

IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MISSOURI

.X
PAUL HEILMAN, JOHN KELLER,
ROBERT LYNE, AMY PEASH, JENNY TAYLOR,
AND STEVEN AND ANN YANKOPOULOS, INDIVIDUALLY
AS NAMED PLAINTIFFS, AND ON BEHALF OF ALL
OTHERS SIMILARLY SITUATED, AND OTHER
INDIVIDUAL PLAINTIFFS,

CASE NO 99-0679-CW-W-6

PLAINTIFFS

CLASS ACTION

VS

PERFECTION CORPORATION,
RHEEM MANUFACTURING COMPANY,
AMERICAN WATER HEATER
COMPANY, BRADFORD WHITE
CORPORATION, A O SMITH
CORPORATION, LOCHINVAR
CORPORATION, and STATE
INDUSTRIES, INC

DEFENDANTS

X

**NOTICE OF PROPOSED CLASS ACTION
SETTLEMENT AND HEARING THEREON**

From the Honorable Howard F Sachs, Senior District Judge, to.

All persons throughout the United States who have owned or currently own a water heater manufactured by Rheem Manufacturing Company, A O Smith Corporation, Bradford White Corporation, American Water Heater Company, Lochinvar Corporation and State Industries, Inc (the "Tank Manufacturers") that contains a dip tube manufactured, supplied or sold by Perfection Corporation ("Perfection") between August 1993 and October 1996 ("Subject Dip Tube"), and said water heater or dip tube was purchased prior to September 8, 1999

This Notice is given to inform potential Class Members of a proposed settlement of the claims in this litigation against the Tank Manufacturers described above. If you fall within the class definition as defined above, you may be a Class Member and your rights may be affected.

**PLEASE READ THIS NOTICE CAREFULLY
YOU MAY BE ENTITLED TO BENEFITS UNDER THE PROPOSED SETTLEMENT
AND YOUR LEGAL RIGHTS MAY BE AFFECTED**

To obtain the benefits of the proposed Settlement, a Class Member must file a claim under this Settlement in accordance with the terms of the Settlement. Class Members are encouraged to file their claims as soon as possible. If you are a Class Member and you do not timely file a request for exclusion, then you will be a "Class Member" if the Court grants final approval to the proposed Settlement and will be bound by the terms of the Settlement. If the Settlement Agreement is approved, Class Members will be given certain rights under the Settlement Agreement. If you file a request for exclusion in a timely manner, the terms of the Settlement Agreement will not bind you and you will not receive any benefits under it, and you will be free to pursue any claims you may have against the Tank Manufacturers and Perfection.

NOTICE IS hereby given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Western District of Missouri ("the Court"), that a hearing will be held at 10:00 a.m. on April 21, 2000, before the Honorable Howard F Sachs, Senior District Judge, in the courtroom of the United States District Court for the Western District of Missouri, located in Jackson County at 400 E. 9th Street, Kansas City, Missouri. The purpose of the hearing (the "Hearing") will be to determine (1) whether the proposed settlement is fair, reasonable and adequate, and in the best interests of Class Members and whether a Final Judgment should be entered approving the Settlement Agreement, (2) whether the Court should approve the application for payment of attorneys' fees, and of certain litigation-related expenditures of counsel for the Class and for awards to named plaintiffs, and (3) such other matters as the Court deems appropriate.

This Notice contains a summary of the terms of the Settlement Agreement between the Class and the Tank Manufacturers. All terms not defined in this Notice have the meaning given to them in the Settlement Agreement. For a more detailed statement of the matters involved in this lawsuit and the Settlement Agreement, you are referred to the pleadings, to the Settlement Agreement, and to other papers on file in the case, which may be inspected during regular business hours at the Office of the Clerk of the United States District Court for the Western District of Missouri.

The Court has not ruled on the merits of the claims or on any defenses to those claims. This Notice is not an expression of any opinion of the Court as to the merits of the claims or defenses asserted by any of the parties to this action. Rather, this Notice is to inform you of the existence of this class action and the possible effects of the proposed Settlement with the Tank Manufacturers upon your interests, including the benefits under the Settlement Agreement to which you may be entitled, so that you can make appropriate decisions.

I. Class Action Determination

The Court has ordered the preliminary certification of a class on behalf of certain "Class Members" with respect to certain "Class Claims" that belong to those Class Members. The Class Members are

All persons throughout the United States who have owned or currently own a water heater manufactured by Rheem Manufacturing Company, A O Smith Corporation, Bradford White Corporation, American Water Heater Company, Lochinvar Corporation and State Industries, Inc (the "Tank Manufacturers") that contains a dip tube manufactured, supplied or sold by Perfection Corporation ("Perfection") between August 1993 and October 1996 ("Subject Dip Tube"), and said water heater or dip tube was purchased prior to September 8, 1999. Covered units are as follows:

<u>TANK MANUFACTURERS</u>	<u>SERIAL NUMBER RANGES</u>
American	9332***** to 9712*****
A O Smith	*H93***** to *C97*****
Bradford White	KH***** to KM***** LA***** to LM***** MA***** to MM***** NA***** to NM***** and OA, PA, or PB
Lochinvar	KH***** to KM***** LA***** to LM***** MA***** to MM***** NA***** to NM***** and OA, PA, or PB
Rheem	0893***** to 0397***** 0599A**** to 0599F****
State	G93***** to M93***** A94***** to M94***** A95***** to M95***** A96***** to M96***** A97***** to F97*****

IF YOU HAD YOUR DIP TUBE REPLACED
AFTER AUGUST 1993, PLEASE CALL FOR MORE INFORMATION

The Class Claims are those arising out of the Subject Dip Tubes including

Claims for breach or violation of federal, state, common or other laws, breach of any duties imposed by contract or otherwise, claims based on strict product liability, negligence, breach of express or implied warranty, fraud, conspiracy, suppression, consumer fraud, unfair or deceptive trade practices, negligent or intentional misrepresentation of the Magnuson-Moss Warranty Act, claims arising from the promotion, manufacture, production, sale, design, distribution, assembly, installation or service of water heaters containing the Subject Dip Tubes, claims for punitive or exemplary damages, claims for emotional distress or mental anguish due to property damage, claims for diminution in property value, loss of quality of life and increased energy costs.

In order to be a Class Member, you must satisfy the definition set forth above. In this regard, please note that if you own or have owned a water heater meeting the above-described parameters, then you are a Class Member. This class Settlement has no effect on any claims for personal or bodily injury (including wrongful death) and associated emotional distress. Further, the Settlement does not affect any existing warranties associated with the Class Members' water heaters other than those claims arising out of the Subject Dip Tubes.

The following individuals and/or parties are specifically excluded from the Class definition and Class Settlement, thereby precluding them from receiving any compensation from the Settlement:

All persons who execute a timely request for exclusion, the Tank Manufacturers and Perfection, including their parents and any subsidiary, affiliate and controlled entity of any of them, and the officers and directors of each of them.

Paul Heilman, John Keller, Robert Lyne, Amy Peash, Jenny Taylor, and Steven and Ann Yankopoulos have been named as Representatives of the Class (the "Class Representatives") and Ralph K. Phalen, Esq., Humphrey, Farnington & McClain, P.C., Independence, MO, and Ben Barnow, Esq., Barnow and Goldberg, P.C., Chicago, IL, have been designated Co-Lead Class Counsel to represent the Class. Daniel Petroski, Jr., Esq., Grayson, Hovenkamp & Petroski, P.L.L.C., Houston, TX, James G. Stranch, Esq., Branstetter, Kilgore, Stranch & Jennings, Nashville, TN, Michael A. Gagieard, Esq., Ishbia & Gagieard, P.C., Birmingham, MI, Joseph C. Kohn, Esq., Kohn Swift & Graf, P.C., Philadelphia, PA, David H. Weinstein, Esq., Weinstein, Kitchenoff, Scarlato & Goldman, Ltd., Philadelphia, PA, Dennis Stewart, Esq., Milberg Weiss Bershad Hynes & Lerach, L.L.P., San Diego, CA, and Lawrence Walner, Esq., Lawrence Walner & Associates, Ltd., Chicago, IL, are members of the Executive Committee of Plaintiffs' Counsel. Additional Plaintiffs' Counsel are Joe R. Whatley, Jr., Esq., Whatley Drake, L.L.C., Birmingham, AL, William R. Neese, Esq., Neese, Herron & Miller-Herron, Dresden, TN, John L. Grayson, Esq., Grayson, Hovenkamp & Petroski, Houston, TX, George E. Barrett, Esq., Barrett, Johnston

& Parsley, Nashville, TN, Aron D Robinson, Esq , The Law Offices of Aron D Robinson, Chicago, IL, Stewart M Weltman, Esq , Stewart M Weltman, P.C , Chicago, IL, Harvey Levine, Esq., Levine, Steinberg & Miller, San Diego, CA, Donald M. Flack, Esq , Pratt & Tobin, P C , East Alton, IL, Richard T Dorman, Esq , Cunningham, Bounds, Yance, Crowder and Brown, L.L.C , Mobile, Alabama, Michael F Ram, Esq , Levy, Ram & Olsen, L.L P., San Francisco, CA, Jeffrey B Cereghino, Esq , Berding & Weil L L P , Alamo, CA, Robert J. Nelson, Esq , Lieff, Cabraser, Heimann & Bernstein, L L P , San Francisco, CA, David M. Birka-White, Esq , The Law Offices of David M Birka-White, Alamo, CA, John W Sharbrough, III, Esq , The Sharbrough Law Firm, Mobile, Alabama, and Steven A Martino, Esq , Jackson Taylor & Martino, P C , Mobile, Alabama (collectively, Co-Lead Class Counsel, the Executive Committee of Plaintiffs' Counsel and Additional Plaintiffs' Counsel are referred to as "counsel for the Class")

The Court has preliminarily found that the requirements of numerosity, commonality, typicality, adequacy of the representation, predominance of common questions of law or fact and supererogatory of class treatment have been satisfied. However, the Court has not ruled on the merits of the claims against the Tank Manufacturers or Perfection or on their defenses to those claims, nor has it made a final determination of the matters to be considered at the Fairness Hearing

II. Background of Claims and Respective Views of Litigation

The complaint in this action was filed on July 16, 1999 (the "Complaint") However, prior to that date, a number of court actions were filed across the country alleging substantially the same claims and seeking certification of both nationwide and state classes, similar to the class involved in this case. The Complaint, as amended, alleges claims against the Tank Manufacturers and Perfection that the Subject Dip Tubes manufactured, sold or supplied by Perfection between August 1993 and October 1996 and utilized by the Tank Manufacturers in their respective water heaters are defective. Specifically, Plaintiffs allege that over time the Subject Dip Tubes may deteriorate, causing various forms of property damage including but not limited to, clogged plumbing lines and fixtures, decreased hot water and water pressure. However, the Tank Manufacturers and Perfection have vigorously denied, and continue to deny, all liability with respect to their products

Beginning in February, 1999, arm's-length Settlement negotiations took place between counsel for the Class and the Tank Manufacturers' counsel These negotiations, during which all parties vigorously maintained their respective positions on the merits of the suit, resulted in the Settlement Agreement

Counsel for the Class have concluded that the proposed Settlement is fair, reasonable and adequate, and that it is in the best interests of the Class Members The Tank Manufacturers and Perfection continue to deny liability of any kind, but the Tank Manufacturers have concluded that it is desirable to enter into the Settlement Agreement, in order to settle all claims against them, which are to be released in accordance with the Settlement Agreement, and to avoid further litigation costs The Tank Manufacturers, as a part of the Settlement Agreement, will take an assignment of the Settled Claims against Perfection, which has chosen not to be a part of the Settlement Agreement

III. Description of the Proposed Settlement

The complete terms and conditions of the proposed Settlement are contained in the Settlement Agreement, which is on file in the Office of the Clerk of the United States District Court for the Western District of Missouri The parties' obligations under the Settlement Agreement do not become effective until final judicial approval, including the exhaustion of any appeals Class Members may file claims under either III(A) and III(B) or both, as applicable

A. Reimbursement

For those Class Members who have sustained reimbursement damages, that is those who have incurred out-of-pocket expenses to repair or replace a Subject Dip Tube, or damaged property caused by a Subject Dip Tube, as of the first Notice by Publication, and who have not been fully compensated, shall be entitled to the benefits described in this section, subject to the following provisions

- (a) Each Class Member seeking reimbursement benefits must submit a timely, completed and signed Proof of Claim
- (b) A Proof of Claim timely submitted seeking reimbursement benefits of \$175 or less is presumed reasonable and will be paid
- (c) A Proof of Claim submitted seeking reimbursement in excess of \$175 will be referred to the Special Circumstances Panel Section C below details the composition and function of the Panel
- (d) To receive reimbursement benefits, a Proof of Claim must be postmarked on or before June 30, 2000

B. Repair and Replacement

Class Members who own a water heater with a Subject Dip Tube, but who have not incurred out-of-pocket expense, or whose Subject Dip Tube related problems have not been fully remedied, shall be entitled to the benefits as described below, subject to the following provisions The following benefits will be effective upon the first Notice by Publication

- (a) Benefits for repair and replacement will be in the form of (1) a certificate for a dip tube replacement or (2) repair of property damage
- (b) Each Class Member seeking repair and replacement benefits must submit a timely, completed and signed Proof of Claim

- (c) Upon submission of a timely and valid Proof of Claim requesting the replacement of a Subject Dip Tube, a certificate for a dip tube replacement will be issued to the Class Member. Certificates for dip tube replacements must be redeemed within 6 months of the receipt of the certificate. Each certificate shall be printed with the date of mailing. The certificate shall be redeemed by the owner of the water heater. The owner's water heater serial number will be printed on the certificate, and the certificate can only be applied to that water heater by matching the serial number on the certificate to the serial number on the water heater. The names of authorized service personnel who will be available to provide the service will be provided with the certificate. Settling Defendants shall ensure that adequate and trained service personnel are available to provide service to Class Members in a timely manner.
- (d) If a Class Member is experiencing property damage resulting from a Subject Dip Tube, such Class Member shall, in addition to a dip tube replacement, be entitled to repair of property damage caused by, or related to the Subject Dip Tube.
- (e) If a Class Member is suffering from clogged plumbing lines and fixtures and is experiencing loss of hot water pressure or a decrease in hot water volume caused by a Subject Dip Tube, such Class Member is entitled to have their plumbing lines flushed and plumbing fixtures cleaned, until such problem is remedied, as provided by Section B(f), hereof (8.2.6 of the Settlement Agreement).
- (f) Upon submission of a timely, completed Proof of Claim, such claimant will be provided the identities of approved plumbers who will provide repair benefits. Such work shall be covered by the standard warranty of the service personnel performing the work.
- (g) For Class Members who are experiencing property damage in addition to a Subject Dip Tube and resulting clogged plumbing lines and fixtures and decreased hot water volume and pressure, such claims will be directed to the Special Circumstances Panel. The Panel's composition and responsibilities are detailed in Section C, below (8.3 of the Settlement Agreement).
- (h) In addition to the Proof Documentation, return of the Subject Dip Tube or parts and pieces of the Subject Dip Tube, if available, to the approved plumber is a prerequisite to any recovery under Section B (8.2 of the Settlement Agreement).
- (i) To receive repair and replacement benefits under the terms of the Settlement, Proofs of Claim must be postmarked on or before December 31, 2000.

C. Special Circumstances Panel

The Special Circumstances Panel will be composed of certified plumbers and other qualified professionals appointed by the Settling Parties and approved by the Court who are experienced and knowledgeable about water heaters and attendant plumbing and related damage.

- (a) The Tank Manufacturers are to bear all costs incurred in compensating the members of the Special Circumstances Panel, and will bear all administrative costs, including clerical or administrative services to be employed by the Panel.
- (b) The Special Circumstances Panel will not hold hearings or any type of adversary proceedings. It may meet and confer as it deems necessary to evaluate and decide whether a claim should be compensated under this Agreement. This decision will be binding and final, with no right of reconsideration before the Panel and with no right of appeal to any court.
- (c) The Tank Manufacturers will have no right to participate in the determinations of the Panel, but do have the right to review any Proof of Claim and to object in good faith to submissions on the basis of the accuracy or sufficiency of the information and documentation submitted. Notice of any such objection will be provided to Co-Lead Class Counsel. In the event of a dispute concerning the accuracy of any element of the Proof of Claim, the Panel will have the right to require the submission of additional information within a reasonable time, any decision reached by the Panel in this regard will be final.

D. Litigation Expenses, Attorneys' Fees, and Costs of Notice and Administration

At the Fairness Hearing, an application to the Court for an award of reasonable attorneys' fees and reimbursements of litigation expenses incurred on behalf of Class Members by counsel for the Class will be made for not more than \$5,650,000.00. This amount is separate and apart from the relief provided under the Settlement to the Class.

The Tank Manufacturers have agreed to incur reasonable costs in compiling the names and addresses of Class Members who have submitted warranty cards, in distributing notice to Class Members by mail and other publication, print and media, in maintaining a facility to accumulate responses to this notice, and all administrative costs associated with providing the relief to the Class Members.

E. Preliminary Approval of the Proposed Settlement

On November 15, 1999, the Court gave its preliminary approval to certification of a class action encompassing the Class Claims belonging to the Class Members. The Court also gave its preliminary approval of the Settlement Agreement, finding that its terms are within the range of reasonableness such that this Notice should be sent to Class Members.

IV. Final Judgment, Release, and Assignment of Settled Claims

A. Entry of Final Judgment

If the Court enters final approval of the proposed Settlement as set forth in the Settlement Agreement (including any modification or amendment hereto agreed to by the Class Representatives and Tank Manufacturers), it will enter a Judgment. If the Court enters the Judgment, it will provide, among other things, for the following:

- (a) final approval of the Settlement Agreement and a finding by the Court that the terms and conditions thereof are fair, reasonable, adequate and in the best interests of the Class,
- (b) consideration and approval of the Settlement and all its terms and conditions,
- (c) a finding that the notice given to Class Members of the proposed Settlement was the best notice practicable under the circumstances, and that it was given in accordance with the requirements of due process and Rule 23 of the Federal Rules of Civil Procedure,
- (d) consideration of the application for awards to the Class Representatives and named plaintiffs and for attorneys' fees and expenses, and the entry of an order approving them as submitted or as modified by the Court,
- (e) dismissal on the merits, and with prejudice to refile, of the claims against the Tank Manufacturers, and
- (f) a reservation of exclusive jurisdiction as to all matters related to the administration of the Settlement and the Settlement Agreement.

B. Release and Assignment of Settled Claims

In consideration of the agreement by the Tank Manufacturers to effectuate the terms of the Settlement Agreement for the benefit of the Class Members, the Class Members will be deemed to release and discharge the Tank Manufacturers from any liability for Settled Claims. Further, all such claims of the Class against Perfection will be deemed assigned to the Tank Manufacturers.

V. The Fairness Hearing and Class Members' Options as to the Settlement

The purpose of the Fairness Hearing will be to determine (1) whether the Court should find that the proposed Settlement on the terms set forth in the Settlement Agreement is fair, reasonable and adequate, and in the best interests of Class Members, and that it should be finally approved by the Court, (2) whether the Court should enter a Final Judgment approving the Settlement Agreement and dismissing the pending claims with prejudice to their refile, and (3) whether the Court should approve the applications for payment of attorneys' fees and litigation-related expenses that are filed on behalf of Class Representatives, named plaintiffs and counsel for the Class, and (4) to consider such other matters as the Court may deem proper and necessary. The Hearing may be adjourned from time to time by the Court, without further prior notice.

A. Participation in the Settlement as a Class Member

If the Court approves the proposed Settlement, Class Members will be required to fill out and send in the form accompanying this Notice in order to receive the benefits of this Settlement. If you seek payment for out-of-pocket expenses, that Proof of Claim must be postmarked on or before **June 30, 2000**. If you seek replacement of the dip tube or repairs related to a dip tube, that Proof of Claim must be postmarked on or before **December 31, 2000**. If you qualify (you have damages that fit into each of the two types of claims), you may file for both but each must be postmarked on or before the respective deadline, filing for one benefit does not foreclose the filing for the other, if you qualify for each. You are not required to attend the Fairness Hearing to obtain benefits.

In addition, any Class Claims against the Tank Manufacturers will be resolved by the Settlement, Class Claims against Perfection will be assigned to the Tank Manufacturers. Thus, if you are a Class Member and the proposed Settlement is approved, then you will have the rights and responsibilities that result from a Final Judgment dismissing with prejudice the Class Claims against the Tank Manufacturers and assignment of the Class Claims against Perfection.

B. Requests for Exclusion

Class Members may elect to be excluded from the Settlement. Class Members who elect to be excluded will not share in any benefits to Class Members or otherwise participate in the Settlement, but they would not be barred by the Final Judgment from pursuing their individual claims against the Tank Manufacturers or Perfection in a separate lawsuit.

If you are a Class Member and you want to be excluded from the Settlement, then you must expressly state your request to be excluded in a written request for exclusion. In order to be valid, a request for exclusion must set forth certain information. It must set forth (a) the name that is set forth on the notice that was sent to you, (b) your current name, if it is different from the name set forth on the notice, (c) your current address, (d) your current telephone number. In addition, the request for exclusion must include (e) your statement that you request exclusion from the Settlement, and (f) your signature. **If a request for exclusion does not include all of the foregoing information or if the request for exclusion is not timely mailed to the correct address, then it shall be an invalid request for exclusion. A Class Member sending an invalid request for exclusion shall be treated as if he or she did not send any request for exclusion and shall be deemed to be a Class Member if the Court finally certifies a class and approves the Settlement Agreement. The written request for exclusion must be postmarked by March 25, 2000 and sent by first-class mail to: Dip-Tube Litigation, P.O. Box 9338, Garden City, N.Y. 11530-9338.**

C. Objections by Class Members

Class Members who have not filed a timely request for exclusion, if they desire, may, at their own expense, enter an appearance through their own counsel. In addition, a Class Member may appear, in person or through their counsel, at their own expense, and be heard in opposition to: (i) the fairness, adequacy or reasonableness of the Settlement, (ii) the payment of attorneys' fees and reimbursement of expenses, or (iii) awards to the Class Representatives and named plaintiffs.

In order to be valid, the written Objection must be from a Class Member and must set forth (a) the heading referring to this case, cause number 99-0679-CW-W-6, to the United States District Court for the Western District of Missouri, (b) the objector's name, (c) a statement as to whether the Class Member intends to appear at the Settlement Hearing either in person or through counsel, (d) a detailed statement of the specific basis for the objection, including identification of all papers the objector intends to rely on at the hearing, (e) the names of all witnesses the objector intends to call at the Fairness Hearing, (f) the objector's current address, (g) the objector's current telephone number, and (h) the objector's signature or that of his or her authorized Representatives. The written objection must be filed with the Court and copies of the same served on either of Co-Lead Class Counsel and additionally Tank Manufacturers' Counsel by no later than **March 25, 2000**. Addresses are as follows:

Co-Lead Class Counsel

Ralph K. Phalen, Esq.
Humphrey, Farrington & McClain, P.C.
221 West Lexington
Suite 400
P.O. Box 900
Independence, MO 64051

Ben Barnow, Esq.
Barnow and Goldberg, P.C.
One North LaSalle Street
Suite 2100
Chicago, IL 60602

Tank Manufacturers' Counsel

Scott S. Partridge, Esq.
Frilot, Partridge, Kohnke & Clements, L.C.
3600 Energy Centre
1100 Poydras Street
New Orleans, LA 70163

If an Objection does not include all of the foregoing information or if the Objection is not timely filed and served as stated above, then it shall be an invalid Objection and it shall not be heard or otherwise considered by the Court.

VI Examination of Court Papers and Inquiries by Class Members

The above is only a summary of the terms of the Settlement. For a more detailed statement of the matters involved in this case and the proposed Settlement with the Tank Manufacturers, you are referred to the pleadings, to the Settlement Agreement, and to other papers on file in the case, which may be inspected during regular business hours at the Office of the Clerk.

TO OBTAIN ANOTHER COPY OF THIS NOTICE AND A PROOF OF CLAIM FORM

WRITE: DIP TUBE LITIGATION
CLAIMS ADMINISTRATOR
P.O. BOX 9338
GARDEN CITY, N.Y. 11530-9338

CALL: 1-800-329-0561

WEB SITE: www.diptubeshtlement.com

Questions relating to the proposed Settlement may be directed in writing to either of Co-Lead Class Counsel at the above addresses.

You may, of course, at your own expense, seek the advice and guidance of your own individual attorney, if you desire. In any event, **DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE FOR INFORMATION**

By Order of the United States District Court for the Western District of Missouri

Dated November 15, 1999

/s/
The Honorable Howard F. Sachs
United States District Judge

TO: STATE INDUSTRIES AND RELIANCE WATER HEATER OWNERS

PLEASE READ THIS SUPPLEMENT TO THE NOTICE

**STATE INDUSTRIES
ELIGIBLE SERIAL NUMBER RANGES**

For State Industries Model Numbers beginning with:

PRX-75
PRX-100
PRV-75
PRV-100

And Reliance Model Numbers beginning with.

5-75
5-100

The eligible serial number ranges, for the above models, are as follows:

G93***** to M93*****
A94***** to M94*****
A95***** to M95*****
A96***** to M96*****
A97***** to F97*****

All other State and Reliance brand water heaters with serial numbers beginning with B95, C95, D95 and E95 are also eligible to receive benefits under the Settlement.

All Sears Kenmore products, any water heaters with the words "Turbo", "Sta-Kleen", or "Self Cleaning", water heaters with cold water inlets on the side of the water heater, and water heaters with model numbers with the letter "Z" or letters "NC" at or near the end of the model number do not contain Perfection Dip Tubes and are EXCLUDED from the Settlement.