

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

IN RE: MERCURY CLASS ACTION)
LITIGATION)

No. 00 CH 13226 (Cons.)
Judge Paul P. Biebel, Jr.

NOTICE OF PENDENCY OF CLASS ACTION,
PROPOSED CLASS SETTLEMENT AND HEARING

IF YOU HAVE OWNED OR OCCUPIED PROPERTY IN ILLINOIS ON WHICH: (1) NATURAL GAS REGULATORS WERE INSTALLED OR PLACED BY NICOR GAS OR ITS PREDECESSORS, WHICH REGULATORS CONTAINED OR FORMERLY CONTAINED MERCURY; OR (2) MERCURY FROM SUCH NATURAL GAS REGULATORS CAME TO BE PRESENT, AND NICOR GAS OR ITS AGENTS SO NOTIFIED ONE OR MORE INDIVIDUALS OR ENTITIES AT SUCH PROPERTY, READ THIS NOTICE CAREFULLY. IT MAY AFFECT YOUR RIGHTS.

This Notice is a notification that you may be a member of a plaintiff class in a lawsuit brought against Nicor Gas and others on behalf of that class. It is not a notification that you have been sued.

DESCRIPTION OF THE LITIGATION

This lawsuit is a class action pending in the Chancery Division of the County Department of the Cook County Circuit Court in Illinois (the "Court") against Nicor Gas and two contractors that Nicor Gas used from time to time to work on various matters, Henkels & McCoy, Inc. ("Henkels") and Northern Pipeline Co. ("NPL") (referred to collectively as the "Defendants"), related to pressure regulators used by Nicor Gas as part of its natural gas delivery system that contain or contained some quantity of mercury ("Mercury Containing Equipment"). The lawsuit charges that the Defendants were liable for claims of negligence, willful and wanton conduct, strict liability and medical monitoring based on alleged property damage allegedly related to the installation, maintenance or removal of Mercury Containing Equipment from Nicor Gas customer locations between the 1950s and the present. The lawsuit seeks damages, declaratory relief, attorneys' fees and costs from the Defendants.

Nicor Gas, Henkels and NPL deny the allegations material to plaintiffs' claims and deny that they have otherwise acted unlawfully in the conduct of their business.

Plaintiffs have conducted an investigation into the relevant facts and law. Considering the difficulty, expense and time consuming nature of such complex litigation and the uncertainty inherent in predicting the outcome of this Action, plaintiffs and counsel for the class have concluded that this settlement with Defendants is in the best interests of plaintiffs and the class. Although they deny liability, Defendants have decided to settle this case on the

terms described below in order to avoid the cost and business disruption of further litigation. This Notice should not be understood as an expression of any opinion by the Court as to the merits of any of the claims or defenses asserted by plaintiffs or Nicor Gas.

THE CLASS

Class Certification for Settlement Purposes. For purposes of settlement only, the Court has certified a class (the "Class") consisting of all individuals who have owned or occupied property in Illinois on which: (1) natural gas regulators were installed or placed by Nicor Gas or its predecessors, which regulators contained or formerly contained mercury; or (2) mercury from such natural gas regulators came to be present, and Nicor Gas or its agents so notified one or more individuals or entities at such property.

The Court has certified as Class representatives the plaintiffs Rhonita Austin, Kellee Austin, Michael Addison, Shannon Jennings, Juanita Evans, Kenyon Evans, Bruno Baruffi, Nicholas DeGrazio, Susan DeGrazio, James Hacker, Tammy Henning, Kevin Henning, Emily Henning, Chelsea Henning, Timothy McGivern, Janet McGivern, Darlene Serrano, Edward Stechman, Patricia Stechman and Alexander Stechman (the "Class Plaintiffs") and has appointed Ben Barnow of Barnow and Goldberg, P.C. and William J. Harte of William J. Harte, Ltd. as lead counsel for the Class ("Lead Class Counsel"). Contact Lead Class Counsel if you have any questions about this settlement.

You May Do Nothing and Remain a Class Member. If you do not wish to exclude yourself from the Class, you do not need to take any action in order to remain in the Class. Those who do not file a notice of exclusion are automatically members of the Class.

Consequences of Being a Class Member. Being a member of the Class means that if the Settlement is approved by final judgment, you will have a right to participate in the Settlement described in this Notice. If the Settlement is approved, all Class members will be precluded from further litigation of certain claims they may have against Nicor Gas, NPL and Henkels, and each of their current, former and future subsidiaries, divisions, successors, assigns, affiliates and parent corporations, and each of their current, former or future directors, officers, employees, heirs, executors, administrators and any and all representatives, shareholders, agents, accountants, attorneys, predecessors, successors and assigns of any of the foregoing.

Specifically, you will be precluded from further litigation arising out of or related to the following: (i) the claims alleged in the Amended Consolidated Class Action Complaint, including all dismissed claims; (ii) the installation, maintenance, repair, presence, or removal of mercury and/or Mercury Containing Equipment, including but not necessarily limited to mercury regulators, manometers, and switches; (iii) Nicor Gas's investigation or remediation of mercury or its conduct of mercury related issues, and (iv) to the extent not otherwise covered by subparts (i)-(iii) of this paragraph, claims related to an illness or injury caused by exposure to mercury or Mercury Containing Equipment for which you now have or previously had symptoms that you knew or should have known were associated with such exposure. Notwithstanding the foregoing, no Named Plaintiff or Class member shall by virtue of the settlement release or waive claims of personal injury that relate to mercury or to Mercury Containing Equipment, except to

the extent that such claims relate to an illness or injury caused by exposure to mercury or Mercury Containing Equipment for which you now have or previously had symptoms that you knew or should have known were associated with such exposure. See also "What the Settlement Means" (below).

Exclusion from Class. If you do not wish to be a member of the Class, you may exclude yourself from the Class by mailing a notice of exclusion, with the case-caption at the beginning of this notice, to the Clerk of the Cook County Circuit Court, Chancery Division, Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois, 60602 with copies to either of the Lead Class Counsel, at the addresses set forth below, and to counsel for Nicor Gas, at the address set forth below, and post-marked not later than the forty-fifth (45th) day following the date that this notice was mailed, as evidenced by its postmark. The notice should state your name, address and telephone number. If you choose to exclude yourself from the Class, any claims you might have against the Defendants will not be affected by the Settlement. However, if you exclude yourself, you will not be able to participate in the Settlement.

THE PROPOSED SETTLEMENT

Terms of the Proposed Settlement. Without admitting any of the allegations or contentions that the Class Representatives have made, Nicor Gas has agreed, subject to a final judgment approving the Settlement, to do the following:

1. Pay \$400 to the individual who was the Nicor Gas customer of record (or, to the extent that the location was not receiving natural gas service from Nicor Gas, the head of the household at such location) for locations associated with Mercury Containing Equipment or mercury from such Mercury Containing Equipment that, as of the date of the Preliminary Approval Order, has been confirmed as having contained either visible mercury or mercury vapor levels exceeding the standards established in the Court in the State Action (the "Positive Response Payment"). You will not be eligible for a Positive Response Payment if your claim relates to a location where the mercury levels resulted from the occupants' unauthorized tampering or movement of Mercury Containing Equipment. Nor will you be eligible for a Positive Response Payment to the extent that your location is or was associated with an individual who has been criminally charged in relation to the presence of mercury in such location.
2. Pay into an escrow account that shall be jointly administered by Lead Class Counsel and Nicor Gas (the "Relocation Payment Escrow") the additional amount of \$1,000,000.00 (One Million Dollars), a share of which shall be allocated to

each household from which Class members have been relocated on or after July 15, 2000, but before the date of the Preliminary Approval Order, as the result of Nicor Gas's investigation or remediation activities associated with Mercury Containing Equipment, and to whom Nicor Gas has already made payments because of their relocation (such household members being referred to hereinafter as "Relocated Class Members" and such payments being referred to hereinafter as "Relocation Payments"). The Relocation Payment to which each household occupied by Relocated Class Members shall be entitled will be determined using the following formula based on (a) the relationship between room and board payments that Nicor Gas has already made to or on behalf of the Relocated Class Members of the household at issue because of their relocation (which amounts shall be reviewed and confirmed by Lead Class Counsel) and the room and board payments that Nicor Gas has made collectively to or on behalf of all of the Relocated Class Members, without regard to opt-outs (which amounts shall also be reviewed and confirmed by Lead Class Counsel) (the resulting fraction shall be referred to as the "Individual Share") and (b) multiplying the Individual Share by one million. Each Relocation Payment for a particular household shall be made to the Relocated Class Member who was the Nicor Gas customer of record for that particular household (or, to the extent that the location was not receiving natural gas service from Nicor Gas, to the Relocated Class Member who was the head of the household at such location); provided, however, that if any Relocated Class Member opts out of this Settlement Agreement, then all of the Class members associated with that Relocated Class Member's household, if any, shall also be deemed to have opted out of the settlement, and no Relocation Payment shall issue for that household.

3. For a period of five years from the date of Final Judgment, Nicor Gas will provide appropriate health screenings, such as 24-hour urine mercury tests, at its expense, to all Class members who were part of a household that received a Positive Response Payment.
4. Nicor Gas shall use reasonable efforts to remove all mercury -containing regulators that remain located inside residential Class member locations within a period of four years from the date of Final Judgment.

The Court on November 9, 2001 entered a Preliminary Approval Order in which the Court found preliminarily that the proposed Settlement is fair, reasonable and adequate to the Class, and was made in good faith. The benefits available to Class members as proposed and preliminarily approved by the Court are described above.

ACCEPTANCE OF PAYMENT FORM

To receive the payment(s) offered in this Settlement Agreement, eligible Class members who are the Nicor Gas customer of record for the households or locations eligible to receive payment(s) (or, to the extent that such Class members were not Nicor Gas customers, the head of such households) (collectively, the “Responding Class Members”), will be required to submit a valid, fully completed Acceptance of Payment form to Lead Class Counsel, with a copy to Nicor Gas. Said Acceptance of Payment forms are being mailed to eligible Class members along with a printed copy of this notice. Each Responding Class Member must provide all of the information requested on the form, which shall consist of their current name and address, their social security number, the names of Class members associated with that household, and certain representations and warranties, as set forth more fully in the Settlement Agreement.

The amount to be awarded to each Responding Class Member, on behalf of each Responding Class Member’s household or location, and the bases therefor, shall be set forth in the notice provided to each Class member eligible to receive funds pursuant to the terms of this Settlement Agreement. Any Acceptance of Payment form that is untimely, incomplete, fails to contain the documentation required, or is otherwise invalid, may be rejected. If any Acceptance of Payment form is rejected, notice of the rejection will be provided to the Responding Class Member, who must then provide an acceptable Acceptance of Payment form within the timeframe specified in the notice of rejection. The Class members shall collectively be entitled to submit only one Acceptance of Payment form per each affected household or location. One check will be made payable to the Responding Class Member.

If any Class member who is an owner, an occupant, or a former occupant of a household or location for which relief is provided in this Settlement Agreement opts out of this settlement, then each Class member who owns, occupies, or has occupied at such household or location shall also be deemed to have opted out of the settlement, and no payment shall issue for such household or location.

Each Acceptance of Payment form shall specifically state that the Responding Class Member is signing the form on behalf of all Class members associated with that particular household or location and shall represent and warrant, as a condition of receiving the relief offered by this Settlement Agreement, that: (i) there are no other claims related to mercury or Mercury Containing Equipment associated with such household or location or anticipated by them; (ii) no Class member associated with that household or location has opted out of this Settlement Agreement; (iii) all Class members associated with such household or location have been identified by the Responding Class Member on the form; and (iv) the Responding Class Member is a member of the Class. The Acceptance of Payment form must be mailed to either of Lead Class Counsel, at the addresses set forth below, with a copy to counsel for Nicor Gas at the address set forth below, on or before the date that is one calendar year from the date of Final Judgment, which (as set forth in more detail in the Settlement Agreement) shall be deemed to have occurred when (a) the Court has entered an order giving Final Approval (as defined in the Settlement Agreement) and (b) the time has expired in which to seek review or

appeal of such order. The Class member must provide all of the information requested on the form, including but not limited to a current name and address and social security number.

SEND YOUR COMPLETED ACCEPTANCE OF PAYMENT FORM AND OTHER REQUIRED DOCUMENTS TO:

Lead Class Counsel
Ben Barnow, Esq.
Barnow and Goldberg, P.C.
One North LaSalle St., Suite 4600
Chicago, IL 60602

or to

William J. Harte, Esq.
William J. Harte, Ltd.
111 W. Washington St., Suite 1100
Chicago, IL 60602

with a copy to:

Counsel for Nicor Gas
Herbert L. Zarov, Esq.
Hugh R. McCombs, Esq.
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603

WHAT THE SETTLEMENT MEANS

The proposed Settlement is intended to settle the claims that have been made or could have been made against the Defendants arising out of or which are related to: (i) the claims alleged in the Amended Consolidated Class Action Complaint; (ii) installation, maintenance, repair, presence, or removal of mercury and/or Mercury Containing Equipment; (iii) Nicor Gas's investigation or remediation of mercury or its conduct of mercury related issues, and (iv) to the extent not otherwise covered by subparts (i)-(iii) of this paragraph, claims related to a current or former illness or injury that arose from continuous or repeated exposure to substantially the same general conditions, specifically mercury or "Mercury Containing Equipment" for which a Class member, as of the date of the Preliminary Approval Order, had symptoms (or previously had symptoms) that the Class member knew or should have known were associated with or related to mercury or Mercury Containing Equipment. Notwithstanding the foregoing, no Named Plaintiff

or Class member shall by virtue of the settlement release or waive claims of personal injury that relate to mercury or to Mercury Containing Equipment, except to the extent that such claims relate to an illness or injury caused by exposure to mercury or Mercury Containing Equipment for which you now have or previously had symptoms that you knew or should have known were associated with such exposure. To the extent that any Named Plaintiff or Class member has pending litigation against any of the Defendants related to mercury and/or Mercury Containing Equipment, then each such Named Plaintiff or Class member (and each member of such Named Plaintiff or Class member's household) must dismiss any and all such actions with prejudice as a condition to receiving any of the relief offered under this Settlement Agreement. If you do not exclude yourself from the Class and the Settlement is approved and becomes final, you will release all such claims. The releases will extend to the Defendants, their current, former or future subsidiaries, divisions, successors, assigns, affiliates and parent corporations, and each of their current, former or future directors, officers, employees, heirs, executors, administrators, shareholders and any and all representatives, agents, accountants, attorneys, predecessors, successors and assigns of the foregoing. If you do not exclude yourself from the Class and the Settlement is approved and becomes final, you will be deemed to have entered into this release whether or not you file a Proof of Claim.

If the Settlement is approved by the Court and the approval becomes final, the Settlement will be consummated. If the Settlement is not approved by the Court, or does not become final for any other reason, the litigation will continue.

The foregoing is only a summary of the basic terms of the proposed Settlement. You are referred to the Settlement Agreement, which is on file with the Clerk of the Court and also on Nicor Gas' website, for the precise terms and conditions of the Settlement.

HEARING

On February 7, 2002, the Court will hold a final fairness hearing in Courtroom 101 of the Cook County Circuit Court, 2600 South California, Chicago, Illinois, to determine whether the proposed Settlement should be approved as fair, adequate and reasonable; the amount of attorneys' fees and litigation costs and expenses that should be awarded to Class Counsel; and the amount of the award to the Named Plaintiffs. The hearing may be continued without further notice. It is not necessary for you to appear at the hearing.

Any member of the Class who has not elected to be excluded from the Class may object to approval of the proposed Settlement or to the application for attorneys' fees and reimbursement of litigation costs and expenses, and may appear at the hearing, individually or through the Class member's own counsel, and at the Class member's own expense, but only if such Class member has submitted a written objection and notice of intention to appear. Any objections must be filed with Clerk of the Cook County Circuit Court, Chancery Division,

Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois, 60602, and served upon Lead Class Counsel and Nicor Gas and the defendants listed below not later than January 28, 2002. Any objections shall include the case-caption at the beginning of this notice, state each specific reason, if any, in support of the objection, any legal authority for such objection shall be cited, and supporting papers and briefs and evidence of membership in the Class, shall all be included. Your objections and the required additional documents must be filed with the Clerk of the Court, with proof of service on the following counsel for the parties: for the plaintiffs, either Ben Barnow, Barnow and Goldberg, P.C., One North LaSalle St., Suite 4600, Chicago, IL 60602, or William J. Harte, William J. Harte, Ltd., 111 W. Washington St., Suite 1100, Chicago, IL 60602; and for Nicor Gas, Herbert L. Zarov, Esq. and Hugh R. McCombs, Esq., Mayer, Brown & Platt, 190 South LaSalle Street, Chicago, Illinois 60603, Counsel for Nicor Gas.

ADDITIONAL INFORMATION

The pleadings and other records in this litigation, including copies of the Settlement Agreement and Class Counsels' application for attorneys' fees and reimbursement of litigation costs and expenses, may be examined at any time during regular office hours at Barnow and Goldberg, P.C., One North LaSalle St., Suite 4600, Chicago, IL 60602.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK.

BY ORDER OF THE COURT.