. The fee petitions previously filed, in which the law firms sought to justify their requests for an award of attorneys' fees of this magnitude, can be found on the internet at www.exxondealerattorneys.com. Those petitions may be supplemented and posted on the same internet address as otherwise discussed in this Notice.

The five law firms also seek recovery of expenses in addition to attorneys' fees. The total of all of the requests for reimbursement of those expenses by all of the law firms is \$4.2 million, and an estimated \$1.5 million of expenses anticipated for continuing the claims process. The detailed requests from each firm for reimbursement of those expenses can be found with the petitions of class counsel at www.exxondealerattorneys.com. If all of these expenses were awarded to the petitioning law firms, it would reduce each recovery by .53% and the entire Settlement Fund by a similar percentage.

The nine Class Representatives have also filed petitions seeking recovery of incentive awards to be shared among them of 1.5% of the total Settlement Fund or 1.5% of each awarded claim. The sum total of the requested incentive awards totals \$15.9 million. The Class Representatives include their claim for out of pocket costs or expenses in the 1.5% incentive award they are seeking. The petitions previously filed by the Class Representatives can be found on the internet at www.exxondealerattorneys.com. Those petitions may be supplemented and posted on the same internet address as otherwise discussed in this Notice.

The total of all the pending requests for awards of attorneys' fees, litigation expenses and incentive awards both in dollars and percentages is summarized below:

¹ Of the \$1.075 billion payment Exxon is making in settlement of this case, \$15 million has been allocated to offset the fee obligation of claimants with stations in Texas, Arizona, and Arkansas. Accordingly, Class counsel seek to recover their percentage award against only \$1.060 billion of the amount Exxon is paying.

	Expressed as Percentage of \$1.060 billion	Expressed in Dollars
Attorneys' Fees	33.33%	\$353.333 million
Expense Reimbursement	.53%	\$5.65 million
Incentive Awards	1.5%	\$15.9 million
Total	35.37%	\$374.88 million

Thus, if every requested petition were approved by the District Court, the total reduction of the Settlement Fund and thus the total reduction to each claim would be 35.37% and the total awarded to all attorneys and Class Representatives as a group would be \$374.88 million.

The District Court will consider objections from Class Members in the manner and within the time frame provided in this Notice as to each of these petitions prior to making a decision as to the amounts to be awarded to the attorneys and Class representatives. The District Court could award the amounts requested or lesser amounts or make other decisions as to entitlement as are established at the hearing to resolve those issues. The percentage awarded will not be higher than the amounts requested that are summarized above.

The District Court will also determine the manner in which the attorneys and Class Representatives will be paid. The Court could:

- Order that the attorneys and Class Representatives be paid as a percentage of each claim as each claim is adjudicated and paid; or
- Determine that the attorneys and Class Representatives be paid from the Settlement Fund when it is deposited and after approval of the settlement is final; or
- Adopt a combination of both methods with some funds paid upon finality of the Agreement and others paid as claims are adjudicated and paid.

Whichever method of payment the Court adopts should not alter the percentage charged to each claimant. However, retaining monies for the fees until claims are processed and paid would increase the interest income earned by the Settlement Fund.

The District Court has allowed Class counsel and the Class Representatives to supplement their petitions, which supplements shall be filed with the Court no later than February 14, 2006 and posted at www.exxondealerattorneys.com.

The District Court encourages Class Members to carefully consider these petitions for fees, expenses and incentive awards and to lodge any objection or support that they might have. To be considered by the District Court, any objections to the petitions or objections to supplements to the petitions or support of the same must be filed with the Court on or before March 24, 2006. The manner of asserting objections is discussed more fully in this Notice.

If the District Court finally approves the settlement, it will at that same hearing consider and decide both the procedure and the schedule for resolution of any objections and any other issues relating to the petitions for attorneys' fees, costs and incentive awards.

d. Fairness Hearing Scheduled for April 5, 2006

The District Court will commence a hearing to consider the fairness of the proposed settlement at 3:00 p.m. on April 5, 2006. Any interested party who seeks to support or oppose the proposed settlement must file a notice of support or opposition with the Court and counsel of record on or before March 24, 2006. The manner of asserting objections is discussed more fully in this Notice.

e. If Approved, the Proposed Settlement Will Be Binding on All

The proposed settlement is either applied to all or applied to none. That is, if the District Court determines that the proposed settlement is fair, reasonable and adequate and enters an order approving its terms, and the approval is not appealed or is affirmed on appeal, it will be binding on all parties to the proceeding, including all Class Members (except those who opted out and have not filed a claim) and those claiming rights through them (including, without limitation, the states and the District of Columbia) and Exxon, regardless of whether or not a Class Member or party claiming through a Class Member opposed the proposed settlement.

2. A Brief Summary of the DFC Case From Trial Through Appeals

a. An Allegation that Exxon Overcharged its Dealers Through its Discount for Cash Program

This class action was brought by several Exxon dealers (the "Plaintiffs") in May 1991 on behalf of themselves and on behalf of all other Exxon direct served dealers who purchased motor fuel from Exxon during the period March 1, 1983 until August 28, 1994. The Plaintiffs alleged that Exxon was contractually obligated to reduce the wholesale price of motor fuel by an amount that, on average, offset the credit cost recovery fees charged by Exxon in connection with its DFC program. They further alleged that Exxon had breached that obligation, causing its dealers damages in an amount equal to the credit cost recovery fees collected during the Class period. Plaintiffs also sought the recovery of prejudgment interest based on the laws of the 35 states in which Exxon marketed motor fuel through direct served dealer service stations.

Exxon vigorously defended the claim. Exxon maintained (and continues to maintain) among other things, that it did provide the offset despite believing that it had no legal obligation to do so. Exxon maintained (and continues to maintain) that at all times it set its wholesale prices in good faith. Exxon also sought to limit or bar individual class member claims through the application of statutes of limitation, thousands of form releases signed by terminated dealers, and by the superceding contract clause of the standard form sales agreement.

b. The Jury Finds Liability and Breach and Awards Damages On a Cents Per Gallon Basis

The case was first tried in 1999, but the jury deadlocked and was unable to reach a verdict. At the second trial in 2001, the jury found for the Class on every disputed issue. The jury found that Exxon had a contractual obligation to offset credit fees with wholesale price reductions, that Exxon breached that obligation, and that the Class of dealers suffered money damages measured on a cents per gallon basis (on average, 1.3 cents per gallon). The jury found that Exxon could not enforce the statutes of limitation because it had fraudulently concealed its breach. The District Court rejected Exxon's attempt to limit or deny claims through the superceding contracts clause or releases.

The District Court also found that Exxon was liable for prejudgment interest based on the laws in each of the 35 states in which Exxon direct served dealer stores were located.

Following the jury's verdict, the Class requested entry of an aggregate final judgment for the full amount of money owed to the Class. The District Court denied the request, finding instead that each class member would be required to establish individual damages based on gallons purchased by filing a claim establishing ownership of a particular station during a particular time period during the Class period. By virtue of this ruling, Exxon would not be obligated to pay Class Members who failed to file a timely claim in the claims process.

c. The Jury's Verdict and District Court Rulings are Affirmed on Appeal

Exxon appealed to the United States Eleventh Circuit Court of Appeals, challenging the jury's verdict and the District Court's orders certifying the Class, rejecting the release and superseding contract defenses, awarding prejudgment interest, and exercising jurisdiction over claims less than \$50,000. The Class appealed the District Court's order denying entry of an aggregate judgment for the Class.

After briefing and oral argument, a three judge panel of the Eleventh Circuit Court of Appeals rejected both sides' appeals, thereby affirming the jury verdict and the entitlement of each Class Member to damages in the claims process. Exxon's and the Class' requests for rehearing before the entire Eleventh Circuit were denied.

Exxon then sought review by the United States Supreme Court on two issues. The first was federal jurisdiction over claims less than \$50,000, and the second was the District Court's decision to certify the Class. The Supreme Court rejected review of Class certification but agreed to review the extent of the District Court's jurisdiction, an issue that had divided the lower federal courts for over a decade.

The United States Supreme Court heard oral argument on March 1, 2005, and on June 23, 2005, rendered its decision affirming the District Court's exercise of jurisdiction over the claims of all members of the Class.

3. The Claims Process

After trial and while the appeals were still pending, the District Court implemented a claims administration process for the purposes of processing individual class member claims for their respective share of the Class recovery. The Court approved a form of notice to the Class requiring each eligible Class Member to file a formal claim with the Claims Administrator by December 1, 2004 and to pursue that claim in an adversary damages proceeding against Exxon.

To manage the process of receiving, reviewing, and approving these claims for payment, the District Court appointed former United States District Judge Thomas Scott as Special Master and The Garden City Group, Inc. as Claims Administrator. As the party responsible for payment and as the potential beneficiary of any unclaimed funds, the Court ruled that Exxon is entitled to participate in the claims process and file objections to payment of individual claims.

As a consequence of the District Court's requirement that the litigation continue through the filing of individual dealer claims, Class counsel has, on behalf of the Class, participated in the claims

process in three distinct phases. The first phase involved the collection, digitizing and coding of all dealer records from Exxon's files. The second phase involved the location of Class Members or anyone who might claim rights through a Class Member, wherever they might be, to advise them of their right to collect these funds and assist Class Members in filing claims. The third phase is currently underway and involves the advancement of individual claims on a claim by claim basis to final judgment and, if successful, to payment.

a. Exxon Objects to All the Claims Filed, Asserts Set-Offs and Plans More Appeals

More than 11,000 claims were filed with the Claims Administrator by the claim filing deadline of December 1, 2004.

Exxon filed an objection to every claim, asserting that each Class Member's entitlement to recovery of damages and interest had yet to be resolved through the trial and appeals. Exxon announced its intention to appeal any judgments entered in the claims process based on the damages and interest determined at trial and the District Court's orders.

In addition, Exxon filed thousands of "set-off" claims in which it claimed that the DFC claim should be either reduced or eliminated altogether because of monies owed by former dealers to Exxon for such things as money paid upon signing of releases, fuel, accessories, rent or advances for station improvements.

Class counsel moved to sanction Exxon for these objections and for an order prohibiting Exxon from taking further appeals of any issues previously decided at trial and affirmed on appeal. The District Court granted the motion and entered an order sanctioning Exxon, restricting the objections Exxon could assert in the claims process, and narrowing the scope of Exxon's set-off claims. The District Court ruled that any appeals taken by Exxon of matters previously decided would impose upon Exxon a post-judgment interest rate equal to Exxon's internal rate of return on capital, which was 23.8 percent at the time the sanctions order was entered.

Exxon announced that it intended to appeal the sanctions order limiting its right to take further appeals. In addition, Exxon has continued to object to almost every claim filed in the claims process, requiring Class counsel to assist all claimants in establishing the validity of their claims. Exxon also has continued to assert approximately 650 set-off claims for damages totaling in excess of \$40 million exclusive of interest.

Class counsel has moved for judgment against Exxon on all of the set-off claims. The Special Master has recommended allowing the claims, and Class counsel's appeal of that order to the District Court is pending. Further appeal beyond the District Court is possible by the Class or Exxon.

b. Class Counsel's Effort to Categorize Claims to Facilitate Claims Administration

To facilitate claims administration, Class counsel has undertaken, with the approval of the Special Master, to advance the approximately 11,000 claims in an order that is based on the nature of objection that has been asserted. The first claims to be considered are those few hundred claims to which Exxon asserted minimal or no objections, requiring no further work on the part of the claimant. Those claims to which Exxon's objections can be resolved through moderate revision to the claim are to be processed next, followed by those for which Exxon's objections raise significant

legal or factual issues involving ownership (e.g., dissolutions, bankruptcies, heir issues, and assignments).

With respect to those claims which compete with the claims of other dealers and at least one claim is valid, unless settled Class counsel is to identify the competing claimants in order that the dispute can be referred to the state court in which the underlying service station is located for determination and payment (a process legally referred to as interpleader).

c. Claims Filed After December 1, 2004

Nearly 200 claims were filed after the December 1, 2004 claim filing deadline. Exxon moved to strike and deny all such late-filed claims. The Special Master recommended entry of an order permitting some and disallowing others, including barring any claim that was filed after April 27, 2005. Class counsel has appealed that recommendation to the District Court, and the appeal remains pending. Further appeal beyond the District Court is possible for the late claimants or Exxon.

d. Opt-Outs

Following certification of the Class and prior to trial, Exxon dealers were given the opportunity to “opt-out” of the Class. A number of dealers did so. Since the favorable outcome, however, some of the dealers who opted out of the Class have filed claims or expressed a desire to be allowed to do so. Exxon objects to these claims, asserting that the claims of all dealers who opted out are barred as a matter of law.

e. State Governments Claim on Behalf of Claimants Who Did Not File Claims

Relying on state unclaimed property statutes, 21 of the 35 states in which Exxon dealerships were operated filed claims against Exxon asserting entitlement to recover the unfiled claims on behalf of the claimants who did not timely appear. At least one state that did not file directly in the claims process has advised Exxon and the District Court that it intends to bring claims outside of this action against Exxon on behalf of dealers who did not do so. If the state claims are allowed and the states recover payment on behalf of absent Class Members, these Class Members may file claims with the states for recovery as provided by the states’ unclaimed property laws or statutes.

Exxon objects to the states’ assertion of claims on behalf of Class Members who failed to timely do so. The Special Master and the District Court have not yet resolved the issue of whether the states are entitled to assert claims for absent Class Members. If the settlement is not approved and Exxon’s objections against the state claims are successful, Exxon would be entitled to retain all unclaimed funds as well as the funds associated with claims that are disallowed during the claims process. Further appeals of a decision on the states’ filed claims is possible by any state or Exxon.

f. Motions for Entry of Individual Judgments and Potential Further Appeals

Since July 5, 2005, Class counsel has filed weekly motions seeking summary judgment on claims as to which there is no remaining evidentiary dispute with Exxon. The process is in its early stages. As of December 19, 2005, twenty-two motions for summary judgment have been filed with respect to approximately 1,300 claims for a total of approximately \$330 million. Of those, the Special Master has in open session recommended entry of final judgment for approximately 680 claims, totaling approximately \$195 million. The parties were in the process of resolving the form of

recommended orders and other procedures necessary to transition those orders to final judgment. Exxon has sought to structure the final judgments in a manner that would permit appellate review of individual awards, and further appeals could be filed by Exxon.

4. The District Court's Rulings on Class Members' Obligation for Payment of Attorneys' Fees

a. The District Court Determines that Class Counsel Are Entitled to an Award of Attorneys' Fees as a Percentage of Payments Made to Class Members With Stores in 32 States

The District Court has ruled that with respect to Class Members whose stores were located in states other than Texas, Arizona, and Arkansas, Class counsels' attorneys' fees shall be paid by deducting from each Class Member's payment a fixed percentage determined by the District Court. Class counsel have agreed the percentage shall not exceed 33 and 1/3 percent. The District Court has not yet determined the percentage to be awarded.

b. The District Court Determines That Class Members in Texas, Arizona and Arkansas Are Entitled to Have All or Part of Their Attorneys' Fees Paid By Exxon

With respect to Class Members whose stores were located in Texas, Arizona or Arkansas, the District Court has ruled that the laws of those states entitle those Class Members to require Exxon to pay at least a portion of their attorneys' fees in addition to its obligation to pay damages and prejudgment interest. Exxon has stated it intends to appeal that order, and has also argued that any liability for these attorneys' fees should be measured by a different criterion than that applicable to the percentage awarded for attorneys' fees in the other 32 states.

In the event the District Court's award of fees against Exxon for Class Members from these states is less than the percentage awarded for the other 32 states, Class counsel have requested that the District Court order these Class Members to pay the difference, such that Class Members from all states have equal responsibility for payment of Class counsel's attorneys' fees.

c. The District Court Extends the Time for Objection to Awards of Attorneys' Fees and Incentive Awards

The District Court previously established a schedule for Class counsel and the Class Representatives to seek compensation for their services and recovery of their costs and for Class Members to assert objections to those petitions. Those petitions were filed. No objections were made. Subsequently, the announcement of this Settlement Agreement was made, causing the District Court to extend the time for objections to be made to the petitions for attorneys' fees and incentive awards.

5. Terms of the Proposed Settlement

Following are the terms of the proposed settlement. The settlement compromises certain aspects of the interests of each of the various parties with a stake in these proceedings.

a. Settlement Fund and Exxon's Waiver of Objections and Appeals

If approved by the Court, this settlement will require Exxon to wire funds in the amount of \$1,075,000,000 (the "Total Settlement Proceeds") to an account at a banking institution approved by the Court (hereinafter, the "Exxon DFC Class Action Account" maintained at the "Exxon DFC Depository Institution"). Of this amount, \$1,060,000,000 will be designated for payment of claims (the "Settlement Fund") and \$15,000,000 will be designated for payment of the attorneys' fees owed by Exxon for Class Members whose stores were located in the states of Arkansas, Arizona, and Texas (the "Three State Fund").

If, after all appeals have been exhausted, the settlement is finally approved, Exxon shall waive and relinquish all objections and appeals to all claims.

b. Release to Exxon

Upon payment and final approval of the Agreement including affirmance on appeal if an appeal is taken, Exxon will be released and discharged from any and all further liability for any and all causes of action, judgments, liens, indebtedness, costs, damages, obligations, attorneys' fees, losses, claims, liabilities and demands of whatever kind or character that are related to the cause of action that was adjudicated in this lawsuit.

c. Claims Process

The claims adjudication process will go forward before the Special Master to adjudicate each Proof of Claim that was postmarked on or before December 19, 2005, including those claims that were filed after the claims filing deadline of December 1, 2004 and including those claims that were filed by members of the Class who previously had opted out (if they filed claims prior to December 19, 2005).

Upon final approval of the settlement by the trial court and expiration of the time to appeal or final affirmance by all appellate courts, Exxon will no longer participate in the claims adjudication process, except that Exxon will be available to respond to inquiries by Class counsel regarding the need for additional documentation, revised answers to claims, details regarding station ownership, etc.

Throughout the duration of the claims process, Class counsel will remain responsible for designating and presenting all claims for adjudication before the Special Master on a rolling basis, marshaling the supporting documentation that may be available for each claim, and identifying those gallons as to which there are competing claims requiring decision by the Special Master.

d. Two Percent (2%) Reduction and Five Percent (5%) Reserve from Claims

If this settlement proposal is approved as herein proposed, each successful claim filed by a claimant by December 19, 2005 will be reduced by two percent (2%). In addition, when a claim is ordered to be paid, a five percent (5%) reserve will be taken from each claim to ensure that sufficient funds will exist at the end of the claims process to fund all claims timely filed by December 19, 2005 and determined to be valid. Payment of that reserve will be made only if sufficient funds exist at the end of the claims process to allow it to be paid and only in the amount of the funds then available. Although Class counsel estimates that there will be sufficient funds remaining at the end of the claims

process to refund the 5% reserve in full with interest calculated as provided herein, this estimate is based in part on an expectation that some percentage of the filed claims will be disallowed or reduced. There can be no assurances that this will turn out to be the case. Thus, until the end of the claims process, claimants will be paid 93% of their awarded recovery less deductions for attorneys' fees, costs, expenses and incentive awards.

Class Members' actual recovery will depend on the District Court's award of attorneys' fees to Class counsel. Two of the law firms serving as Class counsel, Stearns Weaver Miller and Pertnoy Solowsky & Allen, have proposed that the fee award should be reduced in consideration of the lessened risk arising from the proposed settlement with respect to the legal services that must continue to be provided in the claims process. That is, they have proposed that whatever fee award the District Court would otherwise have given to them, that fee should be reduced so that the 2% reduction in claims would be fully offset with fee reductions. If the District Court accepts the proposal from these firms, the reduction in fees would minimize or eliminate the practical consequence of the two percent (2%) reduction from each claim.

e. Termination of Prejudgment Interest and Funding of Costs of Claims Process

Effective October 31, 2005, prejudgment interest will cease to accrue on each and every claim. The claims adjudication process will also establish a date for the accrual of prejudgment interest in the event that the settlement is disapproved on appeal, which date shall be thirty days after the date of the issuance of a report recommending entry of judgment in favor of a claimant, after which postjudgment interest will accrue. This provision will survive any reversal of the settlement unless it is specifically overturned on appeal.

f. Use of Interest Earned on the Settlement Fund for the Claims Process and to Add to the Settlement Fund

Interest that accrues on the money held in the Exxon DFC Class Action Depository Account will be utilized to fund the costs of the claims administration process, including the payment of fees of the Special Master, the fees of the Claims Administrator, the fees and costs of the attorney(s) appointed on behalf of the state governments or Exxon as discussed below, all bank and transaction fees (collectively, the "Claims Adjudication Costs"), and any and all taxes on interest or investment income earned by the Settlement Fund. Any interest that is earned but not expended on Claims Adjudication Costs including taxes will be added to the Settlement Fund to be disbursed as otherwise provided in the Agreement.

g. Interest Earned on Reserved Funds

If there is a surplus in the Settlement Fund after the last claim is adjudicated and paid (or sooner as otherwise provided in the Agreement) and after the five percent (5%) reserve has been paid in full to each claimant, to the extent funds are available in the Settlement Fund, an additional amount will be paid to each claimant equal to a pro rata share of five percent (5%) of the net interest earned on the Settlement Fund not to exceed three percent (3%) per annum, non-compounded. Net interest is the sum of all interest earned on the Settlement Fund less the Claims Adjudication Costs and any taxes or fees. The pro rata distribution will be based on the amount of each award as compared to the sum of all awards to all claimants. The three percent (3%) maximum rate of interest will be calculated on five percent (5%) of every claim from the period November 1, 2005 until the date that the five percent (5%) reserve is paid.

h. Exxon's Set-Off Claims Abandoned

If after all appeals have been exhausted, the settlement is finally approved, all of the thousands of set-off claims raised by Exxon in the claims process will be dismissed with prejudice.

i. Appointment of States' Counsel; Residual Funds Go to the States as Unclaimed Property

(i) Exxon's departure from the claims process will eliminate a role that it has heretofore filled — screening claims to challenge invalid claims in the claims process. Class counsel cannot fulfill this role because it cannot take a position adverse to claiming Class Members. The Claims Administrator, The Garden City Group, Inc., also cannot fulfill this role because it is acting in a neutral capacity as an arm of the District Court, as is the Special Master. The governments of the 35 states (which includes Washington, D.C.) who have an unresolved claim to any monies not claimed by Class Members in the claims process, however, have a sufficient interest and the proper incentives to fulfill this role. In particular, under the various states' unclaimed property laws, Class Members who did not assert a claim in the claims process may come forward at any point in the future to assert a claim with their respective states. Thus, the states have no incentive to needlessly oppose or unduly delay payment of valid claims.

(ii) To fill the role that will be vacated by Exxon after the settlement becomes final (including approval by the District Court and final resolution of all appeals), upon the application of the States of New Jersey, Virginia, and Florida recommending appointment of a designated law firm or firms, the District Court shall appoint States' counsel to participate in the claims process on behalf of the collective interests of the interested state governments who will fully participate in the claims process, have legal standing to object to claims, assist in the resolution of conflicting claims, and facilitate the settlement of disputed claims (which settlements will resolve with finality the right to claim the gallons at issue). States' counsels' attorneys' fees and expenses, as approved by the Special Master and District Court, shall be paid from the interest income earned on the Exxon DFC Class Action Depository Account.

(iii) Any money remaining in the Settlement Fund or the Three State Fund after adjudication and payment of all claims including payment in full of the 5% reserve together with interest earned thereon, taxes, and Claims Adjudication Costs will be disbursed pro rata to the 35 state governments in which the Class Member stations were located. Any Class Member who did not submit a Proof of Claim on or before December 19, 2005 will be able to make a claim directly to the appropriate state government pursuant to that states' applicable unclaimed property statute or law. The value of such a claim will be derived from the difference between the amount of the residual fund and the total of all claims that were not timely asserted.

(iv) If at any time during the Claims Adjudication Process it appears that the amount held in reserve exceeds the total value of all remaining claims and there are sufficient funds available to complete the Claims Adjudication Process, a motion can be made to accelerate disbursement of all or part of the funds held in reserve. Upon recommendation of the Special Master, the District Court may under such circumstances accelerate payment of all or part of the reserve pro rata among the claimants from which those funds were withheld.

j. Special Master to Resolve All Claims Except as Specifically Provided

The settlement provides that all claims, including disputes between competing claimants, must be adjudicated under the jurisdiction of the United States District Court for the Southern District of Florida pursuant to the authority and supervision of the Court and cannot be interplead to other courts unless ordered by the Special Master as provided in the Agreement. Any and all third-party liens, garnishments, attachments, and other claims against Exxon must be brought as part of this litigation and cannot be brought against Exxon in any other court of law or jurisdiction. Jurisdiction and venue for the resolution of any disputes between claims filing services or attorneys providing claims services (other than Class counsel) and any claimants that have contracted with them is a matter of disagreement that is neither addressed nor resolved in connection with the Agreement. This means that with the exception of interpleader actions brought as provided in the following paragraph, and the possible exception of actions to resolve disagreements between claimants and claims filing services or non-Class counsel, all other litigation arising out of any issue related to this case must be decided under the jurisdiction of the United States District Court for the Southern District of Florida.

k. Interpleader to State Courts of Some Claims

On the motion of all claimants who seek recovery of damages on the same gallons purchased during the Class Period, the Special Master may order interpleader of the dispute subject to the provisions of the Agreement. Any reference of a dispute to a state court shall provide that the movants have agreed that (i) no discovery shall be directed to Exxon but instead shall be directed to Class counsel who will coordinate the production of dealer records from Exxon's files as otherwise provided in the Agreement as if the dispute was being resolved by the Special Master; (ii) the Special Master will address and resolve any discovery disputes directed to Class counsel for dealer records; (iii) the monies involved in such disputes shall be retained in the Depository Account until a final judgment is entered in favor of one or more of the competing claimants and either the time for appeal has passed without an appeal being brought or, if an appeal is brought, upon disposition of that appeal affirming the final judgment; and (iv) no interpleader action shall establish greater rights to recovery by any claimant than otherwise would exist in the claims process.

l. Limited Appeals From Claims Decisions

Any party seeking to recover monies in the claims process will be entitled to due process before a Special Master and review of any decisions following that process by appeal solely to the District Court. There will be no appellate review of decisions of the District Court with respect to claims decisions.

m. Authority of the States' Counsel to Recommend Discounts of Claims Where Disputed Legal or Factual Issues Exist

To facilitate the claims process, the States' counsel (which will not be appointed until such time as the settlement is finally approved at the trial and appellate level) will be empowered to recommend to the Special Master agreed-upon discounts of claims in recognition of the risk of litigation of those disputes in the claims process. The amount of any negotiated and approved discount will remain in the Settlement Fund to enhance the probability of excess funds in the Settlement Fund upon the adjudication of all claims.

n. Mediation

Where requested by the parties or ordered by the Special Master, parties to contested claims will be directed to mediation to attempt to resolve disputes. It is anticipated that the Special Master will order mediation of most contested claims.

o. Procedure to Be Employed If Approval of Settlement Is Appealed

If the settlement is approved by the District Court and is appealed, the claims process will continue while the appeal is pending. Claims will continue to be processed through reports and recommendations of the Special Master for entry of judgments against Exxon on behalf of Class Members during the pendency of any such appeal. However, the time to object to reports and recommendations will be extended, final judgments will not be entered and payments will not be made until after all appeals are resolved. Expenses of the ongoing claims process during an appeal, including those of the Claims Administrator, the Special Master, mediator(s), and Exxon's counsel costs and fees, will be paid out of the interest or investment income earned by the Settlement Fund, subject to approval of the Special Master and review by the District Court. If approval of the settlement is not affirmed on appeal, the entire then-existing balance of the Settlement Fund will be returned to Exxon, and the claims process will continue in its entirety. If approval of the settlement is affirmed on appeal, and no further review is sought, the District Court will immediately enter orders directing payment from the Settlement Fund on the claims approved by the Special Master according to the terms of the Agreement, there will be no possibility of further appeal, Exxon and its counsel will have no further role in the claims process, and the counsel appointed by the states will begin participating in the claims process as discussed above.

6. Effect of Adoption of the Settlement Proposed

a. Timely Filed Claims Reduced

The settlement, if approved, will reduce the claims of Class Members in two ways: (i) the two percent (2%) discount imposed on every claim, and (ii) termination of the accrual of interest on all but 5% of the claim as of October 31, 2005. Some part of that reduction, however, could be mitigated through the District Court's award of attorneys' fees. That is, recognizing the reduction in Class counsels' risk of payment in the claims process resulting from Exxon's payment of a sum certain, the District Court may choose, as proposed by some Class counsel, to reduce the attorneys' fees that it might have otherwise awarded if Exxon continued to participate in and contest claims in the claims process. This would reduce the adverse financial impact on claimants from the settlement.

With respect to prejudgment interest, the magnitude of foregone interest will be determined by the length of time it will take for a claim to be adjudicated and paid. The shorter the time, the lesser the impact. The longer the time, the greater the impact. Because the more complicated claims likely will be resolved later in the claims process, the accrual of interest for purposes of paying the ongoing expense of the claims process will correspond with the cost of the additional resources required to adjudicate the more complicated claims.

The additional reserve of five percent (5%) of each Class Member's recovery until the end of the claims process is also potentially at risk of non-payment depending on the magnitude of the total payout on all claims. Moreover, the length of time required to determine whether the reserve will be paid will depend on the length of time required to complete the adjudication of all claims. If there is a

surplus in the Settlement Fund at the time the last claim is adjudicated and paid, and if there remains in the Settlement Fund interest earned on the Fund after payment of Claims Adjudication Costs, taxes and fees, five percent (5%) of the net interest earned not to exceed 3% non-compounded per annum will be distributed pro rata among the claimants from whom the reserve was taken.

b. Claims Filed After December 19, 2005 Will Be Reduced

Because the claims process will be limited to claims filed on or before December 19, 2005, any recoveries sought after that date would have to be asserted to the state government where the dealers' station was located in accordance with that state's unclaimed property law. Whether there will be excess funds to distribute to state governments and the magnitude thereof will be uncertain until all filed claims are adjudicated and paid. Absent settlement, the Special Master's order (unless reversed by the District Court) bars all claims filed after April 27, 2005 and imposes standards on which claims received between December 15, 2004 and April 27, 2005 will be allowed.

c. The State Unclaimed Property Claims Will be Reduced

If the settlement is not approved and the 21 states that have filed claims prevail on the pending motions to claim all of the amounts not timely sought by their resident station owners and operators, then the states would recover all the unclaimed monies from those states. If the states that have filed claims are not successful, they would receive nothing on their claims and Exxon would retain all unclaimed amounts. The settlement creates the potential for all states to collect some unclaimed monies through the revised claims process. It is impossible to predict whether the 21 states would have prevailed on their efforts to claim the unclaimed funds or whether if those states were successful, the District Court would allow the remaining states to also join the action by filing claims at some later time. Further, it is not possible to predict the nature, length, or outcome of any appeals from the states' claims.

d. Claims Process Should be Accelerated

Elimination of Exxon from the claims process is believed by Class counsel to be one of the most important elements of the proposal. It is believed that this should substantially shorten and facilitate the claims process and improve the likelihood of successful resolution of many of the claims to which Exxon has raised vigorous objection. The extent to which this will occur will likely turn on the manner in which the states pursue their interests in the claims process. There is no certainty as to how much, if any, of the sums distributed to the states will actually be paid to Class Members under state unclaimed property laws.

e. The Beneficiary of Failed Claims Will Not be Exxon

To the extent that claims were not brought by persons entitled to collect the sums due, these funds would add to the Settlement Fund and increase the probability of a surplus after all claims are adjudicated. The money would not be returned to Exxon. Instead, the beneficiary of failed, reduced or abandoned claims would be the states on behalf of claimants who did not timely assert claims for recovery.

f. The Successful Resolution of Claims and the Negotiation of Settlements of Complicated or Technically Deficient Claims Would be Enhanced

The absence of Exxon from the claims process should enhance the successful resolution of claims and also allow for negotiated settlements including discounted payment of complicated and technically deficient claims on an expedited basis.

g. Claims Administration Would No Longer Be Funded by Exxon

Upon payment, claims administration costs, including costs and fees due to the Special Master, to the Claims Administrator, to any mediator(s), and to Exxon's counsel, would be funded by interest or investment income on the Settlement Fund, and Exxon would no longer be responsible for those costs. Participation of the state's counsel in the claims process would be limited until such time as the settlement is finally approved at the trial and appellate level. Upon such time as the settlement is finally approved at the trial and appellate level, the costs and fees of the states' counsel would be funded by interest or investment income on the Settlement Fund, and Exxon's counsel would no longer be involved.

h. An End to Fourteen Years of Acrimonious Litigation with Exxon

Exxon is a large company with substantial resources. It has vigorously litigated every phase of this dispute over fourteen years. If this proposal is not approved, Exxon has stated that it will continue to litigate (including through appeals) for years to come and continue to rigorously assert every available objection to claims in the claims process (including particularly those involving corporate dissolutions, bankruptcies, assignments, and inheritances), putting at risk the claimants' ability to recover on thousands of claims that present these issues. Exxon also has challenged the claimants' entitlement to prejudgment interest, which generally constitutes more than half of the value of each claim.

i. The Requirement that Class Counsel Continue To Prosecute Claims

Pursuant to the terms of the settlement, Class counsel will continue to have a significant role in the claims administration process. All claims will be designated and presented for adjudication by Class counsel on a rolling basis. The less complicated claims will be resolved before the more complicated claims. While claimants will continue to be free to retain any other attorney at their own expense (and may be required to do so with respect to disputes among claimants), all requests for information or documentation from Exxon must be coordinated through the offices of Class counsel. Class counsel has in place a large staff of attorneys, paralegals and other professionals to assist claimants in prosecuting their claims and will stay in that role for the duration of the claims process.

7. Cash Available from the Settlement Fund and Interest Income to Satisfy Claims and Support Claims Administration

The total of all claims timely filed, including those filed prior to December 19, 2005 and opt-outs, is estimated to be between \$1.050 billion and \$1.1 billion, with prejudgment interest terminating as of October 31, 2005. If all of those claims were found to be valid, assuming the accuracy of the \$1.1 billion estimate, the \$1.060 billion fund to pay claims would have a shortfall of approximately \$40 million.

Once the Settlement Fund is deposited in an income-producing account, it will begin generating additional money for the Settlement Fund from interest or investment income. Expenses will be charged against that interest income, including income taxes on interest earned on the Settlement Fund, fees payable to the Special Master, the Claims Administrator, mediator(s) and the appointed states' counsel (or Exxon's counsel during the pendency of any appeal), and general administrative expenses of the DFC Class Action Depository Institution and for claims administration. The interest or investment income that will be earned on the Settlement Fund will be affected by the length of time the Funds are held on deposit, the volume and timing of reductions in the Fund over time, and the interest that will be earned based on market conditions.

As summarized in the table below, reducing each claim by 2% reduces the total potential value of all claims by approximately \$22 million. That reduces the maximum shortfall to approximately \$18 million. A reserve of 5% of all claims reduces the cash outflow by a total of approximately \$55 million, leaving an estimated surplus cash amount (exclusive of the monies that may accrue in the Settlement Fund) of approximately \$37 million before interest or investment income net of the costs of claims administration and income taxes.

Total claimed dollars (maximum currently estimated)	\$ 1,100 million
Total Settlement Fund (excludes \$15 million for Three State Fund)	- \$ 1,060 million
Potential shortfall	\$ 40 million
2% reduction of all claims	\$ 22 million
5% reserve on all claims	+ \$ 55 million
Amount maintained in Fund due to reduction/reserve	\$ 77 million
Amount maintained in Fund due to reduction/reserve	\$ 77 million
Potential shortfall	- \$ 40 million
Estimated surplus	\$ 37 million

Class counsel and Exxon estimate that a certain percentage of the claims presenting complicated ownership issues will be disallowed or reduced. The estimates of the magnitude of this reduction range from tens to hundreds of millions of dollars. Although these estimates are formed by people with substantial knowledge of the thousands of claims, there is no certainty as to the magnitude of claims that will be denied or compromised. Thus, the 2% reduction and 5% reserve is required to ensure funds are available to pay substantially all claims and there may not be sufficient funds left in the Settlement Fund at the conclusion of the claims process to repay all or part of the 5% reserve from each claim.

As summarized in the table below, the \$37 million estimated surplus is \$18 million short of allowing for a full repayment of the 5% reserve.

5% reserve on all claims	\$ 55 million
Estimated surplus	- \$ 37 million
Shortfall in ability to fully fund the 5% reserve	\$ 18 million

Class counsel believes that this \$18 million shortfall (to the extent it exists, which it may not if the estimate of claimed dollars of \$1,100 million proves to be higher than actual) will be recouped fully due to disallowed claims, abandoned claims, and/or interest accrued net of expenses, allowing

for a full repayment of the 5% reserve. However, there are no guarantees that this will be the case. For example, if the surplus instead remains at \$37 million, approximately 3.4 of the 5% reserve would be refunded. All claims will be reduced by 2%, regardless of whether a shortfall exists.

8. Class Counsel Recommends Approval of the Settlement Proposal

Class counsel has entered into this settlement after fourteen years of litigation, and Class counsel recommends that it be approved, because Class counsel believes that it is highly advantageous to the Class and presents many significant benefits over continued litigation with Exxon. Class counsel believes that the reduction in recoveries contemplated in this proposal are modest, particularly when compared to the substantial benefits that will be conferred on the Class as a whole.

Exxon will be removed from the claims process and Exxon's right to appeal any aspect of the case (to the extent such a right exists), including the entitlement of individual Class Members to recovery, will be terminated by the settlement. As a result, immediately upon orders approving and directing payment on particular claims and the receipt of a satisfaction and payment instructions from claimants, the money owed to claimants can be paid out and there will be no risk that any aspect of the case will be overturned on appeal.

Moreover, the relatively small magnitude of the discount should be compared to the outcome of most other class actions. Few if any class actions are tried to a jury. Fewer still are appealed all the way to the Supreme Court. Unlike here, studies report that the average federal class action settlement provides class members less than ten percent of the amount sought in the litigation. And in most class actions that do result in payment, fewer than fifty percent of the class seeks recovery of the monies owed to them.

In contrast, under the proposed settlement, Class counsel's view is that, even after the reductions contemplated in this proposal, Class Members will recover all of their compensatory damages, with a small reduction in the recovery of prejudgment interest much of which claimants would not have been entitled to in any event if the Court had entered an aggregate judgment after trial, with no further litigation risk or appellate delay. They believe that the recovery in this case, even after this modest reduction, establishes an unprecedented success.

From the standpoint of the state governments, the settlement represents a compromise of the potential interests of the 21 states who submitted claims asserting the right to unclaimed funds pursuant to their unclaimed property statutes. While the potential amount available to the 21 states is reduced, perhaps substantially, from the amount that would be available if the settlement does not proceed, the rights of the states to claim this money has been aggressively challenged by Exxon, and it is not known whether the Court would have allowed the states to assert claims and recover at all. Also, the outcome of an appeal from any decision involving the states or the time involved is uncertain. Accordingly, although the amount of the state claims is less than the total of all abandoned claims, the certainty of recovery that would be provided by this settlement is beneficial to the states and to any Class Member who might eventually seek to make a claim against the states for monies obtained and held on their behalf. Because of the aggressive efforts made by Class counsel and others to locate claimants and obtain a high claim rate before the claim filing deadline, it is anticipated that the number of additional claimants who come forward in the future will be small, and that the amount of money made available to the states will be significantly greater than the amount claimed by any rightful owners in the future.

With regard to those claimants who filed a Proof of Claim after the December 1, 2004 deadline, this settlement is highly advantageous because it allows these claims to go forward so long as they were asserted before December 19, 2005. The Special Master previously ruled that any claim received between December 1, 2004 and April 27, 2005 would only be allowed upon a showing of excusable neglect, and that any claim received after April 27, 2005 would not be allowed at all. If the settlement is approved, this order would no longer be applicable.

Likewise, the settlement is advantageous to those approximately 650 claimants against whom Exxon filed a set-off claim. These set-off claims are asserted against claimants based on Exxon's claim that these claimants owe Exxon for unpaid rent, unsatisfied amortization agreements, unpaid motor fuel, and other reasons related to the operation of dealer stations, and they range in amount (excluding interest) from a few hundred dollars to as much as almost \$400,000 (although none can exceed the amount of the Class Member's claim). If the settlement is approved, Exxon will not pursue these set-off claims, which eliminates the possibility that affected claimants' recoveries would be reduced, and also avoids requiring these claimants to litigate what would otherwise be mini-trials on the set-off claims.

For claimants whose stations were located in the 32 states other than Arizona, Arkansas, and Texas, the effect of the settlement, if any, on the liability for attorneys' fees, costs, expenses, and Class Representatives' awards (defined above as the "litigation expenses") will be resolved by the District Court. Just as would be the case if the settlement is not approved, the Court will conduct a hearing to determine what will be awarded to cover these litigation expenses, and Class counsel has agreed that the amount of attorneys' fees will not exceed 33 1/3% (as they have agreed would be the case if the settlement is not approved).

For claimants whose stations were located in Arizona, Arkansas, and Texas, this settlement will compromise the claim that Exxon pay attorneys' fees on their behalf. The District Court previously ruled that pursuant to the laws of these states, attorneys' fees may be shifted to Exxon. Exxon has taken the position that this ruling is erroneous, and if the settlement is not approved, it remains possible that it could be overturned, in which case claimants from these states would be solely responsible for fees payable out of their recovery. In addition, Exxon has asserted that the applicable statutes require payment of attorneys' fees in an amount proportionately less than that owed by the Class as a whole. If the settlement is not approved and Exxon is successful in asserting this position, claimants from these states would be responsible for paying the difference between the percentage fee awarded by the Court for other claimants and the percentage paid by Exxon. Of course, it is also possible that the Court's determination of the entitlement to fee-shifting would be affirmed, on appeal, and that the Court would award fees against Exxon in the same amount as against the Class, in which case the claimants from these states would have no responsibility for attorneys' fees at all absent settlement. Accordingly, the settlement represents a compromise of the amount of fees to be paid by Exxon in exchange for the certainty of some recovery of fees. It provides that Exxon will pay \$15 million into the Fee-Shifting Fund, to be allocated to claimants proportionally based on the amount of gallons they sold relative to the total gallons sold in the three states. This Fund is expected to pay approximately 10% of each claimant's recovery towards attorneys' fees (the precise percentage is to be determined, and may be less than this amount), with any remaining fees that may be awarded by the Court to be paid by the claimants through pro rata deductions from their recovery.

As stated above, there may be other benefits or detriments of the settlement as applied to individual circumstances. You should carefully consider all the terms of the settlement in determining whether to object to it.

9. Class Representatives Recommend Approval of the Settlement

Class Representatives Alberto Gonzalez, Robert Lewis and John Pinder strongly support approval of the settlement. In our view, this settlement will benefit the Class greatly and will assist in bringing to an end this hard-fought case. We believe that obtaining a \$1.075 billion payment from Exxon is an extraordinary result, and that eliminating Exxon's further involvement in the case will substantially improve the claims process and will prevent Exxon from causing any further harm to dealers who have waited a long time to obtain the money that is due to them. Class counsel has worked zealously throughout this case with great results, and in entering into this settlement on behalf of the Class, have achieved an unprecedented recovery for the members of the Class. We recommend quick approval of the settlement.

Class Representatives Paul Bove, Mickey Cook, George Dalton, Richard Durishin, Bill McGillicuddy, and David Wise support approval of the proposed settlement because it is likely to produce a quicker and larger net recovery for the Class as a whole than would continued litigation against Exxon. After learning of the proposed settlement, we worked closely with Class counsel and proposed several changes to the settlement. The parties agreed to some of the changes, which have made the settlement more beneficial to the Class. The parties did not accept other changes we proposed. We have concluded, however, that the overall benefits to the Class outweigh the disadvantages of particular terms. In considering whether to object to the settlement, Class Members should note that the Agreement will be more beneficial to the Class if it is approved and implemented quickly, thereby diminishing the impact of the termination of prejudgment interest. The net benefits of the settlement could be dissipated by a protracted approval process.

10. Examples of Application of Settlement

In order to demonstrate the application of the settlement on a typical class member claim, following are two examples for representative Class Members with claims of \$100,000 in compensatory damages and prejudgment interest through October 31, 2005. The first is for a store location in one of the 32 states, and the second is for a store location in Texas, Arizona, or Arkansas. The attorneys' fee, cost, and named plaintiff incentive awards are assumed to be the maximum requested, although the District Court might award less.

a. Example of Class Member With \$100,000 Claim from 32 States

	Without settlement (assumes certainty of recovery, which is disputed for most claims, and assumes no further interest accrual ²)	With settlement (certainty of recovery is ensured)
Total Claim Amount	\$100,000	\$100,000
– less 2% reduction	0	(\$2,000)
– less 5% reserve	0	(\$5,000)
– less attorneys' fees	(\$33,333) ³	(\$31,300) ⁴
– less .5% litigation costs	(\$500)	(\$500)
– less 1.5% class rep award	<u>(\$1,500)</u>	<u>(\$1,500)</u>
Initial Payment	\$64,667	\$59,700
Potential 5% reserve payment	n/a	<u>\$0 to \$5,000</u>
Total Potential Payment	\$64,667	\$59,700 to \$64,700

² Attached as Exhibit A is a table setting forth the effect of settlement with estimated prejudgment interest included over various time horizons.

³ This assumes that the District Court awards Class counsel a fee of one third of the total recovery. One of the firms serving as Class counsel, Stearns Weaver Miller, has argued that the maximum fee should be less even if the settlement is not approved.

⁴ Assumes proposed 2% reduction in Class counsel's fees, from 33 1/3% to 31 1/3%, to be utilized to increase the Settlement Fund.

b. Example of Class Member With \$100,000 Claim from Texas, Arizona or Arkansas

	Without settlement (assumes certainty of recovery, which is disputed for most claims, and assumes no further interest accrual)	With settlement (certainty of recovery is ensured)
Total Claim Amount	\$100,000	\$100,000
– less 2% reduction	0	(\$2,000)
– less 5% reserve	0	(\$5,000)
– less attorneys’ fees	(\$33,333) ⁵	(\$31,300) ⁶
– less .5% litigation costs	(\$500)	(\$500)
– less 1.5% class rep incentives	<u>(\$1,500)</u>	<u>(\$1,500)</u>
Initial Payment	\$64,667	\$59,700
Exxon fee-shifting obligation	To be determined (range of \$0 to \$33,333)	\$10,000
Potential 5% reserve payment	n/a	<u>\$0 to \$5,000</u>
Total Potential Payment	To be determined	\$69,700 to \$74,700

c. The Effect of Stopping Prejudgment Interest as of October 31, 2005

The Agreement would terminate prejudgment interest on all claims as of October 31, 2005. Interest on the funds taken as a reserve will depend on the availability of a surplus in the Settlement Fund after all claims are adjudicated and paid. Although the average interest rate among all of the 35 states is now approximately 8%, the rate significantly varies from state to state. In most states, prejudgment interest is calculated only on the damage portion of the award, as interest does not compound. Thus, the ratio of damages to prejudgment interest on any claim varies significantly based on the age of the claim and the state in which the dealer was located. Because of all of these variables that would affect the calculation of prejudgment interest, it is not considered possible to provide simple illustrations of the impact of terminating interest as of October 31, 2005. Some examples for different scenarios are available at www.exxondealerattorneys.com (Class counsel’s web site).

⁵ This assumes that the District Court awards Class counsel a fee of one third of the total recovery. One of the firms serving as Class counsel, Stearns Weaver Miller, has argued that the maximum fee should be less even if the settlement is not approved.

⁶ Assumes proposed 2% reduction in Class counsel’s fees, from 33 1/3% to 31 1/3%, to be utilized to increase the Settlement Fund.

d. Class Members Who Executed Agreements with Claims Services

The recoveries of any Class Member who is subject to a valid fee agreement with a claims filing service or with independent counsel would be further reduced by the amount of that fee.

11. Procedure for Consideration of the Settlement

This settlement is subject to approval by the District Court, and Class Members or those claiming the interest of Class Members have the right to object. If you fail to object, or if the settlement is approved over your objection, you will be bound by its terms. You may retain a lawyer of your own choosing to represent you in this proceeding. Retention of a lawyer will be at your own expense and you may not seek reimbursement of your fees or expenses from Exxon, the Class, or Class counsel.

Any member of the Class or person claiming the interest of a member of the Class may appear at the Hearing scheduled for April 5, 2006 at 3:00 p.m. in the Courtroom of the Honorable Alan S. Gold, United States District Court Judge, Southern District of Florida, U.S. Courthouse, 301 North Miami Avenue, Room 1017, Miami, Florida 33128. Appearances may be in person or by counsel and may be heard in support of or in opposition to the settlement in the manner and to the extent allowed by the Court; provided, however, that any person who seeks to object to the settlement must file written notice of the intent to object on or before March 24, 2006, by taking the following steps:

(a) file with the Clerk of the Court, United States District Court – Southern District of Florida, 301 N. Miami Avenue, Rm. 150 Miami, Florida 33128, a written notice of your intention to appear in opposition to the settlement; and

(b) simultaneously serve copies of such notice together with all other papers or briefs such person files with the Court in person or by mail upon Class counsel and Exxon’s counsel, delivered or postmarked by March 24, 2006 to the following addresses:

Attorneys for Plaintiffs:

Eugene Stearns
STEARNS WEAVER MILLER
WEISSLER ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130

Attorneys for Exxon:

Robert Burlington
BURLINGTON, WEIL, SCHWIEP,
KAPLAN & BLONSKY, P.A.
Office in the Grove, Penthouse A
2699 South Bayshore Drive
Miami, FL 33133

The Court will set a hearing for the purpose of determining whether and to what extent discovery may be allowed and to take such other action as may be necessary to coordinate and consolidate the proceedings in connection with said motions.

12. Procedure for Consideration of Attorneys’ Fees, Costs, and Named Plaintiff Incentive Awards

As a Class Member, you have the right to object to any petition seeking an award of attorneys’ fees, costs or an incentive award from your recovery. You may retain a lawyer of your own choosing

to represent you in this proceeding. Retention of a lawyer will be at your own expense and you may not seek reimbursement of your fees or expenses from Exxon, the Class, or Class counsel. Any member of the Class may appear at the hearing in person or by counsel and may be heard in support of or in opposition to the petitions in the manner and to the extent allowed by the Court; provided, however, that any Class Member who seeks to object to the petitions must:

(a) file with the Clerk of the Court, United States District Court – Southern District of Florida, 301 N. Miami Avenue, Rm. 150 Miami, Florida 33128, a written notice of your intention to appear in opposition to the settlement; and

(b) simultaneously serve copies of such notice together with all other papers or briefs such person files with the Court in person or by mail upon Class counsel and Exxon’s counsel, delivered or postmarked by March 24, 2006 to the following addresses:

Attorneys for Plaintiffs:

Eugene Stearns
STEARNS WEAVER MILLER
WEISSLER ALHADEFF & SITTERSON, P.A.
150 West Flagler Street, Suite 2200
Miami, FL 33130

Attorneys for Exxon:

Robert Burlington
BURLINGTON, WEIL, SCHWIEP,
KAPLAN & BLONSKY, P.A.
Office in the Grove, Penthouse A
2699 South Bayshore Drive
Miami, FL 33133

The Court will set a hearing for the purpose of determining whether and to what extent discovery may be allowed and to take such other action as may be necessary to coordinate and consolidate the proceedings in connection with said motions. Notice of the date of the attorneys’ fee hearing will be announced at the hearing to consider the settlement, and will be posted on Class counsel’s web site at www.exxondealerattorneys.com, but will not be separately noticed.

13. Additional Information

For more information about this case or the proposed settlement, you can visit the official Court-sponsored web site, www.exxondealerclassaction.com, which contains a Question and Answer discussion of the terms of the settlement and how your rights may be affected. In addition, you can contact Class counsel at www.exxondealerattorneys.com or by telephone at 800-810-3590.

EXHIBIT A

a. Example of Class Member With \$100,000 Claim in State Paying 6% Interest

	With settlement (certainty of recovery is ensured)	Without settlement (assumes no appeal and certainty of recovery, which is disputed for most claims)		
		6 months to payment	18 months to payment	36 months to payment
Total Claim Amount¹	\$100,000	\$101,235	\$103,706	\$107,412
– less 2% reduction	(\$2,000)	0	0	0
– less 5% reserve	(\$5,000)	0	0	0
– less attorneys’ fees	(\$31,300) ²	(\$33,745) ³	(\$34,569) ³	(\$35,804) ³
– less .5% litigation costs	(\$500)	(\$506)	(\$519)	(\$537)
– less 1.5% class rep award ⁴	<u>(\$1,500)</u>	<u>(\$1,519)</u>	<u>(\$1,556)</u>	<u>(\$1,611)</u>
Initial Payment	\$59,700	\$65,466	\$67,063	\$69,460
Potential 5% reserve payment	<u>\$0 to \$5,000</u>	n/a	n/a	n/a
Total Potential Payment	\$59,700 to \$64,700	\$65,466	\$67,063	\$69,460

¹ Assumes compensatory damages represent approximately 41% of claim (consistent with case-wide average).

² Assumes proposed 2% reduction in Class counsel’s fees, from 33 1/3% to 31 1/3%, to be utilized to increase the Settlement Fund. The Court may award a lesser percentage, which could minimize or eliminate any financial impact from the settlement.

³ This assumes that the District Court awards Class counsel a fee of one third of the total recovery. The Court may award a lesser percentage. One of the firms serving as Class counsel, Stearns Weaver Miller, has argued that the maximum fee should be less even if the settlement is not approved.

⁴ Estimated award.

b. Example of Class Member With \$100,000 Claim in State Paying 8% Interest

	With settlement (certainty of recovery is ensured)	Without settlement (assumes no appeal and certainty of recovery, which is disputed for most claims)		
		6 months to payment	18 months to payment	36 months to payment
Total Claim Amount⁵	\$100,000	\$101,647	\$104,941	\$109,882
– less 2% reduction	(\$2,000)	0	0	0
– less 5% reserve	(\$5,000)	0	0	0
– less attorneys' fees	(\$31,300) ⁶	(\$33,882) ⁷	(\$34,980) ⁷	(\$36,627) ⁷
– less .5% litigation costs	(\$500)	(\$508)	(\$525)	(\$549)
– less 1.5% class rep award ⁸	<u>(\$1,500)</u>	<u>(\$1,525)</u>	<u>(\$1,574)</u>	<u>(\$1,648)</u>
Initial Payment	\$59,700	\$65,732	\$67,862	\$71,057
Potential 5% reserve payment	<u>\$0 to \$5,000</u>	n/a	n/a	n/a
Total Potential Payment	\$59,700 to \$64,700	\$65,732	\$67,862	\$71,057

⁵ Assumes compensatory damages represent 41% of claim (consistent with case-wide average).

⁶ Assumes proposed 2% reduction in Class counsel's fees, from 33 1/3% to 31 1/3%, to be utilized to increase the Settlement Fund. The Court may award a lesser percentage, which could minimize or eliminate any financial impact from the settlement.

⁷ This assumes that the District Court awards Class counsel a fee of one third of the total recovery. The Court may award a lesser percentage. One of the firms serving as Class counsel, Stearns Weaver Miller, has argued that the maximum fee should be less even if the settlement is not approved.

⁸ Estimated award.

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