

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

KEITH L. DAVIDSON,))	
))	
Plaintiff,))	
))	No. 04 CH 4989
v.))	
))	The Honorable Martin S. Agran
PEOPLES ENERGY SERVICES CORP.,))	
))	
Defendant.))	

**NOTICE TO CLASS MEMBERS OF
PROPOSED CLASS ACTION SETTLEMENT AND FAIRNESS HEARING**

**THIS NOTICE MAY AFFECT YOUR LEGAL RIGHTS.
PLEASE READ IT CAREFULLY.**

IF YOU ENROLLED AND PARTICIPATED IN PEOPLES ENERGY SERVICES CORPORATION'S FALL 2003 \$0.62 PER THERM FIXED PRICE PROGRAM, THIS NOTICE MAY BE IMPORTANT TO YOU. YOU MAY RECEIVE A CASH PAYMENT UNDER THE TERMS OF THE PROPOSED SETTLEMENT OF THIS LAWSUIT.

BASIC INFORMATION ABOUT THE SETTLEMENT

1. Why did I get this notice?

You received this notice package because you may be a member of the Class. Peoples Energy Services Corporation's records show that you enrolled and participated in Peoples Energy Services Corporation's Fall 2003 \$0.62 per therm fixed price program.

2. What is the lawsuit about?

The Plaintiff in this lawsuit, Keith L. Davidson, claimed that the Fall 2003 offer of Defendant Peoples Energy Service Corporation to customers to lock into a fixed price program of \$0.62 per therm for gas violated the Illinois Consumer Fraud Act, 815 ILCS 505/1 *et seq.*, because Peoples Energy Services Corporation allegedly did not adequately disclose certain alleged "Storage Charges" associated with the \$0.62 per therm fixed price program. Peoples Energy Services Corporation denies Plaintiff's allegations.

3. Why is this a class action?

In a class action, one or more people called Class Representatives (in this case, Keith L. Davidson), sue on behalf of people who have similar claims. All of these people are a Class or Class Members. One court resolves the issues for all Class Members. This class action was filed in the Circuit Court of Cook County, Illinois, Chancery Division.

4. Why is there a Settlement?

There was no final decision by the Court in favor of Plaintiff or Peoples Energy Services Corporation. Instead, both sides agreed to a Settlement. Peoples Energy Services Corporation, while denying all charges alleged and arising out of the allegations in the Complaint and disclaiming any liability thereunder, considers it desirable to settle all such claims upon the terms and conditions set forth in the Stipulation of

Settlement. The Class Representative and his attorneys believe that the Stipulation of Settlement is in the best interests of the Class.

THE SETTLEMENT BENEFITS-WHAT YOU GET

5. What does this Settlement provide ?

Following discovery and court hearings, the parties to the lawsuit have entered into, and have obtained preliminary approval from the Circuit Court of Cook County, Illinois, Chancery Division of a Stipulation of Settlement. The Stipulation of Settlement: (1) is between Peoples Energy Services Corporation and Plaintiff/Class Representative Keith L. Davidson, on his own behalf and on behalf of those customers of Peoples Energy Services Corporation who enrolled and participated in Peoples Energy Services Corporation's Fall 2003 \$0.62 per therm fixed price program and (2) provides for a cash payment to all Class Members.

6. What can I get from the Settlement?

Pursuant to the Stipulation of Settlement, Peoples Energy Services Corporation has agreed to a Settlement Fund of \$325,000.00. Once the approval of the Stipulation of Settlement becomes final, the \$325,000.00 will be paid as follows:

- (a) The Class Representative Keith L. Davidson will file a petition with the Court for an incentive fee award not to exceed the sum of \$5,000.00 for his efforts in representing the Class.
- (b) Class counsel will file a petition with the Court for an award of attorneys' fees not to exceed the sum of \$97,500.00, *i.e.*, 30% of the \$325,000.00 Settlement Fund, and an award of litigation expenses not to exceed the sum of \$5,000.00.
- (c) The balance of the Settlement Fund shall be distributed to Class Members in proportion to the amount of alleged Storage Charges that the Class Member paid while enrolled in Peoples Energy Services Corporation's Fall 2003 \$0.62 per therm fixed price program. Assuming the Court grants the requests in paragraphs 6(a) and 6(b) in approximately the amounts requested, your payment will be approximately \$.
- (d) In the event a participating Class Member does not cash the check tendered to him or her within one year of tender, that Class Member will be deemed to have forfeited his or her benefit under the Stipulation of Settlement and the amount represented by the total sum of all uncashed checks, as well as any undeliverable settlement proceeds, will be distributed to the "Share the Warmth Fund," which is administered by the Salvation Army.

7. How can I get a cash payment?

If you are a member of the Class, you do not have to do anything to receive the cash payment benefits of the Stipulation of Settlement. If the Stipulation of Settlement is approved, you will automatically receive the cash payment set forth above. To ensure prompt payment, if the address to which this Notice was sent is incorrect, or if your address changes, please notify the Claims Administrator, designated below, of your correct address.

8. When would I get my payment?

The Court will hold a Fairness Hearing on Monday, September 17, 2007, at 10:00 a.m. to decide whether to approve the Stipulation of Settlement. After the Court approves the Stipulation of Settlement, there may be appeals or the Stipulation of Settlement may not proceed because all conditions for the Stipulation of Settlement have not been met. It is uncertain whether appeals will be taken and the time it will take to resolve them, or whether all conditions of the Stipulation of Settlement will be met.

9. How do I get out of the Settlement?

If you do NOT want to remain a member of the Class and do not want to participate in the proposed Stipulation of Settlement, you must exclude yourself from the Class. To exclude yourself from the Class ("opt out"), you must clearly state your desire to opt out by writing to:

Claims Administrator
c/o Strategic Claims Services
600 North Jackson Street
Suite 3
Media, Pennsylvania 19063

Your written request to opt out of the Class must be postmarked no later than August 17, 2007 and must include your name, your address, current telephone number and e-mail address, social security number, and signature. If either your name or address has changed since you were enrolled in Peoples Energy Services Corporation's Fall 2003 \$0.62 per therm fixed price program, you must state your former name and former address.

By electing to be excluded from the Class: (i) you will not receive any payments made to the Class as a result of the Stipulation of Settlement; (ii) you will not benefit from or be bound by any further orders or judgments entered for or against the Class; and (iii) you may present any claims you may have against Peoples Energy Services Corporation by filing your own lawsuit at your own expense. **You should be aware that, if you opt out, you may be subject to various defenses against you that may bar your recovery.**

If you do not exclude yourself from the Class and the Stipulation of Settlement is approved and consummated, you will be bound by its terms and by any judgment entered as a result of the Stipulation of Settlement, and will be permanently barred from prosecuting any of the claims released in this matter at any time in the future.

10. What am I giving up?

All Class Members will automatically receive all of the benefits of the Stipulation of Settlement and will release their claims against Peoples Every Services Corporation. This means that you cannot sue, continue to sue, or be part of any lawsuits against Peoples Energy Services Corporation or any other parties about the legal issues involved in this case. It also means that all of the Court's orders will apply to you and legally bind you.

THE LAWYERS REPRESENTING YOU

11. Do I have a lawyer in this case?

The Court has appointed the following as Class Counsel to represent you and other Class Members:

Dom J. Rizzi
Anthony F. Fata
Cafferty Faucher LLP
30 North LaSalle Street
Suite 3200
Chicago, Illinois 60602

If you want to be represented by your own lawyer, you may hire one at your own expense.

12. How will the lawyers be paid?

You will not be billed for any attorneys' fees or expenses associated with the Stipulation of Settlement. Fees and expenses will be paid from the Settlement Fund. Class counsel will file a petition with the Court for an award of attorneys' fees and reimbursement of litigation expenses as set forth in paragraph 6 above.

OBJECTION TO THE SETTLEMENT

13. How do I tell the Court that I do not like the Settlement?

If you are a Class Member, you can tell the Court if you do not agree with the Stipulation of Settlement or some part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object you must send a letter saying that you object to the proposed settlement in *Keith L. Davidson v. Peoples Energy Services Corporation*, No. 04 CH 4989. Be sure to state clearly the reason or reasons you object to the settlement and include your name, address, telephone number, and signature. Mail your objection to the following three places post-marked no later than August 17, 2007.

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Circuit Court of Cook County, Illinois, Chancery Division Richard J. Daley Center 50 West Washington Street Chicago, Illinois 60602	Dom J. Rizzi Anthony F. Fata Cafferty Faucher LLP 30 North LaSalle Street Suite 3200 Chicago, Illinois 60602	Susan G. Feibus Kathleen H. Champagne Ungaretti & Harris LLP 3500 Three First National Plaza Chicago, Illinois 60602

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Stipulation of Settlement. You may attend and you may ask to speak, but you are not required either to attend, or if you attend, to speak

14. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing before the Honorable Martin S. Agran of the Circuit Court of Cook County, Illinois, Chancery Division Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois 60602 in Courtroom 2102 on Monday, September 17, 2007, at 10:00 a.m. At the Fairness Hearing, the Court will consider whether the Stipulation of Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also decide how much to award Class Counsel in attorneys' fees and for reimbursement of expenses, the amount to pay the Class Representative as an incentive award, and the distribution of the Settlement Fund. After the hearing, the Court will decide whether to approve the Stipulation of Settlement. We do not know how long this decision will take.

15. Do I have to come to the hearing?

No. You do **not** have to attend the Fairness Hearing to be part of the Stipulation of Settlement and receive the Stipulation of Settlement proceeds. Class Counsel will answer questions the Court may have. Though you are welcome to come at your own expense or pay your own attorney to attend, it is not necessary. If

you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it.

16. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear" at the Fairness Hearing in *Keith L. Davidson v. Peoples Energy Services Corporation*, No. 04 CH 4989. This letter must identify the person or persons who wish to speak at the Fairness Hearing on your behalf. If you intend to call witnesses at the Fairness Hearing, you must identify them by name, address, and telephone number, and provide a summary of what they intend to say. If you intend to introduce any documents at the Fairness Hearing, your Notice of Intention to Appear must have those documents attached to it. Mail the Notice of Intention to Appear and any documents to the three addresses listed in Question 13. Your Notice of Intention to Appear and all of its supporting information must be postmarked no later than August 17, 2007.

IF YOU FAIL TO COMPLY WITH THE PROCEDURES FOR MAKING AN OBJECTION OR PROVIDING THE NOTICE OF INTENTION TO APPEAR, ANY OBJECTION YOU HAVE WILL BE DEEMED BY THE COURT TO HAVE BEEN WAIVED.

IF YOU DO NOTHING

17. What happens if I do nothing?

If you do nothing, you will receive all of the benefits of the Stipulation of Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Peoples Energy Services Corporation or any other parties about the legal issues raised in this case.

GETTING MORE INFORMATION

18. Are there more details about the Settlement?

This notice summarizes the Stipulation of Settlement. More details are in the Stipulation of Settlement. You can get a copy of the Stipulation of Settlement by visiting www.strategicclaims.net and clicking on the Peoples Energy Services Corporation link or you may review all of the pleadings, records, and other papers on file in this litigation during regular business hours at the Circuit Court of Cook County Clerk's office, Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois 60602.

Please do not call the Judge or the Clerk of the Court. They will not be able to give you advice about the case.

In Re: Peoples Energy Services Corp. Litigation
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063