

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	
COUNTY OF CHARLESTON)	NINTH JUDICIAL CIRCUIT
)	
CHARLES SALMONSEN,)	CASE NO. 2000-CP-10-4870
INDIVIDUALLY AND ON BEHALF OF)	
ALL OTHERS SIMILARLY SITUATED,)	
)	
Plaintiff,)	
)	
vs.)	
)	
CGD, INC., F/K/A CHARLESTON)	
GYPHUM DEALERS & SUPPLY CO.,)	
INC., FRANK CRIDER, RAYMOND G.)	
WOLFORD, HENRY (HANK) FUTCH,)	
AND HAROLD (HAL) FUTCH,)	
)	
Defendants.)	
<hr/>)	
CGD, INC., F/K/A CHARLESTON)	
GYPHUM DEALERS & SUPPLY CO.,)	
INC., FRANK CRIDER, RAYMOND G.)	
WOLFORD, HENRY (HANK) FUTCH,)	
AND HAROLD (HAL) FUTCH)	
)	
Third-Party Plaintiffs,)	
)	
vs.)	
)	
PAREX, INC.)	
)	
Third-Party Defendant.)	
<hr/>)	

**NOTICE OF CLASS ACTION
SETTLEMENT**

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

**-YOU ARE NOT BEING SUED -
PLEASE READ THIS NOTICE CAREFULLY
YOUR RIGHTS MAY BE AFFECTED BY THIS PENDING LITIGATION**

TO: ALL PERSONS AND ENTITIES THAT OWN OR HAVE OWNED
STRUCTURES PRESENTLY OR PREVIOUSLY CLAD WITH
EXTERIOR INSULATED FINISH SYSTEM SOLD BY CGD, INC.,

FORMERLY KNOWN AS CHARLESTON GYPSUM DEALERS &
SUPPLY CO., INC., PRIOR TO MAY 15, 1995:

IMPORTANT INFORMATION ABOUT YOUR RIGHTS

You have been identified as a potential member of the class on whose behalf certain claims are being asserted in the above-captioned civil action, pending in the Charleston County Court of Common Pleas (the "Court"). The Court certified this civil action to proceed as a class action on behalf of the class described below and has granted preliminary approval of the settlement of the class action, subject to a hearing to determine final approval.

The purpose of this notice is to advise you of the pendency and proposed settlement of this class action against CGD, Inc., formerly known as Charleston Gypsum Dealers & Supply Co., Inc. ("CGD"), and its former shareholders Frank Crider, Raymond G. Wolford, Henry (Hank) Futch and Harold (Hal) Futch (all of whom will hereinafter be collectively referred to with CGD as the "Defendant") so that you may make whatever decision you deem appropriate for the protection of your interests. Records provided by the Defendant indicate that you are a class member whose rights may be affected by the settlement. If the settlement is approved by the Court, it will permanently settle your claims against the Defendant.

**YOUR CLAIMS AGAINST THE DEFENDANT WILL BE RELEASED BY
THIS CLASS ACTION SETTLEMENT UNLESS YOU EXCLUDE
YOURSELF FROM THIS CLASS.**

DESCRIPTION OF THE LITIGATION

This lawsuit was brought by Charles Salmonsens (the "Plaintiff") against the Defendant. The Plaintiff alleges that, prior to May 15, 1995, the Defendant was engaged in the business of selling Exterior Insulated Finish Systems ("EIFS"), a type of synthetic stucco manufactured by Parex, Inc. (the "Third-Party Defendant") -- on May 15, 1995, the Defendant sold its business. The Plaintiff alleges that EIFS was installed on structures in the Charleston area. The Plaintiff alleges that EIFS was and is defective, and has caused damage to the structures upon which it was applied. The Plaintiff seeks to recover the losses allegedly resulting from the defective EIFS. The Defendant denies selling a defective product and further denies responsibility to the Plaintiff or to any class member for any damage allegedly caused by EIFS, contending any such responsibility belongs to the Third-Party Defendant. The Third-Party Defendants denies EIFS is defective.

At this time, the Court has made no findings as to the validity of the Plaintiff's allegations and this notice is not intended as an expression by the Court on the merits of the claims or defenses of any party. However, the Court has ruled that this lawsuit may be maintained as a class action, with the Plaintiff being the class representative, under the following class definition:

*All persons and entities that own or have owned structures clad
with EIFS sold by the Defendant on or before May 15, 1995.*

This class excludes:

- (a) *Employees of the Defendant; and*
- (b) *Those persons who have released the Defendant or are currently in litigation with the Defendant.*

Therefore, if you currently own or in the past have owned a structure located in Charleston, Dorchester, or Berkeley County presently or previously clad with EIFS, which meets the above criteria for class membership, you may be a potential class member. You are being notified of this settlement so that you may choose to participate in or exclude yourself from it. **You will be deemed a member of the class, and to have elected to participate in this class action, unless you affirmatively request to exclude yourself from the class as explained below.**

DESCRIPTION OF THE SETTLEMENT

The following is a summary of certain terms of the parties' Memorandum of Settlement, which governs the proposed settlement between the Plaintiff Class and the Defendant.

If the settlement receives final approval from the Court, the Defendant will pay a total of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) in cash, which will create a Settlement Fund. The Settlement Fund will be distributed to class members based upon their pro rata share of the amount of the Settlement Fund remaining *after* deduction of: (1) any Court-awarded attorneys' fees, (2) any Court-awarded reimbursement of the costs and expenses of litigation, (3) any Court-awarded payment to the Representative Plaintiffs, and (4) any costs of notice to the class members. Plaintiff's Counsel will petition the Court for payment from the Settlement Fund of attorneys' fees one-third (1/3rd), reimbursement of costs and expenses totaling no more than Eighty Nine Thousand and 00/100 Dollars (\$89,000.00), and a payment of Ten Thousand and 00/100 Dollars (\$10,000.00) to the Representative Plaintiff.

DISTRIBUTION OF THE SETTLEMENT

The Settlement will be administered and distributed by Plaintiff's Counsel, who shall distribute settlement proceeds to the class members in the following manner:

1. Within the time specified in the Memorandum of Settlement, the Defendant will provide Plaintiff's Counsel the sum of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) made payable to Plaintiff's Counsel, Justin O'Toole Lucey as Class Trustee.
2. Thirty days after entry of an Order of Final Approval, if there is no appeal or unresolved objection(s), Plaintiff's Counsel will deduct from the Settlement Fund any Court-awarded attorneys' fees, reimbursement of costs and expenses, payment for the Representative Plaintiff, and costs of notice to the class members, and distribute a pro rata share of the

remaining balance in Settlement Fund to each class member. If there is an appeal or objection, no deduction or distribution will be made until such appeal or objection is finally resolved.

3. The net proceeds of the settlement will be allocated and distributed on a pro rata basis. Each claimant that is not already sufficiently identified as a class member by the Defendants sales records will have to assist counsel in confirming their class membership through proof of the Defendant's product on or previously on their building. Secondly, class members will have to assist class counsel in establishing the amount of their claim, e.g. the cost to repair or replace the defective EIFS. With regards to the replacement costs, if too great a variance is presented in the claims, class counsel shall have the right to establish a benchmark replacement cost, e.g., Twenty and 00/100 Dollars (\$20.00) per square foot of product. Lastly, to the extent that the net proceeds are insufficient to pay all claims, the claims will be reduced on a pro rata basis. Class members will have four months after final approval to submit a claim; after which the allocation of the class proceeds will be calculated and there is not expected to be any left over proceeds for late claims.
4. Any class member who disagrees with the determination by Plaintiff's Counsel of the right to a settlement payment or the amount of the class member's allocated share shall have the right to file an objection with the Court, provided that any such objection must be filed within 10 days of the notification of Plaintiffs' Counsel's decision. Upon due notice to the objecting class member, the Court shall conduct a hearing and make final ruling on the objection. The Court may refer to matters to the Master-in-Equity or Special Referee. The ruling of the Court, or the Master-in-Equity, or Special Referee, shall be final and binding on the class member, who shall have no further right of appeal or review.
5. Within twenty days after distributing the Settlement Fund to the class members, Plaintiff's Counsel will provide an Affidavit of Distribution to the Court and counsel for Defendant.
6. Plaintiff's Counsel will seek compensation from the Settlement Fund for their costs incurred in distributing the Settlement Fund.
7. Any funds remaining after initial distribution shall be held in the Settlement Fund for an additional six month period and will serve as a source of funds to correct any errors or costs arising in the administration of the Settlement Fund and/or to address any late filed claims. Any portion of the Settlement Fund (including interest thereon) remaining one year after Final Approval shall be paid by Plaintiff's Counsel to a cy pres approved by the Court.

REASONS FOR THE SETTLEMENT

The settlement that is being submitted to the Court for approval includes a release and dismissal with prejudice of the claims of the class members against the Defendant. The Representative Plaintiff and Plaintiff's Counsel view this settlement as advantageous to the class.

The settlement provides for substantial compensation to the class. In addition, the class faces risks in continuing litigation, with respect to both proof of liability and proof of damages. The Defendant, while denying liability to anyone or committing any wrongdoing, wishes to avoid further lengthy, costly, and time-consuming litigation, to obtain a total and final settlement of the Plaintiff's claims, and to extinguish any liability under any laws with respect to the matters alleged in the Complaint.

RELEASE OF CLAIMS

In exchange for the payment of settlement proceeds by the Defendant to the Plaintiff's Counsel, the Plaintiff will dismiss the Complaint, which includes the claims of the class, with prejudice and without costs, which dismissal will be approved in a final judgment approving the settlement. All members of the class who have not excluded themselves will be bound by any final judgment entered by the Court. Pursuant to the settlement, the Defendant and all the Defendant's affiliates, assignors, assignees, subsidiary companies, predecessors, successors, assigns, and former and current attorneys, accountants, representatives, officers, inside and outside directors, shareholders, employees, and/or agents (referred to collectively as the "Released Party"), shall be forever released and discharged from any and all claims, liens, suits, obligations, demands, liabilities, damages (whether compensatory, punitive or otherwise), rights and causes of action, whether known or unknown, suspected or unsuspected, that the Representative Plaintiff or the non-excluded class members now have or have ever had based upon the violation of any state or federal law, regulation or other statutory or common law which arise out of, relate to, or are based in any way upon the matters alleged, or which could have been alleged, in this action.

DESCRIPTION OF YOUR RIGHTS AND OBLIGATIONS

I. YOU CAN REMAIN IN THE CLASS

Unless you file a timely Request for Exclusion (see below), you will remain in the class. If the Court approves the settlement, those individuals who remain in the class will receive of a pro rata share of the amount of the Settlement Fund remaining after payment of Court-awarded attorneys fees, costs and expenses, and payment for the Representative Plaintiff. If the Court does not approve the settlement, then the parties will continue to litigate, and those who remain in the Class will be eligible to participate in whatever settlement or litigation award the Plaintiff ultimately receives. However, they will also undertake the risk the Plaintiff will not prevail in the litigation, will receive nothing for their claims, and will have judgment entered against him.

As a class member, you automatically will continue to be represented by the Representative Plaintiff, Charles Salmonsens, and the Class Counsel, attorneys Justin O'Toole Lucey and Mary Leigh Arnold. If you choose, you may seek legal representation separate from that provided by Class Counsel, at your own expense, to enter an appearance in this action on your behalf and represent you.

II. YOU CAN REMAIN IN THE CLASS AND OBJECT TO THE SETTLEMENT

If you choose to remain in the class, you may object to the settlement. Any class member who has not excluded himself or herself (see below) may file a written objection to the settlement, the settlement distribution procedures, the request for attorneys' fees and costs made by Class Counsel, the request for payment to the Representative Plaintiff, and/or any other proceedings in the case. ANY SUCH OBJECTION MUST BE MAILED TO THE CLERK OF THE COURT AND TO COUNSEL FOR THE PARTIES AT THE ADDRESSES SET FORTH BELOW. THE OBJECTION MUST BE POSTMARKED ON OR BEFORE MAY 15, 2009. Any objection to the Settlement must begin with the following statement: "I object to the proposed Settlement in *Salmonsens v. CGD, Inc. et al.* Case No. 00-CP-10-4870." All objections must be in writing, must state the objector's name, address, and mortgage account numbers, and must state in detail the factual basis and legal grounds for the objection.

III. YOU CAN REMAIN IN THE CLASS, OBJECT TO THE SETTLEMENT, AND ATTEND THE COURT HEARING FOR FINAL APPROVAL OF THE SETTLEMENT

If you choose to remain in the class and object to the settlement, you may attend the Court hearing for Final Approval of the settlement. The proposed settlement must be finally approved by the Court. A hearing will be held on June 30, 2009, at 10:00 a.m., before The Honorable Markley Dennis, in Courtroom 4C at 100 Broad Street, Charleston, South Carolina to consider whether the proposed settlement should be approved as fair, reasonable, and adequate.

If you file a timely written objection and have not requested exclusion from the class (see below), you may appear at the hearing in person or through an attorney retained at your expense. If you wish to appear at the hearing to object to the settlement, you must provide the Clerk of the Court and counsel for the parties a written notice of your intention to appear at the hearing to object. This notice must be sent to the Clerk of the Court and counsel for the parties, **along with your written objection**, postmarked by May 15, 2009. Any written objection to the settlement and notice of intent to appear at the hearing must be delivered to the Clerk of the Court and counsel for the parties as set forth below.

IV. YOU CAN EXCLUDE YOURSELF FROM THE CLASS

Any individual who would otherwise fall within the definition of class will be excluded from the class if that member files an Exclusion Request. If a timely and effective request for exclusion is made by any member of the class they will be excluded. Class members who request exclusion will not be entitled to participate in the settlement, if approved, or any settlement or litigation award the Plaintiff ultimately receives, nor will they be bound by any judgment entered against the Plaintiff in this action or by the release of claims executed by the Plaintiff in conjunction with settlement.

An Exclusion Request is attached hereto. Should you choose to opt-out of the class, sign the attached Exclusion Request. THE EXCLUSION REQUEST MUST BE MAILED TO THE CLERK OF THE COURT AND TO COUNSEL FOR THE PARTIES AT THE ADDRESSES SET FORTH BELOW. THE EXCLUSION REQUEST MUST BE POSTMARKED BY MAY 15, 2009.

If you exercise your right to be excluded from the class, you will not be granted an opportunity to object to the proposed settlement of this action, the request for attorneys' fees and costs made by Class Counsel, the request for payment to the Representative Plaintiff, or any other proceedings in the case.

ADDITIONAL NECESSARY INFORMATION

I. ADDRESSES

Objections, Notices of Intent to Attend Hearing, and Requests for Exclusion must be mailed to *each* of the following three individuals:

THE CLERK OF THE COURT: The Honorable Julie Armstrong
 Court of Common Pleas
 100 Broad Street
 Charleston, South Carolina 29401

Justin O. Lucy, Esquire
JUSTIN O'TOOLE LUCEY, P.A.
415 Mill Street
Mt. Pleasant, SC 29464

and

Joseph E. DaPore, Esquire
YOUNG CLEMENT RIVERS, LLP
P.O. Box 993
Charleston, SC 29402

FURTHER INFORMATION

This notice does not provide a complete description of the action. For additional information about the action and the parties, please refer to the pleadings and other documents on file at the Clerk of the Court's office at the address listed above, which you may examine in person during normal business hours. If there is any inconsistency between the class notice and the parties' Settlement and Release Agreement, the parties' Settlement and Release Agreement will control.

You may direct inquiries about the class action to the Plaintiff's attorneys Justin Lucey and Mary Leigh Arnold. Mr. Lucey's office can be reached by telephone at (843) 849-8406 or via email at office@lucey-law.com. Ms. Arnold's office can be reached by telephone at (843) 971-6053 or sammie@maryarnoldlaw.com.

DO NOT TELEPHONE THE COURT OR THE CLERK ABOUT THIS NOTICE, THE MATTERS SET FORTH HEREIN, OR THE LAWSUIT.