

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

TO: ALL PERSONS WHO WERE SUBSCRIBERS TO CABLE TELEVISION SERVICE PROVIDED BY DEFENDANTS VIACOM, INC., VIACOM INTERNATIONAL, INC., VIACOM CABLEVISION, TELE-VUE SYSTEMS, INC. AND THEIR SUBSIDIARIES AND AFFILIATES WITHIN THE COUNTIES OF ALAMEDA, BUTTE, COLUSA, CONTRA COSTA, MARIN, NAPA, SAN FRANCISCO, SHASTA, SONOMA, OR TEHAMA DURING THE PERIOD FROM AUGUST, 1991 THROUGH AUGUST, 1996.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED.

1. The purpose of this notice is to inform you of a proposed settlement (the "Settlement") of a certified class action lawsuit (the "Action") against Viacom, Inc. and its related subsidiaries and affiliates (collectively referred to as "Viacom") on behalf of cable television subscribers during the period August 14, 1991 through July 31, 1996 in communities served by Viacom in the following California counties: Alameda, Butte, Colusa, Contra Costa, Marin, Napa, San Francisco, Shasta, Sonoma and Tehama (collectively referred to as the "Ten Counties"). The Action is currently pending the Superior Court of the State of California, Alameda County (the "Court"). The Settlement provides, among other things, for the creation of a settlement fund consisting of cash in the principal amount of Thirteen Million Dollars (\$13,000,000) (the "Settlement Fund").

2. This notice is intended (1) to inform you of the Settlement of the Action, (2) to describe the Settlement, including how the Settlement Fund is proposed to be allocated, and (3) to advise you of your rights and your options with respect to the Settlement.

DESCRIPTION OF THE ACTION

3. The Third Amended Complaint ("the Complaint") generally alleges the following: Beginning in 1991, local government officials in the Ten Counties notified Viacom that its real and business property taxes for tax years beginning in 1987 were being drastically increased (by nearly 600%) as a result of a merger Viacom had entered into in that year. Viacom believed that the tax increases were illegal and/or ~~unconditional~~ unconstitutional and filed legal actions to challenge them. However, in the interim, Viacom paid the increased taxes under protest and passed on a portion of the tax increases to its cable television subscribers in the Ten Counties by imposing additional charges on the subscribers to defy the full impact of the tax increases (the "Tax Surcharges"). In 1991, Viacom sent letters to its subscribers stating that if it won its tax cases, Viacom would "review all the costs associated with the issue and the taxes actually paid and make appropriate adjustments to [subscribers'] bills." Viacom later received substantial tax refunds from each of the Ten Counties in settlement of its cases opposing the tax increases. However, in eight of the Ten Counties, Viacom did not adjust subscribers' bills or return any money to its subscribers as a result of these tax refunds.

In the other two counties – Alameda and Contra Costa -- Viacom returned only a portion of the funds which subscribers had paid in aid of the tax increases, and paid such amounts to only some of the subscribers in Alameda and Contra Costa Counties who had originally helped it pay its increased taxes. The Complaint contends that Viacom improperly failed and refused to rebate money to most of the subscribers who were entitled to receive it; that the refunds paid in Alameda and Contra Costa Counties were inadequate in scope and amount; and that Viacom has breached its duties to the class by wrongfully withholding money belonging to the cable subscribers. Viacom has denied, and continues to deny, any and all wrongdoing.

4. The Complaint includes the following causes of action: (1) violation of the California Unfair Competition Law (Business & Professions Code Section 17200, *et seq.*); (2) violation of the Consumer Legal Remedies Act, California Civil Code Section 1770 *et. seq.* (“CLRA”); (3) unjust enrichment/common law restitution; (4) constructive trust; (5) declaratory relief; and (6) common count for money had and received. The Complaint seeks compensatory and punitive damages and equitable relief, including restitution of all amounts that should have been rebated to Viacom’s subscribers as a result of the tax refunds. The Court held, however, that plaintiffs are not entitled to obtain punitive damages.

5. Viacom denies that it engaged in any illegal, deceptive or unfair practice or activity, that any amounts are owed to its former cable television subscribers, or that it injured or damaged any of its subscribers in any way.

6. On February 11, 2002 the Court certified the following classes and appointed the Representative Plaintiffs as class representatives therefor. Under the Second Cause of Action for violations of the CLRA, the Court certified a class consisting of all consumers who were subscribers to Viacom’s cable television service within the ten Counties on or between August 14, 1991 and September 4, 1991 (the “CLRA Class”). For the third, fourth, fifth and sixth causes of action, the Court certified a class defined as all persons who were subscribers to Viacom’s cable television service within the Ten Counties at any time during the Class Period – that is, from August 14, 1991, until Viacom sold its cable television business in 1996 (the “Common Law Claims Class”). The Common Law Claims Class is divided into two subclasses: Subclass One, which consists of all members of the Common Law Claims Class who were subscribers to Viacom’s cable television service from August 14, 1991 through September 4, 1991, and Subclass Two, which consists of all members of the Common Law Claims Class who were not subscribers to Viacom’s cable television service from August 14, 1991, through September 4, 1991. On March 18, 2003, the Court entered an order modifying the class certification order by certifying a class on the first Cause of Action for violation of California Business & Professions Code § 17200, consisting of subscribers to Viacom’s cable television service within the Ten Counties at any time from August 14, 1991, until Viacom sold its cable television business in 1996, which class is divided into the following two subclasses:

1. Letter recipients—all class members who were subscribers to Viacom’s cable television services within the Ten Counties from August 14, 1991, through September 4, 1991; and

2. Post-letter subscribers—all class members who were not subscribers to Viacom’s cable television service from August 14, 1991, thorough September 4, 1991.

These classes and subclasses are referred to in this notice as the “Plaintiff Class.”

8. Plaintiffs and the Plaintiff Class are represented in this Action by Murray & Howard, LLP and Bramson, Plutzik, Mahler & Birkhaeuser, LLP (collectively referred to as “Class Counsel”). Class Counsel have concluded that it is in the best interests of plaintiffs and the Plaintiff Class that the Action be settled on the terms and conditions set forth in the Class Action Stipulation of Settlement (“Stipulation”) on file with the Court and summarized in this notice. Class Counsel reached this conclusion after considering the factual and legal issues in the Action, the substantial benefits that members of the Plaintiff Class will receive under the Settlement, the risks and uncertainties of continued litigation and the expense that would be necessary to prosecute the Action through trial and any appeals that might be taken. Class Counsel strongly recommends that the Court approve the Settlement.

9. This notice is not an expression of any opinion by the Court regarding the merits of the claims or defenses asserted by any party to the Action. Moreover, although the Court has granted preliminary approval to the Settlement, it has made no determination concerning whether the Settlement should receive final approval. That decision will be made at or after the Settlement Hearing described in paragraph 14 below.

TERMS OF THE SETTLEMENT

10. The Settlement Agreement on file with the Court fully describes the terms of the Settlement. In general, the Settlement provides for the payment by Viacom of the principal sum of \$13,000,000 (the “Settlement Fund”). Viacom will also pay the reasonable costs of (i) providing all forms of notice, in the manner approved and ordered by the Court, to the Plaintiff Class; (ii) administering the Settlement, and (iii) all reasonable costs of administering and distributing the Settlement Payment and any interest earned on the Settlement Payment (the “Settlement Fund”) in accordance with the Preliminary and Final Approval Orders and the Plan of Allocation and such other orders as the Court may enter (the “Notice and Administration Expenses”). The exact amount of these costs is not known at this time but they are substantial and are currently estimated as totaling in excess of one half-million dollars.

11. Under the Settlement, the Settlement Fund is to be deposited into an Escrow Account, maintained by _____ as Escrow Agent, under the jurisdiction of the Court. Portions of the Settlement Fund may be used for the payment of taxes assessed against the Settlement Fund. In addition, a portion of the Settlement Fund may be awarded to Class Counsel as reasonable attorneys’ fees and for the reimbursement of litigation costs and expenses incurred by Class Counsel, and a portion of the Settlement Fund may be awarded to the two individually named plaintiffs as

incentive awards for their having served as Representative Plaintiffs in the Action.

12. On _____, 2003, the Court issued an Order (the “Preliminary Approval Order,”) which, among other things, granted preliminary approval to the Settlement and established procedures for notice, final approval of the Settlement and other related matters.

13. If the Settlement receives final approval from the Court, the Action will be dismissed with prejudice and all members of the Plaintiff Class will be barred from commencing, prosecuting or continuing to prosecute against Viacom, its past or present subsidiaries, parents, affiliates, divisions, officers, directors, employees, successors, predecessors or assigns, any and all claims, causes of action or lawsuits, which they had or have arising out of or based upon the matters alleged in the Action. The Released Claims are not limited to facts, losses, claims or matters disclosed or known at the time of the Agreement and waive any and all rights and benefits under Section 1542 of the California Civil Code, which reads as follows:

A General Release Does Not Extend to Claims
Which the Creditor Does Not Know or Suspect to
Exist In His Favor at the Time of Executing the
Release, Which if Known by Him Must Have
Materially Affected His Settlement With the
Debtor.

NOTICE OF THE FINAL SETTLEMENT HEARING

14. A hearing (the “Final Settlement Hearing”) will be held before the Honorable Ronald M. Sabraw in Department 22 of the Court at 1221 Oak Street, Oakland, California 94612 on _____, 2003 at _____ to consider whether the Settlement is fair, reasonable and adequate to the members of the Plaintiff Class. If you are a member of the Plaintiff Class, you may, but are not required to, appear, personally or by counsel, and be heard at the Settlement Hearing, and may object to or express your views regarding the Settlement.

15. No member of the Plaintiff Class will be heard or entitled in any way to contest the approval of the Settlement unless, on or before _____, 2003, such person files a notice of objection, in writing, with the Clerk of the Alameda County Superior Court, AND ALSO serves the notice of objection on (1) Gilmur R. Murray, Murray & Howard, LLP, 436 14th Street, Suite 1413, Oakland, California 94612; (2) Alan R. Plutzik, Bramson, Plutzik, Mahler & Birkhaeuser, LLP, 2125 Oak Grove Road, Suite 120, Walnut Creek, California 94598; (3) Brian L. Ferrall, Kecker & Van Nest, LLP, 710 Sansome Street, San Francisco, California 94111-1704; and (4) Gary T. Lafayette, Lafayette & Kumagai LLP, 100 Spear Street, Suite 600, San Francisco, California 94105.

16. If, at the Final Settlement Hearing, the Settlement is approved and the Effective Date, as defined in the Settlement Agreement, occurs, then a plan will be implemented for allocating among the members of the Plaintiff Class that portion of the

Settlement Fund, net of any authorized costs, expenses, attorneys' fees or incentive awards (the "Net Settlement Fund"), which the Court authorizes for distribution. The parties have submitted a proposed Plan of Allocation under which:

(a) the Net Settlement Fund, less reserves authorized by the Court, will be allocated and distributed pro rata in accordance with the Allowed Losses of each member of the Plaintiff Class. The Allowed Loss of each member of the Plaintiff Class who was a Viacom subscriber during the period from October 1, 1991 through August 31, 1993 ("Group 1 Subscriber") shall be equal to the sum of the Surcharges the Group 1 Subscriber paid to Viacom in aid of Viacom's possessory interest taxes from October 1 through August 31, 1993, less any Surcharges (if any) previously refunded by Viacom to such Group One Subscriber, as computed by Viacom and/or the Claims Administrator from Viacom's electronic subscriber records. Members of the Plaintiff Class who do not fall within the definition of Group 1 Subscribers are denominated "Group 2 Subscribers." Because Viacom does not possess any records showing the identities of Group 2 Subscribers or the total amount of Surcharges each of them paid, Group 2 Subscribers must submit a valid Proof of Claim form to the Claims Administrator to be eligible to receive any portion of the Settlement Fund. The Allowed Loss for each Group 2 Subscriber who timely submits such a Proof of Claim form shall be \$15.00.

(b) In the event that Notice to any Plaintiff Class Member is returned to the Claims Administrator as undeliverable, the parties, in conjunction with the Claims Administrator, will attempt to determine what, if any, further effort is appropriate to attempt to locate such Class Member(s), with consideration to the requirements of due process and California law, the costs of such further effort, the likelihood of success and the approximate payment such Class Member(s) would receive if located. If the parties are unable to reach agreement on the procedure, the parties will submit their respective proposals to the Court for the Court to resolve. Notwithstanding any other provision of the Plan of Allocation, and unless otherwise ordered by the Court, the Allowed Loss for any Plaintiff Class Member whose Notice has been returned by the U.S. Postal Service as undeliverable, and who otherwise has not been located in accordance with the procedures contemplated in this paragraph shall be zero.

(c) Notwithstanding any other provision of this Plan of Allocation, no check shall be issued to any Plaintiff Class Member in an amount less than \$5.00. In the event that a Plaintiff Class Member would otherwise receive a Allowed Loss that would result in the payment to him of an amount less than \$5.00 in either the first or any subsequent distribution, that Plaintiff Class Member shall be deemed for purposes of that distribution to have an Allowed Loss of zero.. A copy of the Plan of Allocation may be obtained by from the Office of the Clerk of the Court, Superior Court of California for the County of Alameda, 1225 Fallon Street, Room 107, Oakland, California, 94612 during the hours of 8:30 a.m. to 4:00 p.m., Monday through Friday.

17. At the Final Settlement Hearing described above, the Court will hold a separate hearing to determine whether the proposed and preliminarily approved Plan of Allocation should be finally determined to be fair, reasonable and adequate. If you are a member of the Plaintiff Class, or any of them, you may, but are not required to, appear,

personally or by counsel, and be heard and may object to or express your views regarding the proposed Plan of Allocation.

18. No member of the Plaintiff Class, or any of them, will be heard or entitled in any way to contest the proposed Plan of Allocation unless, on or before _____, 2003, such person files a notice of objection, in writing, with the Clerk of the Alameda County Superior Court, AND ALSO serves the notice of objection on (1) Gilmur R. Murray, Esq., Murray & Howard, LLP, 436 14th Street, Suite 1413, Oakland, California 94612; (2) Alan R. Plutzik, Esq. Bramson, Plutzik, Mahler & Birkhaeuser, LLP, 2125 Oak Grove Road, Suite 120, Walnut Creek, California 94598; (3) Brian L. Ferrall, Esq. Kecker & Van Nest, LLP, 710 Sansome Street, San Francisco, California 94111-1704; and (4) Gary T. Lafayette, Esq. Lafayette & Kumagai, LLP 100 Spear Street, Suite 600, San Francisco, California 94105.

19. Approval or disapproval of the Plan of Allocation shall be independent of any rulings with regard to the approval or disapproval of the Settlement and shall not affect the validity or binding effect of the Settlement.

NOTICE OF HEARING ON FEES AND EXPENSES

19. At the Final Settlement Hearing the Court will also hold a separate hearing (the "Fee Hearing") to determine whether or not to grant Class Counsel's application for an award of attorneys' fees not to exceed 33 1/3% of the Settlement Fund, for the reimbursement of litigation costs and expenses paid or incurred in connection with the Action, including the fees and expenses of expert witnesses, and for an incentive award to each of the individually-named Representative Plaintiffs not to exceed \$7,500. Applications for attorneys' fees, costs and expenses, and incentive awards must be filed with the Court on or before _____. If you are a member of the Plaintiff Class, or any of them, you may, but are not required to, appear, personally or by counsel, and may object to or express your views regarding the applications for attorneys' fees, costs and expenses, and incentive awards referenced above.

20. No member of the Plaintiff Class, or any of them, will be heard or entitled in any way to contest the applications for attorneys' fees, costs and expenses, and incentive awards unless , on or before _____, 2003, such person files a notice of objection, in writing, with the Clerk of the Alameda County Superior Court AND ALSO timely serves the notice of objection on or before _____ on (1) Gilmur R. Murray, Esq. Murray & Howard, LLP, 436 14th Street, Suite 1413, Oakland, California 94612; (2) Alan R. Plutzik, Esq. Bramson, Plutzik, Mahler & Birkhaeuser, LLP, 2125 Oak Grove Road, Suite 120, Walnut Creek, California 94598; (3) Brian L. Ferrall, Esq. Kecker & Van Nest, LLP, 710 Sansome Street, San Francisco, California 94111-1704; and (4) Gary T. Lafayette, Esq. Lafayette & Kumagai, LLP 100 Spear Street, Suite 600, San Francisco, California 94105.

21. Approval or disapproval of the applications for attorneys' fees, costs and

expenses, and incentive awards shall be independent of any rulings by the Court with regard to the approval or disapproval of the Settlement and the Plan of Allocation and shall not affect the validity or binding effect of the Settlement.

ADDITIONAL INFORMATION

22. **PLEASE DO NOT CONTACT THE COURT OR VIACOM CONCERNING THIS ACTION.** If you have any questions, please contact Class Counsel: Gilmur R. Murray, Murray & Howard, LLP, 436 14th Street, Oakland, California 94612, Telephone: (510) 444-2660, Facsimile: (510) 444-2522, E-Mail: info@mandhllp.com, or Alan R. Plutzik, Bramson, Plutzik, Mahler & Birkhaeuser, LLP, 2125 Oak Grove Road, Suite 120, Walnut Creek, California 94598, Telephone: (925) 945-0200, Facsimile: (925) 945-8792, E-Mail: info@bramsonplutzik.com. You may also contact your own attorney at your own expense if you wish.

23. This notice does not fully describe the Action or the Settlement. You may inspect the court files regarding the Action at the Office of the Clerk of the Court, Superior Court of California for the County of Alameda, 1225 Fallon Street, Room 107, Oakland, California, 94612 during the hours of 8:30 a.m. to 4:00 p.m., Monday through Friday.

Dated: July __, 2003

The Honorable Ronald M. Sabraw
Superior Court Judge