

IMPORTANT NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION AND FAIRNESS HEARING

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF MISSISSIPPI JACKSON DIVISION

LORENE NEALY, et al. vs. Woodmen of the World Life Insurance Society

NO. 3:93-CV-536 BN

AFRICAN-AMERICAN CERTIFICATE HOLDERS OF WOODMEN OF THE WORLD/OMAHA WOODMEN LIFE INSURANCE SOCIETY

TO: ALL AFRICAN-AMERICAN/BLACK PERSONS WHO WERE ISSUED INSURANCE BY WOODMEN OF THE WORLD/OMAHA WOODMEN LIFE INSURANCE SOCIETY, PAID WOODMEN INSURANCE PREMIUMS, AND/OR PAID LODGE DUES TO WOODMEN ON OR BEFORE APRIL 30, 1995.

PLEASE NOTE: THE WOODMEN OF THE WORLD/OMAHA WOODMEN LIFE INSURANCE SOCIETY INVOLVED IN THIS LAWSUIT HAS ITS HOME OFFICE IN OMAHA, NEBRASKA. THIS LAWSUIT DOES NOT IN ANY WAY INVOLVE CLAIMS AGAINST: MODERN WOODMEN, LOCATED IN ROCK ISLAND, ILLINOIS; WOODMEN ACCIDENT AND LIFE, LOCATED IN LINCOLN, NEBRASKA; OR, WOODMEN OF THE WORLD AND/OR ASSURED LIFE ASSOCIATION, LOCATED IN LITTLETON, COLORADO.

PLEASE READ THIS NOTICE CAREFULLY SINCE IT MAY AFFECT YOUR LEGAL RIGHTS. YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THIS PROPOSED CLASS ACTION SETTLEMENT. THIS NOTICE TELLS YOU WHO IS COVERED BY THE SETTLEMENT AND GENERALLY DESCRIBES THE LITIGATION, THE POTENTIAL BENEFITS OF THE PROPOSED SETTLEMENT AND YOUR LEGAL RIGHTS.

ALL SETTLING CLASS MEMBERS WHO DO NOT TIMELY EXCLUDE THEMSELVES FROM THE LAWSUIT WILL BE BOUND BY THE PROPOSED SETTLEMENT IF IT IS APPROVED BY THE COURT. FOR MORE INFORMATION CALL 1-800-927-2987.

This notice is given pursuant to an Order of the United States District Court for the Southern District of Mississippi, Jackson Division (the "Court"), dated April 28, 1995, conditionally certifying a class action for settlement purposes on behalf of the Settling Class Members as defined above.

On August 3, 1995, the Court will hold a Fairness Hearing at the Federal Courthouse located at 245 East Capitol Street, Jackson, Mississippi, (the "Fairness Hearing") so the Court can determine whether the Proposed Settlement is fair, reasonable and adequate, and whether the Court should enter final judgment approving the Settlement Agreement and dismiss with prejudice the action against Woodmen. The Fairness Hearing will also provide the Court the opportunity to consider Class Counsel's application for an award of attorneys' fees and reimbursement of expenses in connection with the prosecution of this action, and individual awards to Class Representatives. This hearing may be continued without further notice.

DESCRIPTION OF THE CLASS ACTION

A. DEFINITION OF THE CLASS
For purposes of settlement only, the Court has conditionally certified a class action against Woodmen of the World/Omaha Woodmen Life Insurance Society ("Woodmen") on behalf of the class defined as "all African-American/black persons who were issued insurance by Woodmen, paid Woodmen insurance premiums, and/or paid Woodmen lodge dues on or before April 30, 1995, and who claim to or allegedly have been injured or have suffered damage as a result of Woodmen's allegedly discriminatory practices or policies."

B. THE NATURE OF THE ACTION
In August 1993, a class action was filed in the United States District Court for the Southern District of Mississippi against Woodmen. The class action plaintiffs ("Class Representatives"), Lorene Nealy and Pamela Mathews, are certificate holders of Woodmen. The Complaint, as amended, alleges that Woodmen engaged in wrongful conduct in refusing to afford the Class Representatives and members of the class the full benefits of the terms and conditions of their contracts as certificate holders of Woodmen on the basis of race; and that Woodmen intentionally refused to afford the Class Representatives and members of the class the same right to use real property, i.e., to use the local Woodmen lodges, as were afforded to white certificate holders of Woodmen. The Complaint also alleges that Woodmen committed fraud and fraudulently concealed its wrongful conduct from its African-American/black certificate holders.

C. RELATED ACTIONS AND SIMILAR CLAIMS
Several other actions were previously pending against Woodmen in state courts in Mississippi and Alabama ("State Court Actions"), which actions arose out of the similar factual allegations as did this class action, but asserted claims for state law fraud as opposed to racial discrimination. These State Court actions were filed on behalf of certain individual plaintiffs who were represented by the same attorneys who are also Class Counsel in this case. Settlements in the State Court Actions, as well as settlements of similar claims by certain other individuals represented by Class Counsel who had not yet filed suit, were negotiated by Class Counsel and Woodmen at the same time as the class settlement. In conjunction with the negotiation of the settlement of the class action and the State Court Actions, Woodmen and a partner of one of the law firms that is Class Counsel also negotiated separate settlements of several other actions against Woodmen in which the plaintiffs alleged unlawful treatment by Woodmen, but not on the basis of race. Upon request, the Court may permit disclosure of additional information regarding these settlements.

D. SETTLEMENT NEGOTIATIONS AND THE POSITIONS OF THE PARTIES

All of the extensive settlement negotiations were conducted by Class Counsel and Woodmen at arm's length and in good faith. The Class Representatives contend that all claims made by them in the Action have merit. Nevertheless, the Class Representatives and Class Counsel recognize and have taken into account the uncertainty and the risk of the outcome of any litigation, especially complex litigation such as this; the difficulties and risks inherent in the trial of such an action; and the economic benefits to Class Members made available through prompt implementation of the Settlement Agreement as explained below. Subject to the approval of the Court pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Class Representatives and Class Counsel believe that the terms of the settlement will provide substantial benefits to the Class Members, and the Class Representatives and Class Counsel deem the settlement to be fair, reasonable, adequate, and in the best interests of the Class Members.

Woodmen, while continuing to deny all allegations of wrongdoing or liability whatsoever, but bearing in mind the burden, inconvenience, risk and expense of litigation, desires to settle and terminate all claims against it, without in any way acknowledging any fault or liability. Woodmen further desires to put to rest forever all claims which have or could have been asserted against it by the Class Representatives, or any member of the Class who has not timely excluded herself or himself from the Class.

Woodmen asserts that it has had a policy of nondiscrimi-

nation on the basis of race or any other protected status for many years. In 1992 Woodmen supplemented that policy with a proactive plan to become a more diverse organization. An Equal Access Plan was adopted to focus increased attention on minority members and recruiting activity, particularly within the African-American community. Woodmen asserts that this diversity initiative is achieving positive results and has the full support of Woodmen's Board of Directors and its Executive Officers.

While Woodmen denies any wrongdoing or liability with respect to the allegations made by the Class Representatives and the individuals in the Related Actions, it takes these allegations seriously and would like to correct any problems which may exist. Entering into this Stipulation will enable those who feel that they have been subjected to discriminatory treatment to come forward, provide information about such alleged conduct, and receive fair compensation.

At the same time, Woodmen asserts that it remains committed to its diversity initiative among its members, consistent with its Equal Access Policy, which is to seek qualified members on a nondiscriminatory basis and to provide all members with equal access to and allow their participation in Woodmen's lodge system, lodge events, fraternal benefits and all other fraternal activities on a nondiscriminatory basis.

THE PROPOSED SETTLEMENT

The detailed terms of the Proposed Settlement are set forth in detail in a Stipulation of Settlement dated April 28, 1995 (the "Stipulation"), which has been filed with the Court. The terms are summarized in this Notice. If the Proposed Settlement is finally approved by the Court, these will be your benefits if you do not request exclusion from the Settlement Class. As this is only a summary, you are encouraged to call 1-800-927-2987 if you have any further questions.

A. CASH PAYMENT

The Proposed Settlement, if approved by the Court, will result in a cash payment for the benefit of the Class of a total of \$18,000,000 (the "Cash Settlement Fund"), upon final approval of the Settlement. The "Net Cash Settlement Fund" available for distribution shall be the Cash Settlement Fund of \$18,000,000, reduced by any award by the Court of Class Counsel's attorneys' fees, reimbursement of all expenses incurred in prosecution of the class action, and the fees, costs and expenses of calculation, administration and distribution of the cash and non-cash benefits of the Settlement. Additionally, Class Counsel will request that the Class Representatives be awarded up to \$50,000 each in connection with their having served as Class Representatives, which awards will be paid from the Cash Settlement Fund. The following amounts will also be paid from the Cash Settlement Fund:

- (1) Each Settling Class Member shall be reimbursed from the Cash Settlement Fund monthly dues at a rate of \$1.00 per month from the date of certificate issuance until April 30, 1995, for each month that dues were paid to Woodmen for membership in Woodmen's lodge and fraternal system and for the benefits associated with that membership;
- (2) Each Settling Class Member whose certificate was issued by Woodmen on or after June 1, 1992, and who was not placed in a Holding Lodge, (i.e., a "5200" series lodge or any lodge to which a Settling Class Member was wrongfully assigned on the basis of race), shall receive \$300.00 from the Cash Settlement Fund;
- (3) Each Settling Class Member whose certificate was issued by Woodmen prior to June 1, 1992, and who was placed in a Holding Lodge, as defined above, shall receive a per capita share of 50% of the Net Cash Settlement Fund;
- (4) Each Settling Class Member whose certificate was issued by Woodmen prior to June 1, 1992, and who was not placed in a Holding Lodge, as defined above, shall receive a per capita share of 37 1/2% of the Net Cash Settlement Fund; and
- (5) Each Settling Class Member whose certificate was issued by Woodmen on or after June 1, 1992, and who was placed in a Holding Lodge, as defined above, shall receive a per capita share of 12 1/2% of the Net Cash Settlement Fund.

If any Settling Class Member falls into more than one of categories (2), (3), (4) and (5) above, he or she will be considered to belong only to that category that will result in the highest cash award to that Settling Class Member.

B. PAID-UP INSURANCE

The Proposed Settlement also provides that Woodmen will pay \$1,600,000 to fund the purchase of paid-up whole life insurance ("Paid-Up Insurance Fund"). This insurance will be issued only to Settling Class Members falling within categories (3), (4), and (5) above, and shall be distributed to each category based on the percentages set forth above for each category. Within each category, the insurance will be distributed equally among the Settling Class Members. All future disputes relating to or involving the Paid-Up Insurance will be determined by binding arbitration under the Federal Arbitration Act, 9 U.S.C. §1, et seq.

C. OTHER BENEFITS TO THE CLASS

In addition, Woodmen will establish a fund for the enhancement and improvement of its Equal Access Plan in the amount of \$1,000,000 over a five-year period (\$200,000 per year). This fund is intended for use in hiring staff, developing systems, conducting surveys, training Woodmen associates and lodge officers in order to enhance the implementation of Woodmen's Equal Access Policy throughout its lodge and fraternal system. Determination of how these funds will best

be used to further their intended purpose, subject to the Court's supervision, will be made by Woodmen with the advice of Class Counsel pursuant to an Agreement to be entered into by Woodmen and Class Counsel which will make use of the information and investigation they have expended in bringing the Class Action and the State Court Actions.

Woodmen has also agreed to contribute \$2,500,000 over a five-year period (in an amount of \$500,000 per year) to enhance and improve its youth programs. This contribution is intended to improve the opportunities for and the participation in Woodmen's youth programs by African-American youths who are Woodmen certificate holders. Determination of how these funds will best be used to further their intended purpose will be made in the same manner as the determination on use of the funds for the enhancement and improvement of Woodmen's Equal Access Plan.

In addition, the following amounts will also be distributed to the United Negro College Fund: (1) any amount remaining from the Cash Settlement Fund (after distributions to the Settling Class Members, any awards of attorneys' fees and expenses, any individual awards to Class Representatives, and payments of fees, costs, and expenses incurred in calculating, administering and distributing Settlement benefits); and (2) any interest or other income earned by the Cash Settlement Fund after the Funding Date, net of income taxes, if any. All contributions and distributions of UNCF under these provisions shall be subject, at UNCF, to the condition that these funds shall be made available by UNCF on a first priority basis to Settling Class Members, on their own behalf and on behalf of their children and any other designated relative or heir at law, to assist such persons in attending the college of their choice. If no such persons apply, or if the funds are not exhausted by scholarship grants to such persons within 30 years, then UNCF may make the funds available and distribute them as scholarship grants to other African-American Woodmen certificate holders.

CLAIMS YOU RELEASE IF YOU DO NOT EXCLUDE YOURSELF FROM THE SETTLEMENT OF THE CLASS ACTION

If the Proposed Settlement is approved, and if you do not request exclusion from the Settlement Class, then in return for the settlement benefits outlined above you will be giving Woodmen a General Release. This General Release will release any and all claims you may have or have had against Woodmen, and against certain additional releases as defined in the Stipulation, involving, relating to, arising out of or affecting the application for, underwriting of, purchase of, or the failure to receive or enjoy benefits under or in conjunction with, insurance issued by Woodmen. This General Release will include all kinds of claims that you may have against Woodmen relating to Woodmen insurance, including, for example, a claim for alleged intentional and deliberate theft by any Woodmen employee, agent, independent contractor, or representative of the premiums paid or cash value accrued on a certificate of Woodmen insurance. This Release, however, will not affect claims of Settling Class Members, or their legal representatives or heirs, for payment of benefits ordinarily payable under any certificate of insurance issued by Woodmen to such Settling Class Member, provided all payment obligations have been met by that Settling Class Member.

CLASS REPRESENTATIVES AND CLASS COUNSEL

The Court has designated the following Members, Lorene Nealy and Pamela Mathews, as Class Representatives to represent all Settling Class Members. The Court has also designated as Class Counsel Steven A. Martino; Don Barrett; Michael G. Crow; and Charles Victor McTeer.

The Class Representatives and Class Counsel believe that the Proposed Settlement is fair, reasonable and adequate. Class Representatives and Class Counsel have entered into the Stipulation after weighing its substantial benefits against the probabilities of success or failure, and the long delays that would be likely if the case proceeded to trial.

There has been no agreement between the parties regarding attorneys' fees. At the Fairness Hearing, Class Counsel will request the Court to award attorneys' fees in an amount not exceeding 28% of the total value of the cash and non-cash benefits afforded to the class by the Stipulation, and for reimbursement of the costs and expenses, all of which would be paid from the \$18,000,000 Cash Settlement Fund.

CONDITIONS OF THE SETTLEMENT

Under the Stipulation, Woodmen will have an opportunity to cancel the settlement if it is not approved without modification by the Court or any appellate court. Woodmen will also have the right to cancel the settlement if it concludes that too great a number of Class Members have requested exclusion. This is a standard provision to safeguard the settling company from settling one class action and then facing the prospect of another.

RIGHTS AND OPTIONS OF SETTLING CLASS MEMBERS

1. You May Remain a Settling Class Member, and your interests as a member of the Settlement Class will be represented by the Class Representatives and Class Counsel, at no cost to you individually. You will be bound by any judgment or final disposition of the litigation, and may participate in the benefits available as a member of the Settlement Class provided that you submit a Proof of Claim Form as set forth below.

2. You May Remain a Settling Class Member and Either Represent Yourself or Hire a Separate Attorney to Represent You at Your Own Cost. If you wish to represent yourself or to hire a separate attorney, you or your attorney must file an Entry of Appearance with the Clerk of Court and send a copy of Class Counsel and counsel for Woodmen, at the addresses set forth below. Such Entry of Appearance must be filed by July 15, 1995.

3. You May Remain a Settling Class Member and Object to the Settlement. Any Settling Class Member who does not elect exclusion from the Settlement Class and who objects to the Proposed Settlement must mail such objections, along with all other papers or briefs he or she wishes the Court to consider, to the Clerk of Court at the address set forth below, on or before July 15, 1995. If the person filing the objection intends to appear personally at the August 3, 1995 Fairness Hearing described above, he or she must file with the Clerk of Court, on or before July 15, 1995, a Notice of Intent to Appear. Any Settling Class Member who does not file objections in the time and manner described above is forever foreclosed from raising any objection to the Settlement. Any Settling Class Member whose objection is overruled will still be bound by any judgment or final disposition of the litigation. Copies of all objections (including copies of all other papers or briefs the Settling Class Member wishes the Court to consider), and Notices of Intent to Appear that are mailed to the Clerk of Court must also be mailed to Class Counsel and to counsel for Woodmen at the following addresses:

Class Counsel: Steven A. Martino, Esq. One Shell Square Box 46 New Orleans, Louisiana 70139
Counsel for Woodmen: Lawrence J. Franck, Esq. P.O. Box 22687 Jackson, Mississippi 39225-2687

4. If You Choose to Remain a Settling Class Member (under Options 1, 2, or 3 above), You Must Complete a Proof of Claim Form to Receive Any Benefits. If you decide to remain a Settling Class Member, in order to receive any of the benefits afforded by the Proposed Settlement, you must complete the appropriate Proof of Claim Form (see below) and execute an appropriate release, before any benefits will be afforded to you or cash payments made.

5. You May Request Exclusion From the Settlement Class. If you elect to be excluded from the Settlement Class, you will not be bound by any judgment, disposition or settlement of the class action, but you will also have no right to receive any cash or other benefits offered by this Settlement.

You will retain and be free to pursue any claims you may have against Woodmen. If you wish to exclude yourself from the Settlement Class, you may use the form provided below in this Notice or you may submit your own request for exclusion. You must mail any Request for Exclusion to the following:

The Woodmen Litigation
c/o Clerk of the Court
United States District Court for the Southern District of Mississippi
245 E. Capitol St.
Jackson, Mississippi 39201

Your exclusion request must set forth your full name and current address. Your written request for exclusion must be postmarked no later than July 15, 1995. If any other method of delivery than United States Mail is used for an exclusion request, the date of receipt shall govern. **Class Members who do not timely seek exclusion shall be bound by any order(s) or judgment(s) entered in connection with the Settlement.**

PROOF OF CLAIM PROCEDURE

If you do not exclude yourself from the Settlement Class as set forth above, and you wish to share in the proceeds of the Cash Settlement Fund and receive other benefits as set forth above, you must submit a completed and timely Proof of Claim Form no later than July 15, 1995. Whether or not you have filed and served any objections pursuant to this Notice, you will be barred from sharing in the distribution of proceeds of the Settlement Fund if you have not requested exclusion from the Class and you fail to submit a properly completed and timely Proof of Claim form.

IMPORTANT

If you received this notice in the mail, a Proof of Claim form is enclosed. If you are reading this notice in a newspaper or other publication, and you would like a Proof of Claim form, you may obtain one by calling, toll-free, 1-800-927-2987 or by written request addressed to Class Counsel. You must mail your Proof of Claim form, or send written requests for a Proof of Claim form to:

Class Counsel
Steven A. Martino, Esq.
One Shell Square
Box 46
New Orleans, Louisiana 70139

In your written request, you must include your name and your current address.

The Proof of Claim form is designed so that you may complete it yourself. If you have any questions about the Proof of Claim form or procedure, you may request assistance, at no charge to you, by calling 1-800-927-2987. If you desire legal assistance, you are free to retain an attorney of your choice.

A separate Proof of Claim form must be completed for each individual claimant, including minors (persons under the age of 18), incompetents (persons who are mentally or physically incapacitated), or deceased Settling Class Members on whose behalf you are submitting a claim. Each claimant's Proof of Claim form must be signed by the claimant, or by the claimant's parent, guardian or legal representative.

FAILURE TO TIMELY FILE A PROOF OF CLAIM FORM WILL RESULT IN YOUR CLAIM BEING DISALLOWED AND YOUR BEING BARRED FROM SHARING IN THE DISTRIBUTION OF PROCEEDS FROM THE CASH SETTLEMENT FUND AS WELL AS OTHER NON-CASH BENEFITS. IF YOU DO NOT REQUEST EXCLUSION FROM THE SETTLEMENT OF THE CLASS ACTION, THIS SUIT REPRESENTS YOUR ONLY OPPORTUNITY TO MAKE A CLAIM, AND FAILURE TO TIMELY FILE A PROOF OF CLAIM FORM WILL RESULT IN FORFEITURE OF RIGHTS AND DISMISSAL OF YOUR CLAIM BY THE COURT. THIS MEANS THAT IF YOU DO NOT FILE A PROPERLY FILLED OUT PROOF OF CLAIM FORM NO LATER THAN JULY 15, 1995, YOUR CLAIM WILL BE FOREVER BARRED AND CAN NEVER AGAIN BE BROUGHT IN THIS OR ANY OTHER COURT.

FOR FURTHER INFORMATION

THIS NOTICE IS ONLY A SUMMARY. The allocation plan for cash and insurance benefits set forth above was derived from the best information available to Class Counsel at the time this Stipulation was entered into. Neither Class Counsel nor Woodmen know how many Settling Class Members in categories (3), (4) and (5) will submit Proof of Claim forms. If you would like further information in the form of estimated ranges of cash and insurance benefits based on actual and projected responses, you may call Class Counsel at 1-800-927-2987.

Furthermore, the complete terms of the Settlement Agreement, and all other pleadings and relevant documents in this litigation, are on file and may be examined or copied during regular business hours at the offices of the Clerk of Court, United States District Court for the Southern District of Mississippi, 245 E. Capitol Street, Jackson, Mississippi 39201. **IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, THE PROOF OF CLAIM FORM OR ANY MATTERS THAT WILL BE CONSIDERED AT THE FAIRNESS HEARING, DO NOT CONTACT THE CLERK OF THE COURT. ADDRESS ANY QUESTIONS TO CLASS COUNSEL AT THE ADDRESS BELOW OR CALL 1-800-927-2987.**

Class Counsel
Steven A. Martino, Esq.
One Shell Square
Box 46
New Orleans, Louisiana 70139

Jackson, Mississippi
DATE: April 28, 1995
By Order of the Court
Judge William H. Barbour, Jr.

A form is provided below for you to use to opt-out or exclude yourself from this Settlement Class Action. Please mail this form to The Woodmen Litigation, c/o Clerk of the Court at the address provided above.

If you wish to explain why you have decided to opt-out, please include your explanation in the space provided on the form below. You are not required to include any explanation, however, in order to opt-out and exclude yourself from the Settlement Class Action.

I hereby elect to exclude myself from the Woodmen Settlement Class Action:
PLEASE PRINT LEGIBLY: DATE: _____
NAME: _____
ADDRESS: _____
CITY: _____ STATE: _____ ZIP CODE: _____
PHONE: (____) _____
SIGNATURE OF CLASS MEMBER: _____
SOCIAL SECURITY NUMBER: _____
(OPTIONAL)
I have decided to opt-out of the Settling Class because _____