

THE EDUCATION STATION DAY CARE CENTERS, INC.,
Plaintiff,
vs.
YELLOW BOOK USA, INC.,
Defendant.

SUPERIOR COURT OF NEW JERSEY LAW DIVISION:
BERGEN COUNTY
DOCKET NUMBER: BER-L-13657-04
CIVIL ACTION

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION AND HEARING

TO: INDIVIDUALS AND BUSINESSES WHO BETWEEN MAY 7, 2002 AND JULY 31, 2004, INCLUSIVE, SIGNED CONTRACTS TO PURCHASE ADVERTISING IN YELLOW BOOK DIRECTORIES.

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

1. THE PURPOSE OF THIS NOTICE

Your rights may be affected by the proposed settlement of a lawsuit known as *The Education Station Day Care Centers, Inc., vs. Yellow Book USA, Inc.*, Civil Action No. BER-L-13657-04 (the "Action"), which is pending before the Honorable Estela M. De La Cruz in the Superior Court of the State of New Jersey, Law Division, Bergen County (the "Court"). This notice is given by order of the Court.

The purpose of this notice is to inform you of the proposed settlement on behalf of a class of certain individuals and businesses ("Persons") who, between May 7, 2002 and July 31, 2004, inclusive, signed contracts to purchase advertising in one or more Yellow Book directories published by Yellow Book USA, Inc. This notice summarizes the essential information concerning the proposed class settlement and the rights of class members. If you have questions, you may call or write the Independent Claims Administrator at:

Phone Directory Independent Settlement Administrator
P.O. Box 91066
Seattle, WA 98111-9166
Toll Free Phone Number: (800) 406-6204

2. THE PERSONS COVERED BY THE SETTLEMENT

On May 13, 2005, the Court preliminarily approved a settlement of the claims of the class of Persons defined herein (called the "Settlement Class"). The Settlement Class consists of all Persons who, between the dates of May 7, 2002 and July 5, 2004, inclusive, signed one or more contracts (called "Yellow Book Contracts") pursuant to which they paid money to Yellow Book to publish one or more advertisements or listings in any Yellow Book directory in the United States.

In addition, the Settlement Class also includes Persons who, between the dates of May 7, 2002 and July 31, 2004, inclusive, signed one or more Yellow Book Contracts pursuant to which they paid money to Yellow Book to publish one or more advertisements or listings in any of the following Yellow Book directories (the "Select Yellow Book Directories"):

Yellow Book Directory	State	Yellow Book Directory	State	Yellow Book Directory	State
Camarillo/Oxnard/Ventura	CA	San Gabriel Valley	CA	Southern Maryland	MD
Glendale/Burbank	CA	Santa Clarita Valley	CA	Sun City Summerlin	NV
LA Metro	CA	South Bay	CA	Fredericksburg	VA
Long Beach Metro	CA	South Gate	CA	Northern Virginia	VA
North Orange County	CA	District of Columbia	DC	Greater Las Vegas	NV
San Fernando Valley	CA	Frederick County	MD		

The proposed settlement is based on the period (the "Class Period"): (a) from May 7, 2002 through July 5, 2004, inclusive, for all Yellow Book directories, and (b) with respect to the Select Yellow Book Directories, the period from May 7, 2002 through July 31, 2004, inclusive.

Excluded from the Settlement Class are: (1) Yellow Book's National Account Customers, (2) any Person that, as of May 13, 2005, is a party to a litigation, arbitration or mediation proceeding in which Yellow Book is seeking to collect past due amounts owing on that Person's account or whose account has been referred by Yellow Book to an attorney for collection of past due amounts, (3) any Person that has resolved or released the claims on which the proposed settlement is based, (4) any entity in which Yellow Book has or had a controlling interest, and directors, officers and employees of Yellow Book, and/or (5) legal representatives, heirs, estates, successors or assigns seeking relief through or on behalf of any such excluded Person or entity. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class as described in Section 6 below.

If you are a member of the Settlement Class described above, your rights will be affected by the proposed settlement, if it is approved, and you may be entitled to share in the settlement benefits.

3. WHAT THIS LAWSUIT IS ABOUT

In this Action, the Plaintiff (called a "Class Representative") alleges that Yellow Book made false representations concerning phone directory possession, usage and preference. Yellow Book denies each and every one of the allegations made in the Action and in related lawsuits. The Class Representative and its attorneys (called "Settlement Class Counsel") have conducted a detailed and exhaustive examination of the facts, law and

circumstances relevant to the Class Representative's claims, including review of voluminous documents, and Yellow Book has apprised the Class Representative and Settlement Class Counsel of the facts, law and circumstances relevant to its defenses. The parties engaged in extensive arm's length negotiations to resolve their dispute, including four full days of mediated settlement discussions with the assistance of a retired Presiding Judge of the New Jersey Appellate Division, after which the parties agreed to settle the Action and the related litigation. This settlement is not an admission of wrongdoing and does not indicate a violation of any law. While Yellow Book believes that the claims asserted in the Action are without merit, it has agreed to settle the case to avoid the time, expense and distraction of protracted litigation. While the Class Representative and Settlement Class Counsel believe that the claims asserted are meritorious, they have considered the uncertainty, risks, costs and delays associated with continued prosecution of the Action. The Class Representative and Settlement Class Counsel believe that the settlement is fair, reasonable, adequate and in the best interest of all members of the Settlement Class.

4. THE SETTLEMENT TERMS

If the proposed settlement is approved by the Court, members of the Settlement Class who comply with the procedures set forth in Section 5 below will be eligible to receive a settlement benefit on the terms described in this Section.

(a) Benefits Available to Class Members who are still Current Customers of Yellow Book:

Yellow Book will make available to members of the Settlement Class who are still Current Customers of Yellow Book, a credit toward the purchase of future Yellow Book advertising. Settlement Class members are Current Customers of Yellow Book if, as of April 1, 2005, they had one or more contracts with Yellow Book currently in effect. A contract is currently in effect if it provides for an advertisement that was included in a Yellow Book directory in current distribution as of April 1, 2005 or for an advertisement scheduled to be published in a Yellow Book directory after April 1, 2005. If you are a Settlement Class member who signed one or more Yellow Book Contracts during the Class Period and you are still a Current Customer of Yellow Book, you are eligible to claim a credit toward the purchase of future Yellow Book advertising. The amount of the credit depends on the total amount of Yellow Book directory advertising you purchased under the Yellow Book Contract(s) you signed during the Class Period, as follows:

Current Customers who purchased between \$1-\$600 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$48 Credit
Current Customers who purchased between \$600.01-\$2,400 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$84 Credit
Current Customers who purchased between \$2,400.01-\$8,400 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$168 Credit
Current Customers who purchased between \$8,400.01-\$16,800 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$336 Credit (to be used in two annual installments of \$168)
Current Customers who purchased in excess of \$16,800 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$720 Credit (to be used in two annual installments of \$360)

All credit vouchers are applicable to future advertising purchases only, and may not be used in connection with advertising that has already been purchased prior to the time the credit voucher is redeemed. To use the credit voucher, a Settlement Class member must present his, her or its credit voucher to Yellow Book at the time of the future advertising purchase, which future advertising purchase must be made within fourteen (14) months after the date when the credit voucher is mailed (the "Date of Mailing") to the Settlement Class member. In the case of Settlement Class members who receive a credit voucher that is to be used in two annual installments, (a) the first annual installment must be used for a future advertising purchase that is made within fourteen (14) months after the Date of Mailing, and (b) the second annual installment must be used for a subsequent advertising purchase that is made no sooner than fourteen (14) months and no later than twenty-six (26) months after the Date of Mailing. No credit voucher may be used if, at the time the credit voucher is presented by the Settlement Class member to Yellow Book, the Settlement Class member has an unpaid balance owed to Yellow Book that is more than 30 days overdue. However, any Settlement Class member who pays his, her or its unpaid balance prior to the expiration of the time period for using a credit voucher, will then be eligible to use the credit voucher provided that the use of the voucher also occurs within the time period set forth in this paragraph.

Credit vouchers are fully transferable. All the above-described-terms and conditions in this Section 4(a) on the use of credit vouchers apply equally to transferees of credit vouchers. No Person (whether a Settlement Class member or a transferee) may use more than one credit voucher. All transfers of credit vouchers are subject to all applicable federal, state and local laws governing such transfers.

(b) Benefits Available to Class Members who are Former Customers of Yellow Book:

Yellow Book will make available to Settlement Class members who are Former Customers of Yellow Book, the option to receive (a) a credit toward the purchase of future Yellow Book advertising, or (b) a cash payment option. A Former Customer is a Settlement Class member who, as of April 1, 2005, was no longer a Current Customer of Yellow Book (as defined above). If you are a Settlement Class member who signed one or more Yellow Book Contracts during the Class Period and you are a Former Customer of Yellow Book, you are eligible to claim a credit towards the purchase of future Yellow Book advertising or, at your option, a cash payment. The amount of the credit or cash payment depends on the total amount of Yellow Book directory advertising you purchased under the Yellow Book Contract(s) you signed during the Class Period, as follows:

Former Customers who purchased between \$1-\$600 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$48 Credit or \$22 Cash Payment (at Former Customer's option)
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Former Customers who purchased between \$600.01-\$2,400 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$84 Credit or \$50 Cash Payment (at Former Customer's option)
Former Customers who purchased between \$2,400.01-\$8,400 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$168 Credit or \$85 Cash Payment (at Former Customer's option)
Former Customers who purchased between \$8,400.01-\$16,800 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$336 Credit (to be used in two annual installments of \$168) or \$160 Cash Payment (at Former Customer's option)
Former Customers who purchased in excess of \$16,800 of Yellow Book directory advertising under Yellow Book Contracts signed during the Class Period:	\$720 Credit (to be used in two annual installments of \$360) or \$265 Cash Payment (at Former Customer's option)

All credit vouchers are applicable to future advertising purchases only, and may not be used in connection with advertising that has already been purchased prior to the time the credit voucher is redeemed. To use the credit voucher, a Settlement Class member must present his, her or its credit voucher to Yellow Book at the time of the future advertising purchase, which future advertising purchase must be made within fourteen (14) months after the date when the credit voucher is mailed (the "Date of Mailing") to the Settlement Class member. In the case of Settlement Class members who receive a credit voucher that is to be used in two annual installments, (a) the first annual installment must be used for a future advertising purchase that is made within fourteen (14) months after the Date of Mailing, and (b) the second annual installment must be used for a subsequent advertising purchase that is made no sooner than fourteen (14) months and no later than twenty-six (26) months after the Date of Mailing. No credit voucher may be used if, at the time the credit voucher is presented by the Settlement Class member to Yellow Book, the Settlement Class member has an unpaid balance owed to Yellow Book that is more than 30 days overdue. However, any Settlement Class member who pays his, her or its unpaid balance prior to the expiration of the time period for using a credit voucher, will then be eligible to use the credit voucher provided that the use of the voucher occurs within the time period set forth in this paragraph. No cash payment may be claimed by a Former Customer who has an unpaid balance owed to Yellow Book that is more than 30 days overdue. However, any Settlement Class Member who is a Former Customer and who pays his, her or its unpaid balance by September 22, 2005, will then be eligible to make a claim for a cash payment provided that such claim is also submitted by September 22, 2005.

Credit vouchers are fully transferable. All the above-described-terms and conditions in this Section 4(b) on the use of credit vouchers apply equally to transferees of credit vouchers. No Person (whether a Settlement Class Member or a transferee) may use more than one credit voucher. All transfers of credit vouchers are subject to all applicable federal, state and local laws governing such transfers.

(c) Release of Claims

In order to receive the benefits of the settlement, you will be required to release any and all claims relating to or arising directly or indirectly out of the allegations and claims which were made in the Action and in certain related Litigation, or which could have been made in the Action or related Litigation relating to or arising out of any statements (whether oral, in writing or in any other format) about directory possession, usage and/or preference made by or on behalf of Yellow Book at any time, but not after the end of the Class Period, in any advertising, marketing, marketing materials, sales materials, sales solicitations and/or surveys. Released Claims shall not preclude the right of any Settlement Class member or Yellow Book to enforce the terms of the settlement contained in the Stipulation and Agreement of Compromise and Settlement (the "Settlement Agreement").

5. THE PROCESS FOR SUBMITTING A CLAIM FORM

To participate in the settlement, you must submit a Claim Form, postmarked no later than September 22, 2005, to the address provided in the Claim Form. A copy of the Claim Form accompanies this notice. To request another copy of the Claim Form, you should log on to the internet at www.phonedirectorysettlement.com, call the toll free number (800) 406-6204, or write to the Phone Directory Independent Settlement Administrator, P.O. Box 91066, Seattle, WA 98111-9166. Yellow Book reserves the right to verify Claim Forms for accuracy and to challenge any claim believed to be inaccurate.

Settlement benefits will not be mailed to Settlement Class members until after the proposed settlement is approved by the Court, a judgment is entered, and the judgment becomes Final (as defined in the Settlement Agreement on file with the Court).

IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU DO NOT FILE A CLAIM FORM, YOU WILL NOT BE ELIGIBLE TO SHARE IN THE SETTLEMENT BENEFITS, BUT YOU WILL BE BOUND BY THE FINAL ORDER AND JUDGMENT OF THE COURT AND, IF THE SETTLEMENT IS APPROVED BY THE COURT, YOU WILL BE DEEMED TO HAVE RELEASED ALL CLAIMS WHICH WERE MADE, OR WHICH COULD HAVE BEEN MADE, IN THE ACTION.

6. THE PROCESS FOR REQUESTING EXCLUSION FROM THE SETTLEMENT CLASS

You may, if you so desire, request to be excluded from the Settlement Class. If you exclude yourself from the Settlement Class, you will lose any right to participate in the settlement. You also will lose the right to present any objections you might have to the Court before it rules on the settlement. You will be free to pursue any claims you may have against Yellow Book on your own behalf, but you will not be represented by Settlement Class Counsel. In order to exclude yourself from the Settlement Class, you must submit a written request for exclusion, which must state: (1) the name of this lawsuit; (2) your full name and current address; (3) your signature; (4) evidence of your membership in the Settlement Class, in the form of a statement by you that, between May 7, 2002 and July 31, 2004, you signed one or more contracts to purchase Yellow Book directory advertising; and (5) a specific statement of your intention to exclude yourself from the settlement. Requests for exclusion must be **postmarked no later than August 2, 2005** and sent by First Class mail, sufficient postage prepaid, to:

Phone Directory Independent Settlement Administrator
P.O. Box 91066
Seattle, WA 98111-9166

If you do not comply with these procedures and the deadline for exclusions, you will lose any opportunity to exclude yourself from the Settlement Class, and the Settlement Agreement, if approved by the Court, will determine your rights, whether or not you submit a Claim Form.

7. THE PROCEDURE FOR APPROVAL OF THE SETTLEMENT

The Court will hold a Final Approval Hearing on August 26, 2005 at 9:00 a.m., before the Honorable Estela M. De La Cruz at the Superior Court of the State of New Jersey, Law Division, Bergen County Justice Center, 10 Main Street, Hackensack, N.J. 07601. At the Final Approval Hearing, the Court will consider whether the proposed settlement should be granted final approval as fair, adequate, and reasonable and in the best interests of the Settlement Class as a whole. The Court will also consider the request of Settlement Class Counsel for an award of attorney fees' and expenses and the request for service awards for the named plaintiffs who filed class action complaints to reimburse them for the time and effort they expended as representatives on behalf of the Settlement Class. Settlement Class members may attend this hearing at their own expense if they wish, but are not required to do so in order to participate in the settlement. Settlement Class members may also individually comment upon or object to the proposed settlement.

Settlement Class members who have excluded themselves from the settlement are not entitled to comment on the proposed settlement or be heard at the Final Approval Hearing. Settlement Class members who have not excluded themselves and wish to comment in support of or opposition to any aspect of the proposed settlement or proceedings described in this notice may do so, provided such Settlement Class members submit their comments, in writing, to the Court, to Lead Settlement Class Counsel and to lead counsel for Yellow Book at the addresses listed below. Written objections must contain: (1) the name of this lawsuit; (2) your full name and current address; (3) your signature; (4) evidence of your membership in the Settlement Class, in the form of a sworn statement that, between May 7, 2002 and July 31, 2004, you signed one or more contracts to purchase Yellow Book directory advertising; and (5) the specific grounds for your objection. You need not appear in person; but if you wish to appear at the hearing on final approval of the settlement scheduled for August 26, 2005 and be heard orally in opposition to the proposed settlement, you must indicate your desire to appear personally in your written objection. Objections must be received by Lead Settlement Class Counsel and Lead Counsel for Yellow Book and filed with the Clerk of the Court by **August 2, 2005** at the following addresses:

Court

Clerk
Superior Court of the State of New Jersey,
Bergen County Justice Center
10 Main St.
Hackensack, NJ 07601

Lead Settlement Class Counsel:

Robert M. Rothman, Esq.
Lerach Coughlin Stoia Geller Rudman & Robbins LLP
200 Broadhollow Road, Suite 406
Melville, NY 11747

Lead Counsel for Yellow Book:

Robert D. Balin, Esq.
Davis Wright Tremaine LLP
1633 Broadway
New York, NY 10019

Objections should be accompanied by any supporting papers or briefs and must be received by the above-listed counsel and filed with the Clerk of the Court no later than **August 2, 2005**. If you do not comply with these procedures and the deadline for objections, you will lose any opportunity to have your objection considered at the Final Approval Hearing or otherwise to contest the approval of the settlement or to appeal from any orders or judgments entered by the Court in connection with the proposed settlement.

8. PAYMENT OF ATTORNEYS' FEES AND EXPENSES

Settlement Class members will not be responsible for attorneys' fees or the expenses of the litigation. At the Final Approval Hearing set for August 26, 2005, Settlement Class Counsel will seek Court approval for an award of attorneys' fees and expenses not to exceed \$5,000,000. In addition, at the Final Approval Hearing, the named plaintiffs who filed complaints on behalf of the Settlement Class will each seek a service award of \$2,500 to compensate them for the time and effort they expended. Payment of attorneys' fees and expenses to Settlement Class Counsel and of the service awards will be made by Yellow Book directly. Because the attorneys' fees, service awards and expenses will be paid solely and directly by Yellow Book, such payment will not affect the benefits to be received by Settlement Class members under the proposed settlement.

9. WHERE TO GET ADDITIONAL INFORMATION

Additional information including a copy of the Settlement Agreement is available by contacting the Phone Directory Independent Settlement Administrator toll free at (800) 406-6204 or at P.O. Box 91066, Seattle, WA 98111-9166. Any updates regarding the Action and the proposed settlement may also be obtained by contacting the Phone Directory Independent Settlement Administrator at the same phone number and address or by visiting www.phonedirectorysettlement.com on the Internet.

You also may contact Lead Settlement Class Counsel at the address listed above.

PLEASE DO NOT WRITE OR TELEPHONE THE COURT.

The foregoing is only a summary of the terms of the proposed settlement and the Action. For more detailed information, you may review the pleadings, records, and other papers on file in this Action, which may be inspected during regular business hours at Clerk's Office, Bergen County Superior Court, New Jersey.

By Order of the Court