

THIS COPY OF THE LONG FORM CLASS NOTICE IS FOR THE EMPLOYER TO POST IN THE WORKPLACE. EMPLOYERS MAY, BUT ARE NOT REQUIRED TO, MAIL AFFECTED EMPLOYEES A COPY OF THIS LONG FORM CLASS NOTICE.

**IN THE CIRCUIT COURT OF JEFFERSON COUNTY, ALABAMA
BIRMINGHAM DIVISION**

JESSICA EDWARDS, et al.,)
)
Plaintiffs)
)
v.)
)
JEFFERSON COUNTY COMMISSION,)
et al.,)
)
Defendants.)

**CIVIL ACTION NUMBER:
CV 07-900873**

NOTICE OF A PROPOSED CLASS ACTION SETTLEMENT

This notice, sometimes referred to as the Long Form Class Notice, has been sent to you pursuant to a Court order, and concerns a proposed Settlement in a class action lawsuit involving occupational, license, and privilege taxes levied by Jefferson County, Alabama (“the County”). The proposed Settlement specifically relates to potential collection of occupational, license, and privilege taxes retroactively by Jefferson County, Alabama for the period January 12, 2009, through August 13, 2009. If you or a member of your family previously paid occupational, license, or privilege taxes to Jefferson County, Alabama attributable to this time period or any portion of it, or had such taxes withheld from your paycheck by your employer attributable to this time period or any portion of it, then you are a member of the Settlement Subclass and the proposed Settlement may affect your rights, and may offer you certain benefits, all as further described in this notice. *You have not been sued.* This Class Notice is not an opinion by the Court as to the merits of the claims or defenses of the County or any actual or potential taxpayer, and the statements herein are not findings of the Court.

PLEASE READ THIS CLASS NOTICE CAREFULLY, AS IT CONTAINS IMPORTANT FACTS ABOUT THE PROPOSED SETTLEMENT, YOUR RIGHTS UNDER THE SETTLEMENT, THE ACTIONS YOU MUST TAKE IF YOU WISH TO OPT OUT OF OR OBJECT TO THE SETTLEMENT, AND HOW TO MAKE SURE YOU RECEIVE CERTAIN SETTLEMENT BENEFITS FOR WHICH YOU MAY BE ELIGIBLE IF THE SETTLEMENT IS APPROVED BY THE COURT.

THE DEFINITIONS OF CERTAIN CAPITALIZED WORDS AND PHRASES USED IN THIS CLASS NOTICE ARE INCLUDED IN APPENDIX A. IT IS IMPORTANT THAT YOU READ THOSE DEFINITIONS, AS WELL AS ALL OTHER PARTS OF THIS CLASS NOTICE.

1. What is this Lawsuit about?

A. The History of this Case

On May 11, 2007, Plaintiff Jessica Edwards filed a putative class action complaint in the Court alleging that the Legislature had repealed Act 67-406 which had given the County authority to levy and collect occupational or license or privilege taxes from Plaintiffs. That putative class action complaint was amended a number of times, and the operative complaint -- the Corrected Amendment to Class Action Complaint -- was filed on December 18, 2008 (the "Complaint"). This proceeding, Case No. CV 07-900873 in the Circuit Court of Jefferson County, Alabama, including all pleadings and amended pleadings, is referred to herein as the Action or the Lawsuit.

Edwards purported to represent a class of people who had paid the County occupational or license or privilege taxes under a 1967 Act, Act 67-406. Two additional taxpayers, Janet Judge and Alarm One, Inc., eventually joined her as class representatives. As amended, their complaint named the Jefferson County Commission and three Jefferson County officials in their official capacities -- Commissioner Bettye Fine Collins, Director of Revenue Travis Hulsey, and Tax Collector J.T. Smallwood -- as the Defendants. Plaintiffs sought a declaratory judgment that the 1967 Act (Act 67-406) "was repealed by" a 1999 Act, Act 1999-669, thus depriving the Defendants and the County of statutory authority to collect these taxes. Plaintiffs also requested a refund of "moneys paid to Defendants as the result of the illegal or invalid taxes" and an injunction precluding the Defendants from "collect[ing] monies under the guise of legitimate taxes."

Plaintiffs asked the court to certify a non-opt-out class action under Rule 23(b)(2) of the Alabama Rules of Civil Procedure. Defendants agreed that the requested class treatment was appropriate under the Alabama Rules of Civil Procedure, and on January 12, 2009, the trial court certified the following no-opt-out Class: "all persons or entities who or which have paid to Jefferson County, Alabama occupational or license or privilege taxes collected by Defendants since April 1, 2000, pursuant to Alabama Act No. 67-406."

Also on January 12, 2009, the trial court issued (1) a declaration that the 1999 Act had repealed the 1967 Act; (2) a determination that the repeal would be given prospective effect only, starting on the January 12, 2009 date of the order; and (3) an order requiring Defendants to continue collecting the taxes and to hold them in escrow, so that they could be refunded to the taxpayers if a refund were eventually ordered.

After the Court certified its January 12 Order as final under Rule 54(b) of the Alabama Rules of Civil Procedure, both sides filed appeals to the Alabama Supreme Court. Defendants appealed the trial court's declaration that the 1999 Act had repealed the 1967 Act. Plaintiffs' appeal was later dismissed. The Alabama Supreme Court affirmed the Court's January 12 Order.

On August 14, 2009, after the parties had briefed the first appeal but before the Alabama Supreme Court decided it, the Alabama Legislature passed the 2009 Act, and the Governor signed it into law. As pertinent here, the 2009 Act stated that

[a]ll actions of the governing body in continuously levying, collecting, and enforcing the levy of the county occupational and license taxes pursuant to Act 406 since the time of the initial levies thereof, particularly from and after the effective

date of Act 99-669, 1999 Second Special Session (Acts 1999, p. 168) are hereby ratified, validated, and confirmed. This Act is therefore intended to be retroactive and curative to November 29, 1999.

Act No. 2009-811, § 7.

In its opinion in the first appeal, the Alabama Supreme Court took “judicial notice of the enactment of Act No. 2009-811” but ruled that “the effect of that act is not before us in this appeal.” *Jefferson County Comm’n v. Edwards (“Edwards I”)*, 32 So. 3d 572, 580 n.5 (Ala. 2009). The Alabama Supreme Court then held “that Act No. 99-669, by its plain language, repealed Act No. 406 of the 1967 Regular Session.” *Id.* at 590. It remanded the case to the Court for further proceedings.

On remand, Plaintiffs filed several motions asserting that certain Class Members were entitled to a refund. They asked the Court to transfer collections made by the County between January 12, 2009, and August 13, 2009—the day before the Legislature had passed the 2009 Act—into the Escrow Fund held by a court-appointed special master. Plaintiffs asked the Court to then refund the amount in the Escrow Fund to the taxpayers who paid taxes during that time period, along with postjudgment interest and costs.

Defendants filed a motion invoking the 2009 Act and asking the Court to vacate its escrow order, to provide for the money to be returned to the general fund of Jefferson County, Alabama, and to declare moot Plaintiffs’ requests for a refund. Plaintiffs responded by asserting that the 2009 Act’s retroactivity provision violated Section 95 of the Alabama Constitution, which provides that “[a]fter suit has been commenced on any cause of action, the Legislature shall have no power to take away such cause of action.”

On December 10, 2009, the Court appointed Birmingham attorney Ed Gentle as “Special Master and Fund Claims Administrator” to carry out any refund of taxes. In that same order, the Court also required Defendants to transfer \$37,796,302.06 to the Escrow Fund held by the Special Master. That amount represented Defendants’ calculation of the disputed taxes collected between January 12 and August 13, 2009, plus the interest the escrow account had produced during that time.

On December 23, 2009, the Court issued another order addressing three issues. First, the Court denied Defendants’ motion to vacate its escrow order and to moot Plaintiffs’ request for a refund in light of the 2009 Act. The Court held that to the extent the 2009 Act authorized the funds in the Escrow Fund to be returned to Defendants, the 2009 Act violated Section 95 of the Alabama Constitution. Second, the December 23, 2009 Order also addressed a dispute between the parties about how much money would go into the Escrow Fund in light of the Court’s finding that it should include occupational or license or privilege taxes collected between January 12, 2009, and August 13, 2009. Defendants had calculated the total amount as \$37,796,302.06. Plaintiffs, in contrast, calculated the total amount collected during this time as \$47,812,627.95. The Court agreed with Plaintiffs and ordered Defendants to remit the additional \$10,016,325.89 to the Special Master within fifteen days. Defendants complied with that order. Third, the December 23 Order also required Defendants to pay postjudgment interest of 12% on the amounts of tax receipts reported for each month during the first appeal. Defendants had argued that postjudgment interest could not accrue until the Court had issued a judgment for a “sum certain” of money damages. They argued that this had not happened until the December 23 Order, which required Defendants to transfer the balance of the judgment to the Special Master within 15 days -- an order with which Defendants complied.

Defendants timely appealed the December 23 Order on December 28, 2009, and filed an amended notice of appeal on January 6, 2010.

On January 15, 2010, the Court issued an order making, insofar as it is pertinent here, three additional rulings. First, the order specified that the amount of postjudgment interest due under the December 23 Order was \$2,450,547.92. Second, the order specified that even though Defendants had complied with the Court's order to transfer the \$47,812,627.95 judgment to the Special Master, "[p]ost judgment interest is . . . deemed to hereafter accrue on the corpus of the said Fund at the rate of \$15,719.22 per day." Third, the order required the County to transfer \$1.1 million to the Special Master to cover his fees and expenses associated with a refund.

Defendants took a timely appeal of the January 15 Order as well, and that appeal was consolidated with the Defendants' appeal of the December 23, 2009, Order.

In the consolidated appeal, the Alabama Supreme Court held that "[b]y the provisions in Act No. 2009-811 for repeal and retroactive effect, the legislature imposed a retroactive tax." *Jefferson County Comm'n v. Edwards* ("*Edwards II*"), 49 So. 3d 685, 693 (Ala. 2010). The Court held that because of Section 95 of the Constitution, "[t]he escrow fund into which Jefferson County placed the illegally collected taxes remains intact for distribution as ordered by the trial court, subject to the modifications hereinafter discussed." But at the same time, the Court held that "other portions of the act, not subject to the constitutional infirmity imposed by § 95, authorize Jefferson County to collect additional occupational taxes." Accordingly, the Court held that "Jefferson County is not barred from collecting the retroactive tax authorized by Act No. 2009-811." The Alabama Supreme Court also ruled that the correct amount available for refund to taxpayers was approximately \$37.8 million.

A separate lawsuit was filed in 2010 in the Circuit Court of Jefferson County challenging the constitutionality of the 2009 Act. The Circuit Court of Jefferson County declared in that case that the 2009 Act was unconstitutional on a prospective basis because notice of the act was not properly given by the Legislature prior to its passage, and the Alabama Supreme Court affirmed that ruling in *Jefferson County v. Weissman*, --- So. 3d ---, 2011 WL 892375 (Ala. March 16, 2011).

The Putative Subclass Representatives and the County have different positions on the impact of the *Weissman* decision and the ability of the County to collect a retroactive tax from the Settlement Subclass members. While the County maintains that a prior ruling from the Alabama Supreme Court enables it to collect occupational, license, and privilege taxes retroactively from members of the Settlement Subclass for the period January 12, 2009, through August 13, 2009, the Putative Subclass Representatives maintain that the County has no present ability to retroactively collect such taxes from the members of the Settlement Subclass despite the Alabama Supreme Court's ruling purporting to allow such taxes to be collected retroactively.

The Putative Subclass Representatives and the Defendants entered into a prior proposed settlement agreement in October 2010, subject to Court approval. That previously proposed settlement, which differed materially from this Settlement, was never approved by the Court. Before deciding whether to preliminarily approve that prior settlement, the Court expressed its concern about several issues with regard to that settlement and the documentation associated with it. In addition, while the motion seeking approval of that settlement was pending, the Alabama Supreme Court issued its decision in *Weissman* striking down the 2009 Act. The Putative Subclass Representatives and the Defendants then agreed to reopen settlement discussions with the assistance of the mediator previously appointed by the Court. Those discussions resulted in an agreement to withdraw the previous proposed settlement and to enter into this Settlement instead.

On May 19, 2011, the Court ordered that all Class Members who paid occupational, privilege, or license taxes to the County for the period January 12, 2009, through August 13, 2009, receive a refund equal to approximately 83 percent of those tax payments, less a pro rata

share of any attorneys' fees and expenses and class representative payments that the Court may award. Those Class Members will receive those refunds whether or not this Settlement receives Final Approval. This Settlement involves only the remaining 17 percent of the tax payments that were placed in the Escrow Fund, and the interest thereon.

B. This Settlement

This has been a hard-fought case which has been hotly contested in the trial and appellate courts for more than three years. The Putative Subclass Representatives (Janet Judge and Jessica Edwards) and the Defendants believe that a settlement of the remaining unresolved issues concerning the County's ability to collect occupational, privilege, or license taxes retroactively from members of the Settlement Subclass for the period January 12, 2009, through August 13, 2009, on the terms specified in the Settlement would present a fair, reasonable, and adequate way to resolve this matter. The Supreme Court ruled in this case that the retroactive tax imposed by the 2009 Act could be collected by the County, and it has not been determined what effect, if any, the subsequent invalidation of the 2009 Act has on that ruling. This means that it is possible that, absent this Settlement, the Settlement Subclass might owe more under the retroactive tax than they would receive in net refunds as a result of this Action, after deduction from the recovery achieved in this Action of any attorneys' fees and expenses and class representative payments that may be awarded by the Court. This Settlement presents a way for the parties to avoid that risk and eliminate all existing and potential retroactive liability for occupational, privilege, or license taxes for the period January 12, 2009, through August 13, 2009. Based upon their investigation and research, Putative Subclass Representatives and Class Counsel have concluded that the terms and conditions of this Settlement are fair, reasonable, and adequate to Putative Subclass Representatives and the putative Settlement Subclass, particularly given the ability of Settlement Subclass members to decide for themselves whether to exclude themselves from the Settlement, and have agreed to settle the remaining issue of retroactive liability for occupational, privilege, or license taxes for the period January 12, 2009, through August 13, 2009, pursuant to the terms and provisions of this Settlement, after considering among other things (a) the benefits that Putative Subclass Representatives and the members of the putative Settlement Subclass will receive from this Settlement, (b) the attendant risks of additional or continued litigation, including the potential for collection of the retroactive tax, (c) the overall desirability of permitting the Settlement to be consummated as provided under the terms of this Settlement Agreement, and (d) the provision of an opt-out right to Settlement Subclass members, which enables each of them to make his or her own assessment of whether to accept the Settlement.

In light of the uncertainty and the risk inherent in any litigation, and the difficulties, substantial expense, and other burden necessary to collect any retroactive tax, which no doubt would involve further litigation and appeals, Defendants have decided to enter into this Settlement in order to put the Released Claims (as defined in Appendix A and Appendix B) to rest finally and forever.

Nothing in this Settlement or any of its exhibits shall in any event be construed as, argued as support for, or be deemed to be, evidence of an admission or concession on the part of Defendants or Settlement Subclass members with respect to any claim or defense, or of any fault, wrongdoing, liability or damage whatsoever. Likewise, nothing in this Settlement shall be construed as, argued as support for, or be deemed to be evidence of an admission or concession

on the part of Defendants, Putative Subclass Representatives, or Settlement Subclass members with respect to the lawful ability of Jefferson County to impose a retroactive tax from any person pursuant to any authority. Based upon their own independent discovery, investigation, and evaluation of the facts and law relating to all of the matters alleged in the pleadings, the Putative Subclass Representatives, on behalf of themselves and the Settlement Subclass, and the Defendants have agreed upon terms for a class settlement of all remaining unresolved issues pertaining to the ability of the County to collect occupational, license, or privilege taxes retroactively from the Settlement Subclass members who are not Opt Outs for the period of January 12, 2009, through August 13, 2009.

This Settlement has been thoroughly considered and reviewed by Putative Subclass Representatives and Class Counsel, who have concluded and agreed that this Settlement is fair, reasonable, and adequate because it provides certain and substantial benefits to the Settlement Subclass members who are not Opt Outs, while allowing those who wish to opt out to do so; is in the best interests of the Settlement Subclass; and offers members of the Settlement Subclass the opportunity to avoid the risks and uncertainties of litigation and potential collection of a retroactive tax.

2. What is a class action?

A class action is a lawsuit in which one or more persons sue on behalf of themselves and all other persons that have similar claims. In this case, the three Plaintiffs have sued on behalf of themselves and the Class; and on behalf of themselves and the Settlement Subclass, the two Plaintiffs who represent the Settlement Subclass have decided to settle all the remaining unresolved issues concerning the potential collection of occupational, license, or privilege taxes retroactively by the County for the period January 12, 2009, through August 13, 2009 (or any part of that period) by entering into a written agreement entitled "Stipulation of Settlement and Release." The persons on whose behalf the Settlement has been made are those persons within the Settlement Subclass that the Court preliminarily certified on May 19, 2011, namely, "the subclass of persons or entities in the Class consisting of persons or entities against whom the Jefferson County occupational, license or privilege tax was levied for the time period between January 12, 2009, and August 13, 2009." The reason this Settlement was entered into on behalf of this Subclass rather than the Class as a whole is that only members of the Settlement Subclass are subject to potential collection of occupational, privilege, or license taxes retroactively for the period January 12, 2009, through August 13, 2009.

The Settlement has already been preliminarily approved by the Court. Nevertheless, because the Settlement will determine the rights of all members of the Settlement Subclass who are not Opt Outs, the Court must give Final Approval to the Settlement after notice to the Settlement Subclass before it can be effective. The phrase "Final Approval," as used herein, is defined in Appendix A, as are other capitalized terms in this Long Form Class Notice.

The Court has conditionally certified the Settlement Subclass for settlement purposes only, so that members of the Settlement Subclass can be given notice of the Settlement, the opportunity to review this Long Form Class Notice, and the opportunity to opt out or to be heard in support of, or in opposition to, Final Approval of the Settlement. If the Settlement is not given Final Approval by the Court, or if it is terminated by the Parties, the Settlement will be void and the Action will proceed as if there had been no Settlement and no certification of the Settlement Subclass.

3. Who are the defendants in the Action?

The Action was filed against the Jefferson County Commission, and Commissioner Bettye Fine Collins, Director of Revenue Travis Hulsey, and Tax Collector J.T. Smallwood, in their official capacities. For purposes of this Settlement, therefore, "Defendants" means, separately and severally, each of the Jefferson County Commission, and Commissioner David Carrington (Commissioner Bettye Fine Collins's successor as Commission President), Director of Revenue Travis Hulsey, and Tax Collector J.T. Smallwood in their official capacities, and each and all of their successors and assigns, and all individuals or entities acting by, through, under or in concert with any of them.

4. Why was I given or directed to this Class Notice?

Under the Alabama Rules of Civil Procedure and the Court's orders, the Defendants and Settlement Subclass Representatives are required to provide the best practicable notice in light of all the circumstances to each member of the Settlement Subclass, in order to notify them of: (a) the actual and potential claims being settled; (b) the terms of the proposed Settlement of those claims; (c) the process by which the Court will consider whether to give Final Approval to the Settlement; (d) how the Final Approval of the Settlement will affect the legal rights of Settlement Subclass members; (e) what Settlement Subclass members must do if they wish to object to any terms of the Settlement; and (f) what Settlement Subclass members must do if they wish to opt out of the Settlement. Businesses which paid a license tax that was levied between January 12, 2009, and August 13, 2009, are being sent a copy of this Long Form Class Notice directly. However, because the occupational tax was withheld from employee paychecks and then remitted by employers instead of by the employees directly, and the County therefore does not itself have sufficient records of the identities of Settlement Subclass members and the amounts they paid in occupational taxes for the time period in question, the Court has determined that the best practicable notice to the employees who paid the occupational tax in light of all the circumstances was to send a Class Notice Package to the employers, who are in turn instructed to provide a Short Form Class Notice to their present or former employees or other affiliated persons who are Settlement Subclass members. The Short Form Class Notice informs those receiving it how to get a copy of this Long Form Class Notice.

You received or were directed to this Long Form Class Notice because you may be a person or entity that paid or remitted occupational, license, or privilege taxes levied by Jefferson County, Alabama for the period January 12, 2009, through August 13, 2009. Again, in many cases, such taxes were withheld from the paychecks of employees by their employers, who then remitted the withheld taxes to the County. If you paid, or your employer withheld from your paycheck, any occupational, license, or privilege tax levied for the time period from January 12, 2009, through August 13, 2009, then you are a Settlement Subclass member and you are affected by the proposed Settlement. If you are unsure whether you are a Settlement Subclass member, the company for which you worked during the time period January 12 through August 13, 2009 should be able to tell you whether taxes were withheld from your paycheck for occupational, license, or privilege taxes levied by Jefferson County for that time period, but you should assume that they were for purposes of this notice unless you are able to verify otherwise.

Because the County's records do not allow it to determine from its own records those for whom employers remitted occupational taxes levied by the County for the period of January 12, 2009, through August 13, 2009, or any part of that period, you may have been given or directed to this Long Form Class Notice in error, and some Settlement Subclass members may not receive the Short Form Class Notice or the Long Form Class Notice at all. Therefore, *all* Settlement

Subclass members are also being informed of this Settlement through summary notices published in certain area newspapers. If you know someone who appears to fit the definition of a "Settlement Subclass member" as described in this Long Form Class Notice, but who you believe has not received a copy of this Long Form Class Notice, please tell that person to visit www.jeffcoocctax.com or call 1-800-345-0837 to obtain their own copy of this Long Form Class Notice.

If the Settlement is given Final Approval, Settlement Subclass members who are not Opt Outs will automatically be eligible to receive the benefits of the Settlement, as further described below.

5. What is the status of the Action?

The history of this case is set forth in Section 1, above. Most claims in this Action have already been determined by the Court. Accordingly, without regard to this Settlement, the Court has ordered that all Class Members who paid occupational, privilege, or license taxes to the County for the period January 12, 2009, through August 13, 2009, receive a refund equal to approximately 83 percent of those tax payments, less a pro rata share of any attorneys' fees and expenses and class representative payments that the Court may award. However, in simplified terms, one issue remains unresolved with respect to occupational, license, and privilege taxes for the period January 12, 2009 through August 13, 2009--namely, whether retroactive taxes will be collected for the period January 12, 2009, through August 13, 2009. Because of the importance of these issues, the Alabama State Bar volunteered the services of its President-Elect Jim Pratt to mediate this remaining issue. As a result of that mediation, counsel for the Defendants and the Settlement Subclass reached an agreement on the essential terms of this Settlement. Through further negotiations, they finalized the proposed Settlement, which was then presented to the Court and granted Preliminary Approval on May 19, 2011. As explained in Paragraph 16, a Fairness Hearing has now been set by the Court to consider whether to give Final Approval to the Settlement.

If the Settlement is given Final Approval, the Settlement Subclass members who do not choose to become Opt Outs will assign their pro rata shares of the Settlement Fund to the County. The Settlement Subclass members' pro rata shares of the Settlement Fund together represent a total of approximately 17 percent of the occupational, license, and privilege taxes paid for the period January 12, 2009 through August 13, 2009. The total amount in the Settlement Fund is \$6,500,000.00. In exchange for assignment of the Settlement Subclass members' pro rata shares of the Settlement Fund, the County will give a Release to all Settlement Subclass members, except Opt Outs. That Release will eliminate any liability such Settlement Subclass members might have to the County for occupational, privilege, or business taxes the County might otherwise collect retroactively for the period January 12, 2009, through August 13, 2009. Both sides have agreed to the Settlement in order to achieve an early and certain resolution to the issue of the potential collection of retroactive taxes, in a manner that provides specific and valuable benefits to the Settlement Subclass members.

6. Will Settlement Subclass members have to give up anything if the Settlement is given Final Approval?

If the Settlement is given Final Approval, Settlement Subclass members who do not opt out of the Settlement will assign (and thereby transfer) their pro rata shares of the Settlement Fund to the County and release certain claims arising out of the Settlement as specified in Appendix B. The terms, scope, and effect of the Release are further discussed in Paragraph 11,

and a complete copy of the Release itself is attached as Appendix B, which is a reprint of Section VI of the full Settlement Agreement. The full Settlement Agreement is available at www.jeffcoocctax.com. In very general terms, if the Settlement is approved, Settlement Subclass members who are not Opt Outs will no longer face any risk of collection of occupational, license, or privilege taxes retroactively by the County for the period prior to August 14, 2009, and, in exchange, will assign (and thereby transfer) their pro rata shares of the Settlement Fund to the County. Those Settlement Subclass members who opt out of the Settlement by timely filing an Opt Out Form with the Special Master will receive their pro rata shares of the Settlement Fund (equal to approximately 17 percent of the occupational, privilege, or license taxes that they paid to the County for the period January 12, 2009, through August 13, 2009), but they will not receive the Release from the County, thereby leaving them at risk of collection of occupational, privilege, or license taxes retroactively for the period January 12, 2009, through August 13, 2009. The foregoing is only a general and simplified summary of the Release and the Settlement, and does not in any way limit the Settlement Agreement or the full scope of the Release set forth therein. See Appendix B to this Notice for a more complete summary of the Release and the Released Claims.

7. What relief will be offered under the Settlement?

The Settlement offers Settlement Subclass members who do not opt out both prospective and retroactive relief. The portions of the Settlement Agreement pertaining to relief are reprinted here:

2. Injunctive Relief. Subject to all the terms and conditions of this Settlement and subject to approval by the Court, the Putative Subclass Representatives and Defendants hereby stipulate to the entry of an injunction effective on the Effective Date preventing Defendants and the County, based upon their contractual commitments voluntarily made as part of this Settlement, from hereafter collecting any occupational or license or privilege taxes for any taxable events occurring during the period January 12, 2009, through August 13, 2009, from the Settlement Subclass members, except Opt Outs, under the 1967 Act, Act 67-406, or under the 2009 Act, Act No. 2009-811, or under the Alabama Supreme Court's opinion in this case, or any other law or authority. Notwithstanding the foregoing, this injunction shall not prevent Defendants or the County from receiving its portion of the Settlement Fund as set forth below in the event this Settlement is approved. Further, nothing in this paragraph shall prevent Defendants or the County from collecting or retaining any taxes or fees under any statute or law, or for any period of time, except as expressly and unambiguously set forth herein. In addition, nothing in this paragraph shall prevent Defendants or the County from collecting occupational, privilege, or license taxes from Opt Outs pertaining to the period of January 12, 2009, through August 13, 2009, although nothing herein shall constitute an admission by Class Counsel, the Putative Subclass Representatives, or any Class Members that the County can do so. Without limiting the generality of the foregoing, nothing herein shall prevent Defendants or the County or their successors, assigns, or related persons or entities from retaining any taxes collected prior to January 12, 2009, or from collecting taxes or fees for taxable events subsequent to August 13, 2009, and nothing herein shall constitute a ruling by the Court that any part of the 2009 Act, Act 09-811, is valid, invalid, constitutional, unconstitutional, enforceable, or unenforceable. Nothing in this Settlement Agreement shall constitute an agreement to the validity or invalidity of Act 2009-811 insofar as it pertains to Settlement Subclass members, and the Parties expressly acknowledge that this Settlement Agreement shall not be used as evidence of the validity of Act

2009-811, in any respect, in any civil action or otherwise. However, all prior rulings of the Alabama Supreme Court in this Action, and all prior rulings of the Court (as modified by the Alabama Supreme Court) in this Action, shall remain in full force and effect and shall retain their full binding effect on all Class Members whether or not this Settlement is approved except as expressly and unambiguously modified by this Settlement.

3. Ancillary Relief. Subject to approval by the Court, Putative Subclass Representatives and Defendants hereby stipulate that then-remaining balance of the Escrow Fund heretofore created by the prior injunctions entered by the Court shall, on the Preliminary Approval Date, be divided into two separate funds: a Settlement Fund equal to Six Million Five Hundred Thousand Dollars (\$6,500,000.00), and an Administrative Fund equal to One Million One Hundred Thousand Dollars (\$1,100,000.00), less previous payments for administrative expenses approved by the Court, plus interest accrued to date attributable to that portion of the Escrow Fund. The Settlement Fund, together with any interest accrued on the Settlement Fund following Preliminary Approval, shall be first used to pay Opt Outs their pro rata shares of the Settlement Fund. Those pro rata shares shall be computed by the Special Master according to the following formula: the amount of occupational, license and privilege taxes paid to Jefferson County by the specific taxpayer who has opted out of the Settlement Subclass for such taxes levied for the period from January 12, 2009, through August 13, 2009 (as calculated by the Special Master pursuant to the formula set out in the "Cadillac Plan" referenced in the Court's Order of December 10, 2009, and set out as an appendix thereto), divided by the total amount of occupational, license, and privilege taxes paid by all taxpayers to Jefferson County collectively for such taxes levied for the period from January 12, 2009, through August 13, 2009 (which all parties agree is \$37,732,406.52). After all payments to Opt Outs have been computed and allocated to said Opt Outs, the Special Master shall then transfer \$70,000.00 from the Settlement Fund to the Administrative Fund to cover additional administrative expenses associated with the Settlement. After the payments are issued to Opt Outs and the \$70,000.00 payment is transferred to the Administrative Fund, the remaining amount, after accounting for those payments, in the Settlement Fund shall be paid to the Jefferson County Commission by the Special Master.

Immediately upon the Effective Date, Defendants and the County shall be forever discharged and released from any responsibility or liability for the portion of the Settlement Fund to be paid to Opt Outs, and all members of the Settlement Subclass who are not Opt Outs shall be deemed to have assigned to the County all claims any of them might otherwise have to any share or portion of the Settlement Fund.

The Administrative Fund, including any interest accrued on the Administrative Fund after Preliminary Approval and the additional payment to it from the Settlement Fund referenced above, shall be used to pay the costs of Notice and Publication Notice as described herein, as and when incurred, with the balance used to pay the fees and expenses of the Special Master for, and any other expenses of, administering this Settlement, as and when those fees and expenses are incurred, and administering other refunds to the members of the Class entitled to a refund in connection with the Action as ordered by the Court, and any balance of the Administrative Fund remaining thereafter shall be paid to the Jefferson County Commission.

4. Special Master. The Special Master shall act as the settlement administrator. Subject to all terms of this Settlement Agreement, as and when each payment is due hereunder, the Special Master will pay all costs, fees and expenses of administering this Settlement ,

administering other refunds separate from this Settlement to Class Members as ordered by the Court, and providing Class Notice and Publication Notice to the Settlement Subclass only from the Administrative Fund, will pay the Opt Outs their pro rata shares of the Settlement Fund, will transfer \$70,000.00 from the Settlement Fund to the Administrative Fund, and will pay the remaining balance of the Settlement Fund only to the Jefferson County Commission. To the extent that the Special Master acts within the terms of this Settlement Agreement and whatever Preliminary and Final Approval Orders are entered by the Court, he and his agents will have judicial immunity for all such actions.

5. Continuing Jurisdiction. The Court shall retain continuing jurisdiction to enforce this Settlement and the Order and Final Judgment approving this Settlement.

8. *Who will pay the costs of implementing and administering the Settlement?*

The costs of implementing and administering the Settlement, including the costs of printing and mailing this Class Notice, will be paid as set forth in Section 7, above.

9. *What relief can I receive under the Settlement, and when and how will I receive it?*

If Final Approval is given to the Settlement, all Settlement Subclass members, except Opt Outs, will automatically receive the benefit of the prospective injunctive relief and Release offered under the Settlement. This means that Settlement Subclass members who do not opt out will not be at risk for future collection of occupational, privilege, or license taxes retroactively for the period January 12, 2009, through August 13, 2009. For a complete understanding of the Settlement, including its terms, requirements, and relief provisions, you are encouraged to review the Settlement and its accompanying exhibits in their entirety. A copy of the Settlement is available at www.jeffcoocctax.com, or a copy can be obtained by calling the Settlement Administration Center at 1-800-345-0837.

10. *Will the Settlement have any tax consequences?*

The Settlement might have tax consequences for you. Those tax consequences, if any, may vary, depending on your individual circumstances. Plaintiffs, the Settlement Subclass Representatives, the Defendants, Class Counsel, Defense Counsel and the Special Master *cannot* advise you about any tax consequences that might arise under the Settlement. You are encouraged to consult with your own tax advisor to determine whether any potential federal, state, local, foreign, or other tax consequences will arise for you under this Settlement. Determination of any such tax consequences is solely the responsibility of each Settlement Subclass member, including Opt Outs.

11. *What will be the legal effect of the Settlement, if given Final Approval by the Court?*

If the Court gives Final Approval to the Settlement, the Parties will seek entry of a Final Order and Judgment that, among other things, will:

- Find that the Court has personal and continuing jurisdiction over all Settlement Subclass members and subject matter jurisdiction to approve and enforce the Settlement;
- Approve the Settlement as fair, adequate, and reasonable, consistent and in compliance with all applicable requirements of the Alabama Rules of Civil Procedure, the Alabama

Constitution, the United States Constitution (including the Due Process Clause), the applicable Rules of Court and any other applicable law, and as being in the best interests of each of the Parties and the Settlement Subclass members;

- Confirm that the prior final certification of the Class, without right of exclusion or opt-out, is not altered, and grant final certification to the Settlement Subclass for settlement purposes with the right of exclusion or opt-out;
- Incorporate the Release, which will benefit all Settlement Subclass members, except Opt Outs, as part of the Final Order and Judgment;
- Permanently bar Settlement Subclass members from filing, commencing, prosecuting, intervening in, participating in (as class members or otherwise), or receiving any benefits or other relief from any other lawsuit, in any state or federal court, arbitration, or administrative, regulatory or other proceeding or order in any jurisdiction that asserts or is based upon, directly or indirectly, in whole or in part, the Released Claims. This permanent bar will not apply to the claims of Opt Outs;
- Retain jurisdiction over all matters relating to the administration, consummation, enforcement, modification, construction, and interpretation of the Settlement and Final Order and Judgment; and
- Enjoin all Settlement Subclass members, except Opt Outs, to comply with all terms of the Settlement and the Final Order and Judgment.

If the Court gives Final Approval to the Settlement, the Release reproduced as Appendix B will be incorporated into the Court's Final Order and Judgment, and all "Released Claims" as defined therein and in the Settlement will be deemed released, except as to Opt Outs, effective as of the date of the Court's Final Order and Judgment. The Settlement fully describes the claims that Settlement Subclass members who are not Opt Outs will give up. A copy of the Settlement is available at www.jeffcoocctax.com, or a copy can be obtained by calling 1-800-345-0837. **YOU ARE ENCOURAGED TO CAREFULLY REVIEW THE FULL SETTLEMENT, INCLUDING THE TERMS AND SCOPE OF THE RELEASE, AS THIS NOTICE IS ONLY A PARTIAL AND INCOMPLETE SUMMARY OF THE FULL SETTLEMENT TERMS.**

12. Can the parties terminate the Settlement or change its terms?

Either the Putative Subclass Representatives or Defendants may terminate the Settlement if certain things occur, such as if the Court or an appellate court does not approve all of its terms without modification, or if orders are made that are inconsistent with the express terms of the Settlement.

If the Settlement is terminated, the Plaintiffs, the Defendants, and all of the Class Members and Settlement Subclass members will be in the same position as they were in before the Settlement was executed, and the Settlement will have no legal effect. If the Settlement is terminated, Settlement Subclass members will not receive the Release offered by the Settlement.

If the Settlement is given Final Approval, thereafter the Settlement Subclass members and the Defendants will not be able to change the terms of the Settlement without further Court approval, unless the changes are consistent with the Final Order and Judgment and do not materially limit, or materially and adversely affect, the rights or obligations of the Parties and Settlement Subclass members under the Settlement.

13. Does the Settlement have any current legal effect?

Pending the Court's decision on whether to grant Final Approval to the Settlement, the Court has issued a preliminary injunction against all the Settlement Subclass members barring the initiation of any new, or the continued prosecution of any existing, lawsuit against the Defendants or the County which involves claims which would be Released Claims under the Settlement. The full text of the Court's preliminary injunction — reproduced from the Court's order granting preliminary approval to the Settlement — is as follows:

In order to preserve the Court's jurisdiction pending consideration of whether Final Approval should be given to the Settlement, and to avoid irreparable harm to the settlement process, and after balancing the equities and concluding that the Settlement is sufficiently fair, reasonable, and adequate that it is due to be preliminarily approved and should be protected from collateral attack during the notice, opt-out, and Final Approval process, the Court hereby preliminarily enjoins all Settlement Subclass members from filing, commencing, prosecuting, intervening in, participating in as a party or class member, or otherwise pursuing, or receiving any benefits or other relief from, any other lawsuit, arbitration, or administrative, regulatory or other proceeding in any jurisdiction, based on or relating to the Released Claims. See Liles v. Del Campo, 350 F.3d 742, 746 (8th Cir. 2003) (upholding an injunction which enjoined related federal proceedings "to preserve the settlement fund, to eliminate the risk of inconsistent or varying adjudications that would deplete the fund, to avoid confusion among the class members, and to save scarce judicial resources."). If the Settlement is finally approved by the Court after the Fairness Hearing, the foregoing injunction shall be made permanent as to all Released Claims of the Settlement Subclass members, except Opt Outs.

A complete copy of the Court's Preliminary Approval Order is available at www.jeffcoocctax.com, or a copy can be obtained by calling the Settlement Administration Center at 1-800-345-0837.

14. What are my options under the Settlement?

If you meet the definition of a Settlement Subclass member described in Paragraph 4 (and as defined in Appendix A), then if the Settlement is granted Final Approval by the Court and the Effective Date is reached, you will automatically receive the Release being provided under this Settlement if you do not timely submit an Opt Out Form. However, if you are an individual who had occupational or privilege taxes withheld from your paycheck for this time period by a company or business you no longer work for, you should make sure the business for which you worked during the period January 12, 2009, through August 13, 2009 (or any part of that period), has your current address and is informed of any future changes in your address. This is because the amounts payable to each such member of the Settlement Subclass under this Settlement will generally be sent to them in care of the employer that withheld such taxes from employee

paychecks and remitted them to Jefferson County. If the business you worked for during any portion of the period January 12, 2009, through August 13, 2009, no longer exists or is no longer operating, you should immediately notify the Special Master in writing of this fact and include your name, your address and phone number, and the name and address of the employer that you worked for during the above time period. The Special Master's address to which you should direct such written notification is as follows:

Special Master Edgar Gentle
Jefferson County Occupational Tax Settlement Administration Center
GENTLE, TURNER & SEXTON
Suite 100
501 Riverchase Parkway East
Hoover, Alabama 35244.

If you wish to do so, you may opt out of participation in the Settlement by personally signing and timely filing the Opt Out Form (a copy of which is attached to this Long Form Class Notice as Exhibit A) or an Opt Out Request with the Special Master. An Opt Out Request is a written statement that contains (a) the name, Social Security number, address, telephone number, and email address (if any) of the Settlement Subclass member; (b) the name and address of each employer who withheld occupational, privilege, or license taxes from the Settlement Subclass member's paycheck for the period January 12, 2009, through August 13, 2009, or any part of that period, and then remitted those taxes to the County; (c) a statement, if applicable, that the Settlement Subclass member directly made payment(s) to the County of occupational, privilege, or license taxes for the period January 12, 2009, through August 13, 2009, or any part of that period (as opposed to having them sent to the County by an employer); (d) a statement that the Settlement Subclass member wishes to opt out of the Settlement and understands that he or she (or in the case of a corporation or other business entity, it) will not receive any of the benefits of the Settlement by opting out.

If you complete and timely file an Opt Out Form or Opt Out Request and the Settlement receives Final Approval, you will receive your pro rata share of the Settlement Fund after the Effective Date, but you will not receive a Release from the County for any potential collection of occupational, privilege, or business taxes retroactively for the period January 12, 2009, through August 13, 2009. Your pro rata share of the Settlement Fund that you will receive if you opt out will equal approximately 17 percent of what you paid in occupational, privilege, or license taxes for the period January 12, 2009, through August 13, 2009. That 17 percent, together with the additional amounts being refunded pursuant to a Court order in the Action without regard to this Settlement, will mean that Opt Outs receive 100 percent of the amounts they paid in occupation, privilege, and license taxes for the period January 12, 2009, through August 13, 2009, less any attorneys' fees and expenses and class representative incentive payments which the Court orders deducted from the refunds being made pursuant to the Court order without regard to this Settlement. However, if you opt out and therefore do not receive the Release from the County, then you will remain at risk for potential retroactive collection of 100 percent of what you paid in occupational, privilege, or license taxes for that period, which could potentially exceed your net refund.

If you wish to do so, you may object to any aspect of the Court's exercise of jurisdiction in this matter, to the certification of the Settlement Subclass, or to any other aspect, effect, or

term of the Settlement. The procedures for objecting to the Settlement are described in Paragraph 16, below. If you are a member of the Settlement Subclass as defined in Appendix A, then whether or not you submit an objection, if the Court gives Final Approval to the Settlement and the Effective Date is reached, then unless you timely file an Opt Out Form or the Court otherwise orders, you will remain a Settlement Subclass member and you will be bound by all aspects of the Settlement (including the Release contained therein), and bound by the terms of the Court's Final Order and Judgment.

15. If I want to opt out of participation in the Settlement, how do I do that?

If you are a Settlement Subclass member (as described in Paragraph 4 and in Appendix A), you may opt out of participation in the Settlement. The procedures for and the consequences of opting out are described in Paragraph 14, above. To opt out, you must personally sign and file a completed Opt Out Form or Opt Out Request with the Special Master. The Special Master must receive it no later than fourteen (14) days before the Fairness Hearing; in other words, opt out forms must be received by the Special Master on or before July 25, 2011. An Opt Out Form is attached to this Long Form Class Notice as Exhibit A. The required contents of an Opt Out Request are described in Paragraph 14, above. The Opt Out Form or Opt Out Request must be personally signed by the Settlement Subclass member (or in the case of a corporation or other business entity, by an authorized officer). A Settlement Subclass member who opts out may hire an attorney at his or her (or its, in the case of a corporation or other business entity) own expense. However, any Opt Out Form or Opt Out Request must be personally signed by the Settlement Subclass member, regardless of whether he or she (or it) has hired an attorney to represent him or her (or it). No Settlement Subclass member or other person may opt out on the behalf of or in a representative capacity for any other Settlement Subclass member.

The Opt Out form or Opt Out Request can be filed by mailing or otherwise delivering it to the Special Master at the following address:

Special Master Edgar Gentle
Jefferson County Occupational Tax Settlement Administration Center
GENTLE, TURNER & SEXTON
Suite 100
501 Riverchase Parkway East
Hoover, Alabama 35244

Again, the signed Opt Out Form or Opt Out Request must be ***received*** by the Special Master on or before July 25, 2011. Persons mailing the Opt Out Form or Opt Out Request should, therefore, mail it sufficiently in advance so that it will be received by the deadline.

Any Settlement Subclass member who fails to strictly comply with the provisions and deadlines of this Long Form Class Notice and Section VI of the Settlement Agreement shall waive and forfeit any and all rights he or she may have to opt out of participation in the Settlement, and shall be bound by all the terms of the Settlement, by the Release and by all other proceedings, orders and judgments in this Action applicable to Settlement Subclass members who are not Opt Outs.

16. What if I want to object to the Settlement?

If you are a Settlement Subclass member (as described in Paragraph 4 and in Appendix A), you may object to any aspect or effect of the Action, any order entered by the Court (including the order conditionally certifying the Settlement Subclass), or any aspect, effect, or term of the Settlement. Such objection must be in writing. The procedures for submitting written objections are described below.

Any Settlement Subclass member who wishes to object to the fairness, reasonableness, or adequacy of this Settlement, to the Court's exercise of jurisdiction over this matter or over the Settlement Subclass, to the certification of the Settlement Subclass under Alabama Rule of Civil Procedure 23(b)(2) with right of opt-out or exclusion, to any order entered in the Action, or to any other aspect or effect of this Settlement must deliver to Class Counsel and Defense Counsel and file with the Special Master, no later than July 25, 2011, a written statement of his or her objection. Any written statement of objection must: (1) contain a caption or title that identifies it as "Objection to Settlement Subclass Settlement in *Jessica Edwards, et al., v. Jefferson County Commission, et al., CV- 07-900873*"; (2) set forth all of the specific reason(s), if any, for each objection, including any legal support the Settlement Subclass member wishes to bring to the Court's attention and any evidence the Settlement Subclass member wishes to introduce in support of the objection; (3) identify the name of the objector and the business or employer that remitted the taxes for the objecting Settlement Subclass member that were levied for the period January 12, 2009, through August 13, 2009; and (4) be personally signed by the Settlement Subclass member (or in the case of a corporation or other business entity, by an officer of the corporation or business entity).

A Settlement Subclass member may file and serve a written statement of objection either on his or her own (or its own, in the case of a corporation or other business entity) or through an attorney hired at his or her (or its) own expense. However, the written statement of objection must be personally signed by the Settlement Subclass member, regardless of whether he or she (or it) has hired an attorney to represent him or her (or it). No Settlement Subclass member or other person may object on the behalf of or in a representative capacity for any other Class Member or Settlement Subclass member.

No Settlement Subclass member shall be heard and no papers, briefs, or pleadings submitted by such member shall be received and considered by the Court unless the Court, Class Counsel, and Defense Counsel receive the Settlement Subclass member's written and signed statement of objection on or before July 25, 2011. Persons mailing an objection should, therefore, mail it sufficiently in advance so that it will be received by the deadline. Any Settlement Subclass member who fails to timely or properly object in accordance with the provisions of this Section shall be deemed to have waived his or her objections and forever be barred from making any such objections in this Action or in any other action or proceeding. All written statements of objection must be sent to each of the following:

Samuel M. Hill
THE LAW OFFICES OF SAM HILL, LLC
Suite 202
265 Riverchase Parkway East
Hoover, Alabama 35244

Matthew H. Lembke
BRADLEY ARANT BOULT CUMMINGS LLP
1819 Fifth Avenue North
Birmingham, Alabama 35203

Special Master Edgar Gentle
Jefferson County Occupational Tax Settlement Administration Center
GENTLE TURNER & SEXTON
Suite 100
501 Riverchase Parkway East
Hoover, Alabama 35244

Any Settlement Subclass member who properly files and serves a timely written objection may appear at the Fairness Hearing, either in person or through personal counsel hired at the Settlement Subclass member's expense, to object to the fairness, reasonableness, or adequacy of this Settlement, or the certification of the Settlement Subclass, or to any other aspect or effect of this Settlement. However, Settlement Subclass members or their attorneys intending to make an appearance at the Fairness Hearing must also deliver to Class Counsel and Defense Counsel and file with the Court, on or before July 25, 2011, a notice of intention to appear. The Court's address is Circuit Court for Jefferson County, Birmingham Division; Jefferson County Courthouse; 716 Richard Arrington Blvd N; Birmingham AL 35203.

If a Settlement Subclass member hires an attorney to represent him or her (or it, in the case of a business entity), the attorney must file a notice of appearance with the Clerk of Court no later than July 25, 2011; and deliver to Class Counsel and Defense Counsel no later than July 25, 2011 a copy of the same.

Any Settlement Subclass member who fails to strictly comply with the provisions and deadlines of this Long Form Class Notice and Section V of the Settlement Agreement shall waive and forfeit any and all rights he or she may have to appear separately and/or object, and shall be bound by all the terms of the Settlement, by the Release and by all other proceedings, orders and judgments in this Action.

17. Will the Court hold a hearing about the Settlement?

The Court has set a Fairness Hearing for August 8, 2011, beginning at 10:00 a.m., in Courtroom 370 of the Jefferson County Circuit Court located at 716 Richard Arrington Blvd; Birmingham, AL 35203. At the Fairness Hearing, the Court will consider whether to give Final Approval to the Settlement. The Court may choose to change the date and/or time of the Fairness Hearing without further notice of any kind. If you intend to attend the hearing, you should confirm the date and time before attending by calling the Special Master at 1-800-345-0837.

In ruling on the Settlement, the Court will consider, among other things, whether to: (a) approve the Settlement as fair, reasonable, and adequate; and (b) finally certify the Settlement Subclass for settlement purposes only. At the Fairness Hearing, the Court will also consider any objections submitted by Settlement Subclass members and will receive the list of Opt Outs compiled by the Special Master. If the Court finds the Settlement to be fair, reasonable, and adequate, the Court will enter a Final Order and Judgment which, among other things, grants Final Approval to the Settlement and grants final certification to the Settlement Subclass.

18. Am I required to attend to the Fairness Hearing?

You *may* attend the Fairness Hearing, either in person or through an attorney hired at your own expense, but your attendance is *not* required. If you have submitted a written objection, either you or any attorney you hire at your own expense may appear at the Fairness Hearing to present the objection by following the procedures described in Paragraph 16, but neither you nor your attorney is required to do so.

19. Who are the attorneys currently representing the Class and Settlement Subclass and will they be paid in connection with this Settlement?

The Court has appointed a group of attorneys to represent the Class Members and Settlement Subclass members. Those attorneys include: Jim McFerrin, Sam Hill, and Allen Dodd. All of these attorneys are collectively referred to as "Class Counsel." They will not be paid any amounts from the Settlement Fund. No award of attorneys' fees and expenses to them will be made by the Court as part of its consideration of the Settlement.

20. Where can I get more information about the Settlement?

This Long Form Class Notice merely summarizes the Settlement, and is not intended to completely describe all of the Settlement's terms and details. In the event of any conflict between this Long Form Class Notice and the Settlement, the Settlement will control. You are encouraged to review the complete Settlement Agreement and its accompanying exhibits. You may obtain a copy of the full Settlement Agreement and certain documents relating to it by visiting www.jeffcoocctax.com, or by calling the Settlement Administration Center at 1-800-345-0837.

If you have questions about the Settlement, please call the Settlement Administration Center.

If you wish to communicate with or obtain information directly from Class Counsel, you do so by calling Jim McFerrin at 205-870-5704 or Sam Hill at 205-250-7776, or by writing Sam Hill at The Law Offices of Sam Hill, LLC, Suite 202, 265 Riverchase Parkway East, Hoover, AL 35244.

You may also examine the Settlement, Court orders, and the other papers filed in the lawsuit at the Office of the Clerk of Court, located at Jefferson County Courthouse; 716 Richard Arrington, Jr., Boulevard North; Birmingham, Alabama 35203.

PLEASE DO NOT WRITE OR TELEPHONE THE COURT, OR THE CLERK'S OFFICE, OR DEFENSE COUNSEL FOR INFORMATION CONCERNING THE SETTLEMENT. ANY QUESTIONS YOU MAY HAVE SHOULD BE DIRECTED TO THE SETTLEMENT ADMINISTRATION CENTER OR CLASS COUNSEL AT THE TELEPHONE NUMBERS LISTED IN PARAGRAPH 20.

DATED: June 13, 2011

**BY ORDER OF THE CIRCUIT COURT FOR
JEFFERSON COUNTY, ALABAMA**

APPENDIX A

The following definitions are reproduced verbatim from Section II of the Settlement. A complete copy of the Settlement and all of its exhibits is available for review at www.jeffcoocctax.com, or you can have a copy sent to you by calling 1-800-345-0837.

II. DEFINITIONS

As used in this Settlement and the annexed exhibits, the following terms have the following meanings, unless a section or subsection of this Settlement or its exhibits provides otherwise:

"Action" or "Lawsuit" means this lawsuit captioned *Jessica Edwards, et al., v. Jefferson County Commission, et al.*, assigned case number CV-07-900873 and pending in the Circuit Court of Jefferson County, Alabama.

"Administrative Fund" means a portion of the Escrow Fund equaling One Million One Hundred Thousand Dollars (\$1,100,000.00), less payments from it previously authorized by the Court, plus interest applicable to that portion of the Escrow Fund, and plus a payment of Seventy Thousand Dollars (\$70,000.00) to be made from the Settlement Fund. The initial payment of One Million One Hundred Thousand Dollars (\$1,100,000.00) to establish this Administrative Fund was previously made by the County from general revenues pursuant to a prior Court order. The Administrative Fund shall be used to pay the costs of transmittal of the Class Notice Package and publication of the Publication Notice as described herein, with the balance used to pay the fees and expenses of the Special Master for, and any other expenses of, administering this Settlement and to pay the costs of administering other refunds to members of the Class entitled to refunds in connection with this Action as ordered by the Court. After all such amounts are paid, any remaining balance of the Administrative Fund shall be paid to the Jefferson County Commission.

"Class" means the class previously certified by this Court consisting of all persons or entities who or which have paid to Jefferson County, Alabama occupational or license or privilege taxes collected by Defendants since April 1, 2000, pursuant to Alabama Act No. 67-406.

"Class Counsel" means Jim McFerrin, Sam Hill and Allen Dodd.

"Class Members" means all those persons and entities who are members of the Class.

"Class Notice" means the legal notice of the terms of this Settlement as included in the Class Notice Package and Publication Notice.

"Class Notice Package" means the notice package which has been approved in form and content by Class Counsel, Defense Counsel, and the Court, and the complete copy of which is attached hereto as Exhibit A. The Class Notice Package shall include both a Short Form Class Notice, a Long Form Class Notice, and an Opt Out Form, which shall be sent to employers of Settlement Subclass members and then provided or made available to Settlement Subclass members pursuant to the provisions of Section IV and in accordance with the procedures specified in the Letter to Employers, which shall also be included in the Class Notice Package.

"Complaint" means the Corrected Amendment to Class Action Complaint, filed in the Action on December 18, 2008, a true and correct copy of which is attached hereto, with all prior complaints it incorporates, as **Exhibit B**.

"Court" means the Circuit Court of Jefferson County, acting pursuant to its jurisdiction over this Action.

"Defendants" means, separately and severally, each of the Jefferson County Commission, Commissioner David Carrington, Director of Revenue Travis Hulseby, and Tax Collector J.T. Smallwood in their official capacities, and each and all of their successors and assigns, and all individuals or entities acting by, through, under or in concert with any of them.

"Defense Counsel" means the law firm of Bradley Arant Boult Cummings LLP.

"Effective Date" means one (1) business day after the date on which the Final Order and Judgment approving this Settlement becomes final. For purposes of this definition, the Final Order and Judgment shall become final: (i) if no appeal is taken from the Final Order and Judgment, on the date on which the time to appeal therefrom has expired; or (ii) if any appeal is taken from the Final Order and Judgment, on the date on which all appeals therefrom, including petitions for rehearing or reargument, petitions for rehearing *en banc* and petitions for *certiorari* or any other form of review, have been finally disposed of in a manner resulting in approval of the Settlement and affirmance of all of the material provisions of the Final Order and Judgment.

"Escrow Fund" means that fund created by the Court's order of January 12, 2009, in this Action, as supplemented by the Court's orders of December 10, 2009, December 23, 2009, and January 15, 2010, as modified by the Alabama Supreme Court's opinion of May 17, 2010, and further orders of this Court.

"Fairness Hearing" means the hearing held by the Court to consider evidence and argument for the purpose of determining, among other things, whether: the Settlement is fair, reasonable, and adequate; the Settlement should be given Final Approval; the class heretofore certified by the Court should be unaltered for purposes of this Settlement and the Order and Final

Judgment approving it; and the Settlement Subclass as defined herein shall be finally certified for purposes of this Settlement and the Order and Final Judgment approving it.

"Final Approval" means entry by the Court of the Final Order and Judgment.

"Final Order and Judgment" or "Final Judgment" means the order entered by the Court approving this Settlement and entering a final certification of the Settlement Subclass pursuant to Rule 23(b)(2) of the Alabama Rules of Civil Procedure with the right of Settlement Subclass members to opt out, confirming that the existing final certification of the Class pursuant to Rule 23(b)(2) of the Alabama Rules of Civil Procedure without the right of exclusion to Class Members is not altered, confirming that all prior rulings of the Alabama Supreme Court in this Action, and all prior rulings of the trial court (as modified by the Alabama Supreme Court) in this Action, will remain in full force and effect and fully binding on all Parties and all Class Members; and finally approving this Settlement as fair, reasonable, and adequate and binding on all members of the Settlement Subclass who do not timely opt out as provided herein. The Final Judgment shall be entered pursuant to Rule 58 of the Alabama Rules of Civil Procedure, and shall be in substantially the same form as is agreed to by the Parties and submitted to the Court at least five (5) days before the Fairness Hearing.

"Hearing Order" or "Preliminary Approval Order" means the order entered by the Court pursuant to the provisions of this Settlement, which shall be in substantially the same form as is agreed to by the Putative Subclass Representatives and Defendants and submitted to the Court in connection with any motion or joint motion for Preliminary Approval of the Settlement, and shall among other things certify the Settlement Subclass under Alabama Rule of Civil Procedure 23(b)(2) with the right of Settlement Subclass members to opt out; confirm that the Court's existing final certification of the Class is not altered; grant preliminary approval to the

Settlement; approve the form and content of the Class Notice Package and Publication Notice; authorize the distribution of the Class Notice Package and dissemination of the Publication Notice pursuant to the terms of this Settlement; approve the procedures and requirements for submission of objections by the Settlement Subclass proposed by this Settlement; approve the procedures for Settlement Subclass members to opt out; and schedule the Fairness Hearing.

"Jefferson County, Alabama" or "County" shall, unless otherwise expressly indicated or obvious from the context in which it is used, refer to the County of Jefferson County, Alabama and each and all of its present and former governing bodies, departments, agents, officers, elected or appointed officials, commissioners, attorneys, and representatives, and their respective successors and assigns, separately and severally.

"Letter to Employers" means the letter to employers of Settlement Subclass members from the Special Master that is included in the Class Notice Package.

"Long Form Class Notice" means the long form class notice document that is included in the Class Notice Package.

"Opt Out Form" means the form that is included in the Class Notice Package by which members of the Settlement Subclass can indicate that they do not wish to exchange their pro rata share of the Settlement Fund for the Release from the County.

"Opt Out Request" means a written statement submitted by a Settlement Subclass member that contains (a) the name, Social Security number, address, telephone number, and email address (if any) of the Settlement Subclass member; (b) the name and address of each employer who withheld occupational, privilege, or license taxes from the Settlement Subclass member's paycheck for the period January 12, 2009, through August

13, 2009, or any part thereof, and then remitted those taxes to the County; (c) a statement, if applicable, that the Settlement Subclass member directly made payment(s) to the County of occupational, privilege, or license taxes for the period January 12, 2009, through August 13, 2009, or any part thereof (as opposed to having them sent to the County by an employer); (d) a statement that the Settlement Subclass member wishes to opt out of the Settlement and understands that he or she (or in the case of a corporation or other business entity, it) will not receive any of the benefits of the Settlement by opting out.

“Opt Outs” mean the members of the Settlement Subclass who timely return a completed and personally signed Opt Out Form, or other personally signed written statement containing the information listed in Section VI of this Settlement, indicating that they do not wish to exchange their pro rata share of the Settlement Fund for the Release from the County.

"Parties" means each of the Plaintiffs (in their individual and representative capacities) and each of the Defendants and, where applicable, their respective counsel of record.

"Plaintiffs" means Jessica Edwards, Janet Judge and Alarm One, Inc., each in their individual and representative capacities.

"Preliminary Approval" means entry by the Court of the Hearing Order or Preliminary Approval Order.

"Publication Notice" means the published summary of the Class Notice, including notice of this Settlement, the Fairness Hearing, and Settlement Subclass members' objection

rights, as approved in form and content by Class Counsel, Defense Counsel, and the Court and attached hereto as **Exhibit C**.

“Putative Subclass Representatives” or “Settlement Subclass Representatives” means Jessica Edwards and Janet Judge, each in their individual and representative capacities.

"Release" means the release and waiver set forth in Section VII.

"Released Claims" shall have the definition set forth in Section VII.

"Settlement" or “Settlement Agreement” means this Stipulation and Agreement of Compromise, Settlement and Release, along with all the attached exhibits, including any subsequent amendments thereto and any exhibits to such amendments.

“Settlement Fund” means a portion of the Escrow Fund equaling Six Million Five Hundred Thousand Dollars (\$6,500,000.00). Opt Outs shall not receive the Release, but instead shall receive their pro rata shares of the Settlement Fund. That pro rata share shall be computed by the Special Master according to the following formula: the amount of occupational, license and privilege taxes paid to Jefferson County by the specific taxpayer for such taxes levied for the period from January 12, 2009, through August 13, 2009 (as calculated by the Special Master pursuant to the formula set out in the “Cadillac Plan” referenced in the Court’s Order of December 10, 2009, and set out as an appendix thereto), divided by the total amount of occupational, license, and privilege taxes paid by all taxpayers to Jefferson County collectively for such taxes levied for the period from January 12, 2009, through August 13, 2009 (which all parties agree is \$37,732,406.52). After all payments to Opt Outs have been computed and allocated to said Opt Outs, the Special Master shall then transfer \$70,000.00 from the Settlement Fund to the Administrative Fund to cover additional administrative expenses associated with the

Settlement. After the payments are issued to Opt Outs and the \$70,000.00 payment is transferred to the Administrative Fund, the remaining amount in the Settlement Fund shall be paid to the County by the Special Master as consideration for the County's Release of Settlement Subclass members who do not opt out from any and all existing and potential retroactive liability for occupational, privilege, or license taxes for the period January 12, 2009, through August 13, 2009.

"Settlement Subclass" means the subclass of persons or entities in the Class consisting of persons or entities against whom the Jefferson County occupational, license, or privilege tax was levied for the time period between January 12, 2009, and August 13, 2009. For the purposes of this Settlement, occupational or privilege taxes are deemed levied by the County when the employee earned the wages or salary on which the taxes' calculation was based, regardless of when the employer remitted the taxes to the County. Likewise, for purposes of this Settlement, business license taxes are deemed levied by the County on October 1 of each year, unless the business was not yet in operation on October 1, in which case the business license tax is deemed levied on the first day of the business's operations.

"Short Form Class Notice" means the letter from the Special Master to prospective Settlement Subclass members that is included in the Class Notice Package.

"Special Master" means the court-appointed Special Master Ed Gentle (or any successor appointed by the Court), who shall act as settlement administrator as specified herein.

Capitalized terms used in this Settlement but not defined above shall have the meanings ascribed to them in this Settlement and the exhibits attached hereto.

APPENDIX B

The following Release provisions are reproduced verbatim from Section VII of the Settlement. A complete copy of the Settlement and all of its exhibits is available for review at www.jeffcoocctax.com, or you can have a copy sent to you by calling 1-800-345-0837.

In consideration for the settlement benefits described above, if this Settlement is approved by the Court, Putative Subclass Representatives, all Settlement Subclass members other than Opt Outs, and Defendants shall be deemed to have agreed to the following release and waiver, which shall take effect upon the Effective Date:

Defendants release any and all right to hereafter collect any additional or retroactive occupational or license or privilege taxes from Settlement Subclass members, other than Opt Outs, for the period from January 12, 2009, through August 13, 2009. Putative Subclass Representatives and all Settlement Subclass members, other than Opt Outs, each release Defendants and the County from any and all claims they might otherwise have to the Settlement Fund and assign all such claims to the County. The Parties and all Settlement Subclass members, except Opt Outs, further release each other from any and all known and unknown, actual and potential claims arising in whole or in part from, or in any way related to, any past or future claims that the Parties' compliance with the terms of this Settlement give rise to any duty, liability, or obligations of any kind other than those obligations expressly recited herein. This Release shall benefit and be binding upon the Putative Subclass Representatives, upon Defendants, upon the County, and upon each and all of the Settlement Subclass members, other than Opt Outs, and each of their respective agents, representatives, administrators, executors, heirs, successors and assigns. This paragraph does not release the claims now pending in the case styled *Weissman v. Jefferson County*, in the Circuit Court of Jefferson County and the Supreme Court of Alabama.

The foregoing, separately and severally, shall be referred to for purposes of this Settlement as the "Released Claims." Neither Putative Subclass Representatives nor any Settlement Subclass members shall now or hereafter institute, or participate in, prosecute, or maintain, or maintain a right to or assert against Defendants or the County, either directly or indirectly, on their own behalf, or on behalf of the Settlement Subclass or any other Settlement Subclass member, person or entity, any of the Released Claims, and the Putative Subclass Representatives and all Settlement Subclass members, except Opt Outs, forever waive any claim

for relief relating to, or arising from, in whole or in part, any of the Released Claims, other than the relief set forth in this Settlement.

In connection with this Release, Putative Subclass Representatives, for themselves and all Settlement Subclass members, except Opt Outs, hereby acknowledge that they are releasing past or presently existing claims and acknowledge that they are aware that they could conceivably hereafter discover claims that were existing in the past or present, that may be unknown or unsuspected, or facts in addition to or different from those that they now know or believe to be true with respect to the Released Claims. Nevertheless the Putative Subclass Representatives, for themselves and all Settlement Subclass members, except Opt Outs, acknowledge that it is their intent to fully, finally and forever settle and release all such matters, and all claims relating thereto, which exist, hereafter may exist, or might have existed (whether or not previously or currently asserted in any action or proceeding) related in any way to the Released Claims.

Subject to all the provisions of this Settlement and the injunctions contemplated hereby, nothing in this Release shall preclude any action or filing brought in the Action and before the Court to enforce the terms of this Settlement.

The Putative Subclass Representatives and Defendants hereby agree and acknowledge, and if this Settlement is approved all Settlement Subclass members, except Opt Outs, will be deemed to have agreed and acknowledged, that each and all of the provisions of the foregoing Release, separately and together, constitute essential terms of this Settlement and shall be construed in favor of effectuating the broadest possible complete settlement of the Released Claims.

EXHIBIT A

OPT OUT FORM

Edwards v. Jefferson County Commission Circuit Court of Jefferson County, Civil Action No. 07-900873

The terms of the Settlement in the lawsuit referenced above have been described in the Long Form Class Notice. In the event you wish to review the Long Form Class Notice or the Settlement Agreement itself (including all of its exhibits), copies of both documents are posted at www.jeffcocotax.com, or you can obtain copies of either of them by calling 1-800-345-0837. You can also review them during regular business hours at the office of the Clerk of the Circuit Court of Jefferson County. The definitions of certain capitalized terms and phrases used in this form are included in Appendix A to the Long Form Class Notice and are also contained in Section II of the Settlement.

If you are a member of the Settlement Subclass and wish to opt out of participation in the Settlement, then you may complete the information below and file this completed Opt Out Form with the Special Master. Alternatively, you may file with the Special Master a written statement, referred to as an Opt Out Request, that contains (a) the name, Social Security number, address, telephone number, and email address (if any) of the Settlement Subclass member; (b) the name and address of each employer who withheld occupational, privilege, or license taxes from the Settlement Subclass member's paycheck for the period January 12, 2009, through August 13, 2009, or any part of that period, and then remitted those taxes to the County; (c) a statement, if applicable, that the Settlement Subclass member directly made payment(s) to the County of occupational, privilege, or license taxes for the period January 12, 2009, through August 13, 2009, or any part of that period (as opposed to having them sent to the County by an employer); (d) a statement that the Settlement Subclass member wishes to opt out of the Settlement and understands that he or she (or in the case of a corporation or other business entity, it) will not receive any of the benefits of the Settlement by opting out.

The completed Opt Out Form or Opt Out Request must be received by the Special Master not later than fourteen (14) days before the Fairness Hearing. In other words, opt out forms must be received by the Special Master on or before July 25, 2011. You can file this Opt Out Form or an Opt Out Request by mailing or delivering the completed form or request to:

Special Master Ed Gentle
Jefferson County Occupational Tax Settlement Administration Center
Gentle, Turner & Sexton
501 Riverchase Parkway East, Suite 100
Hoover, AL 35244

PLEASE NOTE THAT THIS OPT OUT FORM OR AN OPT OUT REQUEST MUST BE PERSONALLY SIGNED BY THE SETTLEMENT SUBCLASS MEMBER WHO DESIRES TO OPT OUT. IN THE CASE OF A CORPORATION OR BUSINESS ENTITY THAT PAID A LICENSE TAX DIRECTLY, THIS FORM OR AN OPT OUT REQUEST MUST BE PERSONALLY SIGNED BY AN OFFICER OF THE CORPORATION OR BUSINESS ENTITY THAT WISHES TO OPT OUT. NO ONE MAY FILE AN OPT OUT FORM OR OPT OUT REQUEST ON BEHALF OF ANYONE OTHER THAN HIMSELF, HERSELF, OR ITSELF.

Only Settlement Subclass members who want to opt out need to complete and file this form or an Opt Out Request. **If you wish to accept the Settlement, then you do not need to complete this form or submit an Opt Out Request.**

Name: _____

Social Security Number: _____

Address: _____

Daytime telephone number: _____

Email Address: _____

List below the name and address of each employer who withheld occupational, privilege, or license taxes from your paycheck for the period January 12, 2009, through August 13, 2009, or any part of that period, and then remitted those taxes to Jefferson County. If not applicable, write "NOT APPLICABLE."

If you directly made payment(s) to Jefferson County of occupational taxes or business license taxes for the period January 12, 2009, through August 13, 2009, or any part of that period (as opposed to having them sent to Jefferson County by an employer), please check here: _____

I affirm that the information on this form is true and correct to the best of my knowledge. By signing below, I indicate that I wish to opt out of the Settlement on behalf of myself (or the business for which I am an authorized officer), and I understand that I (or my business) will not receive any of the benefits of the Settlement if I file this form with the Special Master so that he receives it at least fourteen (14) days before the Fairness Hearing, which is scheduled for August 8, 2011. In other words, opt out forms must be received by the Special Master on or before July 25, 2011.

SIGNATURE

DATE