

**NOTICE OF PROPOSED SETTLEMENT OF RETIREE HEALTH BENEFITS
CLASS ACTION**

**THIS NOTICE MAY AFFECT YOUR RIGHTS;
PLEASE READ IT CAREFULLY.**

**THE FOLLOWING RECITATION DOES NOT CONSTITUTE THE FINDINGS OF
THE COURT. IT SHOULD NOT BE UNDERSTOOD TO BE AN EXPRESSION OF
THE COURT'S VIEWS ON THE MERITS OF ANY CLAIM OR DEFENSE RAISED
BY THE PARTIES.**

I. INTRODUCTION AND SUMMARY

This will notify you of the proposed settlement of a lawsuit filed by James Prater, Harold Thorley, John Wardell, Joan Montgomery and Betty Whaley (“Class Representatives”) against the Ohio Education Association (“OEA”). The lawsuit is captioned *Prater v. The Ohio Education Association*, Case No. 2:04-CV-1077, and it is pending in the United States District Court for the Southern District of Ohio. The lawsuit was brought as a class action on behalf of persons in the class described below. You have received this Notice because OEA’s records indicate that you are a member of the class or are otherwise entitled to receive notice of the settlement. If you are a member of the class, your post-65 healthcare benefits (including medical and prescription drug) will be affected by the settlement, if it is approved by the Court.

DEFINITION OF CLASS MEMBER: ARE YOU A CLASS MEMBER?

The Court has certified the following Class:

Any person who (a) is a retired employee of OEA and who was a member of the Ohio Associate Staff Union (“OASU”) at the time of his or her retirement and who retired on or before August 31, 2006, or is a dependent of such a person; or (b) is a retired employee of OEA and who was a member of PSU at the time of his or her retirement and who retired on or before the date on which the Court grants preliminary approval to this proposed Settlement, or is a dependent or surviving spouse of such a person; or (c) is currently employed by OEA and is a member of PSU who was hired on or before August 31, 2000, and who, subsequent to the Court granting preliminary approval to this propose Settlement, retires from the OEA while still a member of PSU, or is a dependent or surviving spouse of such a person.

This Notice will inform Class Members of the terms of the proposed settlement and Class Members’ rights under it. Class Members are urged to read this Notice carefully.

II. THE CLAIMS IN THE LAWSUIT

The Class Representatives claim in the lawsuit that OEA is not entitled to modify or terminate the medical or prescription drug benefits (hereinafter referred to as “health benefits”) of Class Members. OEA claims that these health benefits are neither vested nor guaranteed and that it has the contractual and legal right to change, modify or terminate these benefits at its discretion.

In 2004, OEA announced its intention to discontinue providing health benefits to Class Members beyond their 65th birthday. The Class Representatives then filed this lawsuit challenging OEA’s actions in the U.S. District Court in Columbus. The Court previously

granted summary judgment to OEA, finding that OEA had the right to terminate the benefits and that the Collective Bargaining Agreements did not require OEA to provide the benefits the Class Members claim. The Court's decision was reversed by the United States Court of Appeals for the Sixth Circuit, and remanded to the Court for further proceedings.

After extensive discovery, including the production of documents and taking of depositions by both sides, the Class Representatives and OEA reached agreement to settle this lawsuit. Although each side believes its position is correct, the parties recognize that there are difficulties, uncertainties, and risks inherent in any litigation, and that neither side is guaranteed to win at trial or on appeal. OEA has had to consider the possibility that the Plaintiffs could prevail on part or all of their claims and succeed in being awarded lifetime benefits at the levels paid prior to the OEA's 2004 announcement. The Plaintiffs, on the other hand, have had to consider the possibility that they could lose a part or all of their claims and be exposed to the possibility that their retiree health benefits could be terminated altogether. Accordingly, the parties have entered into a Settlement Agreement which, if it receives the final approval of the Court, will fully and finally resolve this litigation. A copy of the Settlement Agreement, the terms of which are summarized in this notice, is available at www.praterclassactionsettlement.com.

III. HEARING AND APPROVAL OF THE SETTLEMENT AGREEMENT

On or about February 8, 2010, pursuant to the legally required procedures for approval of class action settlements, the District Court granted preliminary approval of the proposed Settlement Agreement described below. The Court directed that this notice be made available to Class Members and scheduled a hearing for April 29, 2010, for the purpose of determining whether the proposed Settlement Agreement is fair, reasonable and

in the best interests of the Classes and whether it should receive final approval by the Court. That hearing is scheduled to take place at 10:00 a.m. before the Honorable Edmund A. Sargus, Joseph P. Kinneary Courthouse, 85 Marconi Boulevard, Columbus, Ohio 43215. **Class Members who wish to object to the proposed settlement are entitled to attend this hearing and speak in support of their objections. In order to speak at the hearing any objector must have filed a timely written objection(s) in accordance with the procedures described in Section VIII below. However, Class Members ARE NOT required to attend this hearing. If the settlement agreement is approved, all Class Members will be entitled to participate in the settlement whether or not they have attended the hearing or filed objections.**

The Court has appointed the following attorneys as Class Counsel:

David M. Cook, Esq.
Jennie G. Arnold, Esq.
Cook, Portune & Logothetis
22 W. Ninth Street
Cincinnati, Ohio 45202
Telephone: (513) 287-6987
Facsimile: (513) 721-1178
dcook@econjustice.com

A copy of the preliminary approval order as well as several other public documents filed in connection with the lawsuit can be viewed at www.praterclassactionsettlement.com. The complete file is available for inspection and copying in the Office of the Clerk of the Court. Please see Section IX of this Notice for further details.

IV. CORRECTIONS TO NAME OR ADDRESS

If for any future mailings you wish to change the name or address listed on the envelope in which this Notice was sent, please complete, execute, and mail the form entitled

“Change of Name and/or Address Information” attached to this Notice as Form A.

V. THE TERMS OF THE PROPOSED SETTLEMENT AGREEMENT

The basic terms of the proposed Settlement Agreement are set forth below.

1. OEA will pay to the class compensatory damages in the amount of \$3,750,000 to resolve all claims related to health benefits for Class Members, and any other asserted in the lawsuit, from 2004 through December 1, 2009.

2. A trust fund known as a “Voluntary Employees’ Beneficiary Association” or “VEBA” will assume responsibility for providing health benefits to Class Members beyond their 65th birthday on the Effective Date of the Settlement, which will be the 31st day after Judgment is entered by the District Court or, if any person appeals the Judgment entered by the District Court, the 31st day after the Judgment becomes a final, non-appealable order. The type and level of benefits that will be provided under the VEBA are discussed in Section VII below. Claims incurred for covered services provided on and after December 1, 2009 will be the responsibility of the VEBA and OEA will be relieved of any obligation or liability to provide or pay for any health benefits incurred after a Class Member’s 65th Birthday.

The VEBA will be funded as follows:

(A) Within three business days after the Effective Date of the Settlement, OEA will provide an initial payment to the VEBA calculated as follows:

(i) Three Hundred Seventy Five Dollars (\$375.00) multiplied by the number of Benefit Months (a “Benefit Month” is any month in which a particular Class Member is over age sixty-five (65), and for each dependent of that class member regardless of age until the month during which any such dependent(s) under age 65 are reinstated into the OEA health

plan, and did not, or does not, receive health benefits provided by OEA) anticipated for the remainder of calendar year 2010 (*i.e.* the month in which the initial payment is made and the number of months remaining in 2010), plus

(ii) Three Hundred Seventy Five Dollars (\$375.00) multiplied by the number of Benefit Months for the period December 1, 2009 through the month preceding the month in which the initial payment is made.

(B) Subsequent funding of the VEBA: On or before December 31 2010, 2011, 2012, 2013 and 2014, OEA shall make a subsequent payment to the VEBA calculated as follows:

(i) Three Hundred Seventy Five Dollars (\$375.00) multiplied by the percentage increase in the cost of Medicare Supplement Plan identified by the Initial VEBA Trustees as the plan of benefits selected to insure eligible participants, along with a Supplemental Prescription Drug plan identified by the Initial VEBA Trustees selected to insure eligible participants for the coming twelve-month period (the "Revised Monthly Contribution Amount"), multiplied by the number of Benefit Months anticipated for the coming twelve (12) month period (*i.e.* the month in which the subsequent payment is made and the following eleven (11) months). The month in which a class member dies shall be counted as a full BENEFIT MONTH, and no credit will be given OEA for the month in which a CLASS MEMBER died;

(ii) The amount of the subsequent payment shall be reduced by the number of Benefit Months for the prior twelve-month period in which a Class Member over age sixty-

five (65) either (i) was deceased; or (ii) remained an active employee of OEA; and shall be reduced for each month during which any dependent under age 65 ceased to be a dependent as that term is defined in the settlement, or has been reinstated to coverage in the OEA health plan.

(iii) On or before December 31 2010, 2011, 2012, 2013 and 2014, OEA shall make subsequent payments to the VEBA calculated as follows:

(a) The Revised Monthly Contribution Amount multiplied by the number of Benefit Months anticipated for the coming twelve (12) month period (*i.e.* the month in which the subsequent payment is made and the following eleven (11) months);

(b) The amount of the subsequent payment shall be reduced by the number of Benefit Months for the prior twelve-month period in which a Class Member over age sixty-five (65) either (i) was deceased; or (ii) remained an active employee of OEA.

(iv) If the monthly cost of the Medicare Supplement Plan identified by the Initial VEBA Trustees as the plan of benefits selected to cover eligible participants, along with the Supplemental Prescription Drug plan identified by the Initial VEBA Trustees selected to insure eligible participants adjusted for inflation, shall decrease from the cost as of December 1, 2009, the Revised Monthly Contribution Amount shall be reduced by eighty-percent (80%) of the inflation adjusted decrease in the monthly cost. (*e.g.*, if the inflation adjusted cost of Medicare Supplement Plan identified by the Initial VEBA Trustees as the plan of benefits selected to cover eligible participants, along with the Supplemental Prescription Drug plan identified by the Initial VEBA Trustees selected to insure eligible

participants decreases ten percent (10%), the Revised Monthly Contribution Amount shall be reduced eight percent (8%). If the the Medicare Supplement Plan identified by the Initial VEBA Trustees as the plan of benefits selected to insure eligible participants, or the Supplemental Prescription Drug plan identified by the Initial VEBA Trustees as the Supplemental Prescription Drug plan to insure eligible participants shall cease to exist, the amount of the **SUBSEQUENT PAYMENT** for the following year[s] shall be calculated by multiplying the **MONTHLY CONTRIBUTION AMOUNT** for the prior year by the average percentage increase, for all prior years, in the cost of the Medicare Supplement Plan identified by the Initial VEBA Trustees as the plan of benefits selected to insure eligible participants, along with the Supplemental Prescription Drug plan initially identified by the Initial VEBA Trustees.

(v) At least thirty (30) but no more than sixty (60) days prior to December 31, 2014, OEA will pay a neutral actuary to calculate the amount necessary to fully-fund the VEBA to provide the same benefit level as the Medicare Supplement Plan identified by the Initial VEBA Trustees as the plan of benefits selected to cover eligible participants, along with the Supplemental Prescription Drug plan identified by the Initial VEBA Trustees selected to insure eligible participants, adjusted for inflation to the remaining Class Members for the remainder of the Class Members' lives (the "Final Contribution Amount"). The actuary shall calculate such amount using the then-current Revised Monthly Contribution Amount, the demographics of the remaining Class Members, the appropriate "medical trend rate" (or "medical cost inflation rate"), and the appropriate "discount rate." The actuary shall calculate the Final Contribution Amount using its ordinary and customary methodology. To the extent the actuary performing the final valuation uses a range for

medical trend or applicable discount rates, the actuary shall utilize the mid-point of the range.

(vi) On or before December 31, 2015, 2016, 2017, 2018 and 2019, OEA shall pay into the VEBA one-fifth (1/5th) of the Final Contribution Amount (*i.e.* OEA will make the Final Contribution Amount in five equal, annual installments), which shall include any amount required to fully fund the benefits given the delay in actual contributions. OEA may, at its option, pre-pay all or part of the FINAL CONTRIBUTION AMOUNT at any time and, if it does so, the FINAL CONTRIBUTION AMOUNT will be reduced to the then-present value of the payment amount.

C. Upon the Effective Date of the Settlement the VEBA will be solely responsible for providing health benefits to Class Members beyond their sixty-fifth (65th) birthday. The VEBA is not required to keep health benefits at any particular level and may change, modify or terminate benefits and may charge a premium to retirees and their dependents for the benefits it provides. Therefore, health benefits under the VEBA will not be vested or guaranteed for life. The Class Representatives anticipate that the money contributed by OEA, as set forth in Section V(2) above, will be sufficient to provide a favorable level of benefits for all Class Members, for the remainder of all Class Members' lives. As explained more fully below in Section VII, the benefits provided by the VEBA will not be the same as the benefits previously provided by OEA and will result in increased costs for Class Members.

5. OEA will continue to pay for health benefits of Class Members at the same level of health benefits provided to active employees of the union from which a Class

Member retired, as they were provided on the date the Class Member retired, until Class Members reach age sixty-five (65). Any Class Member who is under age sixty-five and whose health benefits have been terminated, will be reinstated to OEA's health benefits on the Effective Date. OEA and any **Class Member**, once retired or a Dependent of a Class Member who is then retired, may negotiate and agree to different benefit levels, evidenced by a written agreement signed by the **Class Member**, for the period during which such **Class Member** is less than 65 years of age.

6. Under the terms of the Settlement Agreement, Class Members (including Class Representatives) will be subject to the judgment of the Court and will be precluded from bringing any "Released Claims" against OEA or any of its affiliates in the future. "Released Claims" include any claim for health benefits from 2004 through December 1, 2009, and for any health benefits beyond age sixty-five (65) after December 1, 2009, any claims challenging OEA's asserted right to modify, reduce or terminate these benefits. "Released Claims" include claims of any kind or description whether or not they are known at the time of entry of Judgment. "Released Claims" do not include future claims against OEA for failure to abide by the terms of the Settlement Agreement.

7. Pursuant to the terms of the Settlement Agreement, neither OEA nor any of its officers, directors or employees admit any liability or wrongdoing.

VI. ATTORNEYS' FEES AND COSTS

Class Counsels' entitlement, if any, to an award of attorneys' fees, costs, and/or expenses will be determined by the Court.

Plaintiffs will file a motion with the Court requesting an award of attorneys' fees, costs, and expenses payable to Class Counsel in a total amount not to exceed \$1,750,000.

These fees, if approved by the Court, will be paid from the compensatory damages award of \$3.75 million. At the settlement approval hearing, Class Counsel will ask the Court to issue an order awarding attorneys' fees, costs, and expenses not to exceed this amount. Any fees requested and/or awarded by the Court shall be paid solely from funds paid to the Class, or to the VEBA on behalf of the Class. OEA shall not be requested nor compelled to pay any amount in attorney's fees or costs, with the sole and exclusive exception being Seven Thousand Five Hundred (\$7,500.00) in reimbursement for the cost of actuarial services incurred by the Class to retain Segal Co. to evaluate settlement offers, and which OEA previously agreed to reimburse the Class upon the condition that the parties reach a settlement of the case.

Plaintiffs counsel have a separate agreement with "CORE". CORE, the retiree and litigation support group, has provided funding during the litigation of limited amounts of attorneys' fees and litigation expenses to Class Counsel (at rates deliberately set below prevailing, "market" rates for services of the nature and kind provided by attorneys with like or similar skills and experience). Under the separate agreement with CORE, Class Counsel will be obligated to repay all amounts received during the litigation for fees and expenses incurred. That amount is anticipated to reach approximately \$600,000. CORE continues to make periodic payments to Class Counsel, which will be added to the total amount to be repaid to CORE.

CORE alone, and not Class Counsel, will be responsible for refunding or repaying contributions made by class members and others to defray the legal expenses in this action.

Do not contact Class Counsel or the Class Administrator regarding CORE contributions and repayments.

Any Class Member's objections may address the proposed fee award, as well as any other part of the proposed Settlement Agreement.

VII. HOW WILL THE VEBA OPERATE AND HOW WILL IT AFFECT CLASS MEMBERS' BENEFITS?

Although all the precise details have not been finalized regarding the VEBA and the benefits to be provided under it, this Section VII provides information as to how the VEBA will operate and the anticipated structure of the benefits that will be provided under the VEBA.

HOW WILL THE VEBA OPERATE?

The VEBA will be organized by the Class Representatives and its assets will be held solely for the purpose of providing health benefits to the Class Members and their eligible dependents. The VEBA will be administered by Trustees who will have a fiduciary duty to manage the VEBA in the best interests of all the participants in the plan. There will be a total of five Trustees. Class Members (retirees or surviving spouses) will serve in three of the Trustee positions. The other two Trustee positions will be held by "Public Members," who will be individuals with experience or expertise, through education, training or employment, in the area of employee benefits. "Public Members" may not be Class Members or employees or officers of OEA or any successor. The Trustees will serve three year staggered terms, except that (in order to establish staggered terms) 1) the initial term of one of the Class Member trustees will be one year and 2) the initial term of a second Class Member Trustee and one of the Public Trustees will be two years. The Class Representatives will appoint the five

initial Trustees, and subsequent Trustee vacancies will be filled by appointment by the remaining Trustees then serving.

The Trustees of the VEBA will retain consultants and other service providers to assist them in investing the VEBA's assets, establishing and maintaining a viable plan of benefits, providing insurance coverage and generally administering the VEBA. The VEBA will be known as the "Staff Education Association Retirees' VEBA Trust." The VEBA's governing document will be a Trust Agreement, a draft copy of which is attached to this notice as Attachment 2.

HOW WILL CLASS MEMBERS' BENEFITS BE AFFECTED UNDER THE VEBA?

Plaintiffs' goal is to maintain a fair and reasonable plan of benefits for the lifetimes of all Class Members. Based on actuarial studies, it is anticipated that the VEBA will have sufficient money to continue to provide health benefits until the last Class Member dies. Because no current OASU employee, and only PSU employees hired on or before August 31, 2000, will be eligible to participate in the VEBA, it was possible to conduct these actuarial studies based on a known group of Class Members.

In order to support benefits for Class Members' lives, some adjustments will have to be made to the benefit structure, allowing for some additional cost sharing by Class Members. The new plan of benefits will incorporate adjustments that reflect an approximately 10% decrease in benefits as well as monthly contributions (*i.e.*, premiums).

OEA previously carried a liability for Class Members' lifetime health benefits on its balance sheet in an amount in excess of \$46,000,000. While the total of OEA's payments is yet to be determined, assuming the reasonable actuarial assumptions are met, including a reasonable rate of return on invested assets, and assuming the VEBA adopts the various

changes to the benefit structure referenced herein, Plaintiffs' actuaries project that the VEBA will be able to continue the benefits at or near the level of the proposed plan of benefits for the lifetimes of all Class Members.

It is expected that the VEBA will subsidize participants on average 10% of the cost of the plan. This means that participants will be charged monthly premiums that on average are 10% of the actual cost of benefits per participant. As projected by the actuaries and if assumptions are met, under the VEBA participant premiums will remain, on average, at approximately the same percentage (10%) of actual cost for the remainder of all Class Members' lives.

Please note that the initial benefits ultimately provided by the VEBA may vary, depending on the Trustees' determination of the most advantageous plan of benefits. The Trustees will have substantial flexibility in designing the plan or adopting additional plan options and could, either initially or at a later date after the VEBA has been operating for a period of time, increase or decrease premiums, co-pays and deductibles for retirees or groups of retirees as they deem prudent and fiscally responsible given the assets in the VEBA and the obligations it will assume.

VIII. YOUR RIGHT TO OBJECT TO THE PROPOSED SETTLEMENT

If you approve of the proposed settlement, you do not need to appear at the April 29, 2010 hearing or take any other action at this time. Class Counsel will attend the hearing on behalf of the Class. The purpose of the hearing is to enable the Court to make a determination of whether the proposed settlement is fair, reasonable and in the best interests of the Class. If the Court decides that the settlement is fair, reasonable and in the best interests of the Class, the Court will enter a final judgment approving the settlement.

Class Members may object to the settlement. A Class Member who chooses to object to the settlement must file written notice of intent to object. Any Class Member may appear at the settlement approval hearing, in person or by counsel, and be heard to the extent allowed by the Court, in opposition to the fairness, reasonableness and adequacy of the settlement, and on the application for an award of attorneys' fees and costs. The right to object to the settlement must be exercised individually by an individual Class Member, not as a member of a group or subclass and, except in the case of a deceased or incapacitated Class Member, not by the act of another person acting or purporting to act in a representative capacity (for example, if a retiree and the retiree's spouse both object to the settlement, *both* have to file objections – one may not object on behalf of the other).

To be effective, a notice of intent to object to the settlement must:

- (a) Contain a heading which refers to the lawsuit by name and case number;
- (b) Provide the name, address, telephone number and signature of the Class Member filing the objection, or counsel for the Class Member;
- (c) Describe the specific reasons why the Class Member objects to the Proposed Settlement;
- (d) Be filed with the Clerk of the Court not later than fourteen (14) days before the date set for the settlement approval hearing (April 15, 2010);
- (f) Identify the name, address, bar number, and telephone number of the objecting Class Member's counsel, if represented by an attorney, and otherwise comply with all applicable rules for filing pleadings and documents in the Court; and
- (g) State whether the objecting Class member intends to appear at the settlement approval hearing, either in person or through counsel, and, if through counsel, a statement identifying that counsel by name, address, bar number and telephone number.

In addition, a notice of intent to object must contain the following information if the Class Member or his/her attorney requests permission to speak at the Settlement Approval Hearing:

- (a) A detailed statement of the specific legal and factual basis for each and every objection;
- (b) A list of any and all witnesses whom the objector may call at the settlement approval hearing, with the address of each witness and a summary of his or her proposed testimony;
- (c) A detailed description of any and all evidence the objector may offer at the settlement approval hearing, including photocopies of any and all exhibits which the objector may introduce at the hearing; and
- (d) If the objection is being presented on behalf of a deceased or incapacitated Class Member, the notice of intent to object must include copies of the durable power of attorney, appointment as Executor or Administrator, or such other documentation upon which the person presenting the objection claims authority to act on behalf of the Class Member.

Any Class Member who does not file a timely notice of intent to object in accordance as set forth above shall waive the right to object or to be heard at the settlement approval hearing and shall be forever barred from making any objection to the settlement.

If, after the hearing, the Court enters a final judgment approving the settlement, the judgment will be binding on all class members, including those who filed objections and those who did not, assuming there is no successful appeal from the Judgment.

IX. EXAMINATION OF PAPERS FILED IN THIS ACTION

This Notice does not fully describe the action. Members of the public, including but not limited to those whose rights may be affected by this action, may inspect the papers filed in the lawsuit at the Office of the Clerk of the Court, United States District Court for the

Southern District of Ohio, Joseph P. Kinneary U.S. Courthouse, 85 Marconi Boulevard, Columbus, Ohio 43215. Many significant documents, including the full settlement agreement, order granting preliminary approval to the settlement, and others, are also available at www.praterclassactionsettlement.com.

**PLEASE DO NOT CALL OR WRITE THE COURT, THE CLERK OF
THE COURT, OEA OR COUNSEL FOR OEA WITH QUESTIONS REGARDING
THIS ACTION. THEY ARE NOT PERMITTED TO, AND WILL NOT, ANSWER
YOUR QUESTIONS. DIRECT ALL QUESTIONS TO CLASS COUNSEL OR YOUR
PERSONAL ATTORNEY**

FORM A

**CHANGE OF NAME AND/OR ADDRESS FOR NOTICE OF PROPOSED
SETTLEMENT OF RETIREE HEALTH BENEFITS CLASS ACTION**

Pursuant to Paragraph IV of the Notice to Class Members, I wish to change my name or mailing address information to the following:

Name: _____

Street and Apt. No., if any: _____

City, State and Zip Code: _____

This change of address is:

(___) permanent

or

(___) temporary and lasting only until _____.

I understand that future correspondence in this action, including but not necessarily limited to important notices relating to the lawsuit, will be sent to the address listed above and not to the address previously used, except to the extent I have indicated that this address change is temporary and should be used only until a given date. I hereby request and consent to the use of the address listed above under these conditions and for these purposes.

DATE: _____

Submitted By:

Print Name

Signature

PLEASE RETURN THIS FORM VIA UNITED STATES MAIL TO:

**Notice Administrator
Prater Class Action Settlement
c/o The Garden City Group, Inc.
PO Box 9349
Dublin OH 43017-4249**