

CLAYTON HOMES NOTICE ADMINISTRATOR
PO BOX 3266
PORTLAND, OR 97208-3266

**Wesley Meredith, et al. v. Clayton Homes, Inc. and CMH Homes, Inc.
In the Circuit Court of Miller County, Arkansas**

THIS IS NOT A NOTIFICATION THAT YOU HAVE BEEN SUED.

If you purchased a new manufactured home from CMH Homes, Inc. or CMH of KY, Inc. (hereafter "Clayton"), you may be entitled to a benefit from a class action settlement.

A state court authorized this notice. This is not a solicitation from a lawyer.
Your legal rights are affected whether you act or don't act. Read this notice carefully.

ESTA NO ES UNA NOTIFICACION DE QUE USTED HA SIDO DEMANDADO.

Si usted compró una casa manufacturada nueva de CMH Homes, Inc. ó de CMH of KY, Inc. (de aquí en adelante "Clayton"), usted puede tener derecho a un beneficio de una demanda colectiva.

Una corte estatal autorizó este aviso. Esta no es una solicitud de algún abogado.

Sus derechos están afectados aunque usted tome acción o no. Lea este aviso detenidamente.

Para solicitar una copia detallada de este aviso en español, llame gratis al 1-866-487-6522 y le enviaremos una copia. También puede encontrar una copia del aviso en español en la página de Internet: www.claytonhomessettlement.com/notaespanola.pdf

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT		DEADLINE
SUBMIT A CLAIM FORM	The only way to get benefits.	A Claim Form Will Be Mailed to You Once the Settlement Receives Final Approval
EXCLUDE YOURSELF	Get no benefits. This is the only option that lets you be part of any other lawsuit against Clayton that asserts any of the legal claims in this case; this is the only option that allows you to individually sue Clayton over the claims resolved by this settlement.	FEBRUARY 5, 2009
OBJECT	Write to the Court about why you don't think the settlement is fair, reasonable, and adequate. You CANNOT object to the settlement if you exclude yourself from the class.	FEBRUARY 5, 2009
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement. You cannot attend the hearing if you exclude yourself from the class.	FEBRUARY 5, 2009
DO NOTHING	Get no benefits. Give up your right to make a claim against Clayton about the alleged practices.	

SUS DERECHOS LEGALES Y OPCIONES EN ESTE ACUERDO		PLAZO LÍMITE
PRESENTAR UN FORMULARIO DE RECLAMACIÓN	La única forma de obtener beneficios.	Se le enviará por correo un formulario de reclamación cuando el acuerdo reciba la aprobación final
EXCLUIRSE	No recibe beneficios. Es la única opción que le permite ser parte de otras demandas en contra de Clayton que sostengan las reclamaciones legales en este caso; es la única opción que le permite demandar en forma individual a Clayton por las reclamaciones que este acuerdo resuelve.	5 de FEBRERO de 2009
PRESENTAR UNA OBJECCIÓN	Presentar un escrito al tribunal en el que explique por qué piensa que el acuerdo no es justo, razonable y adecuado. Usted NO PODRÁ objetar el acuerdo si se excluye del grupo de demandantes.	5 de FEBRERO de 2009
ASISTIR A UNA AUDIENCIA	Solicitar hablar en el tribunal sobre la imparcialidad del acuerdo. Usted no podrá asistir a la audiencia si se excluye del grupo de demandantes.	5 de FEBRERO de 2009
NO ACTUAR	No recibe beneficios. Renuncia a su derecho de presentar una reclamación en contra de Clayton acerca de las presuntas prácticas.	

BASIC INFORMATION

Why did I get this Notice Package?

The Court sent you this notice because you have a right to know about a proposed settlement of a class action lawsuit, and about your options, before the Court decides whether to approve the settlement. If the Court approves the settlement and after objections and appeals are resolved, an administrator appointed by the Court will evaluate all claims that are submitted and distribute benefits to all that qualify.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The Court in charge of the case is the Circuit Court of Miller County, Arkansas, and the case is known as *Meredith, Jr., et al v. Clayton Homes, Inc., Case No. CV-2005-72-2*.

What is a “Class Action”?

The people who sued are called “Plaintiffs”, and the companies they sued, Clayton Homes, Inc., and CMH Homes, Inc. (“Clayton”), are called the “Defendant.” In a class action, one or more people, called Class Representatives, sue on behalf of people who have similar claims. The court decides whether it is appropriate for these representatives to sue on behalf of people with these claims. Once a class is certified, all these people are a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

What is this Lawsuit About?

The lawsuit claimed that in every sale of a new manufactured home, Clayton’s corporate policies require Clayton sales personnel to have the consumer execute a Retailer Closing Agreement (“RCA”); the RCA states the number of wheels and axles that were used to transport the manufactured home, and has two boxes that can be checked: (1) wheels and axles “were not Purchased by Buyer but belong to Retailer,” or (2) the wheels and axles “were purchased by Buyer and shall remain with the home”. Plaintiffs have alleged that in all cases when the box “were not Purchased by Buyer but belong to Retailer” is checked, and in some instances where neither box is checked, the wheels and axles are retained by Defendants after delivery of the manufactured home, and are resold to recyclers. Plaintiffs allege that Defendants’ statement “were not Purchased by Buyer but belong to Retailer” is a false representation made by Defendants to Plaintiffs, and that Defendants’ accounting practices, among other things, establish that Plaintiffs did purchase the wheels and axles. Plaintiffs further allege that, based on the alleged false representation, Defendants retained the consumer’s wheels and axles following delivery and then resold the wheels and axles to a recycler for additional income. Plaintiffs further allege that as a result of the foregoing conduct Defendants ended up selling the same wheels and axles twice, once to the consumer and then again to the recycler.

Why is there a settlement?

Clayton believes that this Lawsuit is without merit and expressly denies any wrongdoing, liability, actual or potential fault in connection with any of the allegations made by Plaintiffs in the Lawsuit, and further believes that this case would not satisfy the requirements for a class action if litigated to trial. However, Clayton has concluded that resolving these claims under the terms of the Settlement Agreement is desirable to reduce the time, risk and expense of defending the Lawsuit and to resolve finally and completely all of the Released Claims. Plaintiffs and Clayton, after analyzing the relevant facts and applicable law, and recognizing the burdens, risks, uncertainties, time and expense of litigation, as well as the advantages of terms and procedures for a fair and efficient resolution of Class Members’ (defined below) claims under the Settlement Agreement, have concluded that the Agreement is a fair, equitable and just resolution of the Released Claims.

WHO IS IN THE SETTLEMENT

How do I know if I am part of the settlement?

The Court defined the settlement class as any and all persons who, from January 1, 2001 to the date of preliminary approval of the settlement, purchased a new manufactured home from CMH Homes, Inc. or CMH of KY, Inc. by and through a company-owned store. Excluded from the Class are: (a) persons who purchased a new manufactured home from CMH Homes, Inc. through a mortgage insured by the FHA; (b) persons who signed a Retail Closing Agreement where the box “were purchased and will be retained by Buyer” was checked; (c) any and all unnamed Class Members who have previously filed suit and/or asserted a claim of any type against Released Parties (as that term is defined in

paragraph 1.26 of the Settlement Agreement) and signed, prior to Final Approval, a full and final general release and settlement of all claims; (d) any and all federal, state, and/or local governments, including, but not limited to, their departments, agencies, divisions, bureaus, boards, sections, groups, counsels and/or subdivisions; and (e) any currently sitting Arkansas state court judge and/or the justice in the current style and/or any persons within the third degree of consanguinity to such judge and/or justice.

THE SETTLEMENT BENEFITS – WHAT YOU GET

What does the settlement provide?

As consideration for the Release and other mutual promises contained in the Agreement, Clayton will provide a choice of three settlement benefits to Class Members. Each Class Member shall be entitled, at his, her or its election, to only one of the three settlement benefits offered. The settlement benefits are not assignable or transferable (except as specifically permitted), cannot be aggregated, and may not be redeemed from Clayton for cash. Class Members are required to submit, within 75 days of the Effective Date of the settlement, a Claim Form specifying the one settlement benefit they elect. The Claim Form will be mailed to you separately if you do not exclude yourself from the settlement and if the agreement receives final approval from the Court. You will not be mailed a Claim Form until 10 business days after the Court's final approval of the settlement takes full legal effect.

The three settlement benefits provided are:

1. **Wheels and Axles Return** — Class Members electing this option shall receive a voucher entitling them to the presumed quantity of Wheels and Axles that were removed from the manufactured home purchased by the Class Member. "Presumed quantity" shall mean a) for a single-floor home – three axles and six wheels, and b) for a two-floor home – six axles and twelve wheels. Should a Class Member, in connection with the submission of a claim form, attach the Class Member's Retail Closing Agreement establishing that there were more than the presumed quantity of Wheels and Axles removed from their home, the Class Member shall be entitled to a voucher for the number of Wheels and Axles actually removed from the home. If this option is selected, then the Class Member may use the voucher to retrieve the Wheels and Axles from a company-owned retail location. The voucher will expire seventy-five (75) days from its date of original issue, is non-transferable, and is only redeemable by the Class Member to whom the voucher is issued. "Redeemable" in this context means that the Class Member must be present at the company-owned retail location in order to retrieve the Wheels and Axles to which the voucher described herein entitles them. In order to redeem the voucher described herein, the Class Member must physically present the voucher, along with photo identification, to personnel at the company-owned retail location described herein. The Class member, at his expense, is responsible for either transporting the Wheels and Axles or making arrangement for their transport from the retail location's premises. The Class Members understand and agree that the Released Parties make no representations with respect to the quality or condition of the Wheels and Axles provided in this Settlement Benefit.
2. **Discount Purchase Voucher** — Class Members electing this option shall receive a Discount Purchase Voucher entitling them to a discount on the future purchase of a new Clayton manufactured home from a Clayton company-owned retailer (provided that the Discount Purchase Voucher may not be used as a credit toward future finance payments and all other financing terms and conditions apply). The amount of the Discount Purchase Voucher shall be \$750 for Class Members who purchased a new home that had one floor at the time of original purchase and \$1,250 for Class Members who purchased a new home that had two or more floors at the time of original purchase. The Discount Purchase Vouchers are freely transferable to any person, but only one Discount Purchase Voucher can be used for each home sale. Additionally, each individual is limited to using not more than one Discount Purchase Voucher; that is, an individual may not purchase more than one new home using a Discount Purchase Voucher. The bearer of the Discount Purchase Voucher shall not be required to disclose that he/she intends to utilize the Discount Purchase Voucher until the end of the sales negotiation process as long as he/she discloses the intention to use the Discount Purchase Voucher before the sales documentation is executed. Clayton shall have no right to refuse to consummate the transaction based upon the individual's election to utilize the Discount Purchase Voucher. Notwithstanding this provision, however, Clayton shall retain and reserve its right to decline to

consummate a home purchase transaction with any individual, including Class Members, for any other reason. The Discount Purchase Voucher will expire 24 months from its date of original issue.

3. **Warranty and Service Contract** — Class Members electing this option shall be entitled to a \$250 credit toward the purchase of Warranty and Service Contract, subject to the terms and conditions of and confirmation by the entity offering the Warranty and Service Contract (which shall be selected by the Defendants). Class Members who determine that they are ineligible for this option may elect one of the remaining two settlement benefit options set forth herein. The credit will expire seventy-five (75) days from its date of original issue, and is redeemable only by the Class Member to whom the credit is issued. The Class Members understand and agree that the Released Parties make no representations or warranties with respect to the Warranty and Service Contract. Neither Clayton nor any Released Party shall be responsible for any portion of the Warranty and Service Contract premium over and above the \$250 credit toward the purchase of such Warranty and Service Contract.

Other than the settlement benefits specifically provided for in this section, the Defendants shall not be obliged to provide any benefits to any Class Member beyond the one selected by the Class Member from among the foregoing options.

HOW YOU GET A BENEFIT – SUBMITTING A CLAIM FORM

How can I get a Benefit?

To qualify for a benefit, you must send in a claim form. A claim form will be mailed to you at a later date if you do not exclude yourself from the settlement and the court grants final approval of the settlement. You will not be mailed a Claim Form until 10 business days after the Court's final approval of the settlement takes full legal effect. You will also be able to download a claim form on the internet at www.claytonhomessettlement.com ten business days after the Court's final approval of the Settlement takes full legal effect. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, enclose a copy of your government-issued photo identification, and mail it. If you fail to submit a properly completed Claim Form before the deadline for doing so, you will forfeit your rights to any benefits under the settlement.

When would I receive my Benefit?

The Court will hold a hearing on **March 10, 2009**, to decide whether to approve the settlement. If the Judge approves the settlement after that, there may be appeals. It's always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. Please be patient.

What am I giving up to get a Benefit or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you can't sue, continue to sue, or be part of any other lawsuit against Clayton about the legal issues in *this* case. It also means that all of the Court's orders will apply to you and legally bind you. Unless you exclude yourself from the settlement, you will agree to a "Release of Claims" whether you select a settlement benefit or not. You must exclude yourself to pursue an independent legal remedy against Clayton and to be able to individually sue Clayton over the matters resolved by this lawsuit. For detailed information on the "Release of Claims", please read the Settlement Agreement available via the website listed below, or write to obtain more information (see the "Getting More Information" section).

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a benefit from this settlement, but you want keep the right to sue or continue to sue Clayton, on your own, about the legal issues in this case, then you must take steps to get out. This is called excluding yourself—or is sometimes referred to as "opting out" of the settlement Class.

How do I get out of the settlement?

To exclude yourself from the settlement, you must send a letter by mail clearly stating that you want to be excluded from the settlement of "*Meredith v. Clayton Homes*." Be sure to include your name, address, telephone number, and

your signature. You must also state that “I am signing this request for exclusion under penalty of perjury.” You must sign the request for exclusion, and mail your exclusion request postmarked no later than **February 5, 2009**, to:

Clayton Homes Exclusions
P.O. Box 3266
Portland, OR 97208-3266

You can't exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not get any settlement benefit, and you cannot object to the settlement or appear at the Fairness Hearing. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) Clayton in the future.

If I don't Exclude myself can I sue Clayton for the same thing later?

No. Unless you exclude yourself, you give up the right to sue Clayton for the claims that this settlement resolves. If you have a pending lawsuit, speak to your lawyer in that lawsuit immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **February 5, 2009**.

If I exclude myself can I get a Benefit from this settlement?

No. If you exclude yourself, you will not be mailed a claim form and you will not receive any Settlement Benefits. But, you may sue, continue to sue, or be part of a different lawsuit against Clayton.

THE LAWYERS REPRESENTING YOU

Do I have a lawyer in this case?

The Court appointed Michael A. Angelovich and Jeffrey J. Angelovich, Nix, Patterson & Roach, L.L.P.; Richard E. Norman and R. Martin Weber, Jr., Crowley Norman LLP; John Goodson and Matt Keil, Keil & Goodson; and W.H. “Dub” Arnold to represent you in this case. Together, the lawyers are called Class Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

How will the lawyers be paid?

Reasonable attorneys' fees and litigation expenses awarded by the Court to Class Counsel will be paid by Clayton; provided that in no event will the amount of attorneys' fees and litigation expenses to be paid to Class Counsel exceed \$15 million. Class Counsel hereby agree that they will neither seek nor accept attorneys' fees and expenses in excess of \$15 million. Clayton agrees that it will not oppose Class Counsel's request for reasonable attorneys' fees and litigation expenses, provided that the requested amount does not exceed \$15 million.

How will the class representatives be paid?

Class Counsel may petition the Court for a separate amount to be awarded as an Incentive Award to the following Class Representatives:

Chris McClure:	up to \$5,000
Ronald Baird:	up to \$5,000
Alex Cruz and Mayela Cruz:	up to \$5,000

Any Incentive Awards awarded by the Court to Class Representatives will be paid by Clayton; provided that in no event will the amount of Incentive Awards to be paid to the aforementioned Class Representatives exceed \$15,000. Class Counsel and Class Representatives hereby agree that they will neither seek nor accept Incentive Awards in excess of \$15,000 total. Clayton agrees that it will not oppose Class Counsel's and/or Class Representatives' request for Incentive Awards, provided that the requests do not exceed the amount stated in this section.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the settlement or some part of it.

How do I tell the Court that I don't like the settlement?

If you're a Class Member, you can object to the settlement if you don't like any 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 file written notices of intent to object by no later than **February 5, 2009**. Any Class Member may appear at the Settlement Approval Hearing,

in person or by counsel, and be heard to the extent allowed by the Court, applying applicable Arkansas law, in opposition to the fairness, reasonableness and adequacy of the proposed settlement, and on the application for an award of attorneys' fees and costs. The right to object to the proposed settlement must be exercised individually by an individual Class Member. To be effective, a notice of intent to object to the proposed settlement must:

- a) Contain a heading which includes the name of the case and case number;
- b) Provide the name, address, telephone number and signature of the Class Member filing the objection;
- c) Indicate the specific reasons why the Class Member objects to the Proposed settlement;
- d) Contain the name, address, bar number and telephone number of the objecting Class Member's counsel, if represented by an attorney. If the Class Member is represented by an attorney, he/she must comply with all applicable Arkansas laws and rules for filing pleadings and documents in Arkansas Courts; and
- e) State whether the Objector intends to appear at the Settlement Approval Hearing, either in person or through counsel.

If the Class Member or his/her attorney requests permission to speak at the Settlement Approval Hearing, in addition to the information required above the notice of intent to object must contain the following information,:

- a) A detailed statement of the specific legal and factual basis for each and every objection;
- b) A list of any and all witnesses whom the Objector may call at the Settlement Approval Hearing, with the address of each witness and a summary of his or her proposed testimony;
- c) A detailed description of any and all evidence the Objector may offer at the Settlement Approval Hearing, including photocopies of any and all exhibits which the Objector may introduce at the Settlement Approval Hearing; and
- d) Documentary proof of membership in the settlement Class.

Further, if a Class Member has hired an attorney to represent them in asserting an objection to the settlement, that attorney must comply with all applicable Arkansas rules governing the filing of pleadings in Arkansas Courts. In addition, that attorney must file with his or her request to appear a statement that:

- a) identifies all other class action cases in which the attorney, or any member of the attorneys' firm, has appeared either as counsel on behalf of an objecting class member or as lead counsel on behalf of a class, including the case style, case number, and court; and
- b) details the ultimate disposition of any objection filed by the attorney in any class action case and describes whether the objection was resolved for a payment of fees with no alteration to the underlying class action Settlement Agreement or, in the event the objection was resolved with an enhancement to the underlying class action Settlement Agreement, describes those enhancements and how the class action settlement was modified.

Mail your Objection, and all other required information set forth above, if applicable, to the Court, with a copy by first-class mail and facsimile to all counsel and the Notice Administrator, postmarked no later than **February 5, 2009**:

Court	Class Counsel	Notice Administrator	Clayton's Counsel
Clerk of the Court Circuit Court Of Miller County, Arkansas 412 Laurel St. #109 Texarkana, AR 71854	Richard Norman Crowley Norman LLP 3 Riverway, Suite 1775 Houston, TX 77056 FAX: (713) 651-1775	Clayton Homes Notice Administrator PO Box 3266 Portland, OR 97208 FAX: (503) 350-5890	Lyn Pruitt Mitchell, Williams, Selig, Gates & Woodyard, PLLC 425 West Capitol Avenue, Suite 1800 Little Rock, AR 72201-3525 FAX: (501) 688-8807

What is the difference between Objecting and Excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object or appear at the Fairness Hearing because the case no longer affects you. If you object, and

the Court approves the settlement anyway, you have waived your right to pursue an independent legal remedy against Clayton and will still be legally bound by the Court's judgment in this case.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to.

When and where will the Court decide to approve the settlement?

The Court will hold a Fairness Hearing at **10:00 a.m. on March 10, 2009**, at the Circuit Court Of Miller County, Arkansas, 400 Laurel St., Room 202, Texarkana, Arkansas. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Judge will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

Do I have to come to the Hearing?

No. Class Counsel will answer questions the Judge may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time and your attorney complied with applicable Arkansas rules, the Court will consider it. You may also pay your own lawyer to attend, but it's not necessary.

IF YOU DO NOTHING

What happens if I do nothing at all?

If you do nothing, you'll get no benefit from this settlement. And, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Clayton about the legal issues in this case, ever again.

GETTING MORE INFORMATION

Are there more details about this settlement?

This notice summarizes the proposed settlement. More details are in a Settlement Agreement and the Court's orders. You can get a copy of the Settlement Agreement, Court's orders, and other documents relating to the case by writing to: Clayton Homes Settlement, PO Box 3266, Portland, OR 97208-3266 and requesting additional information, or by visiting www.claytonhomessettlement.com.

How do I get more information?

You can call 1- 866-487-6522 toll free; write to Clayton Homes Settlement, PO Box 3266 Portland, OR 97208-3266; or visit the website at www.claytonhomessettlement.com, where you will find answers to common questions about the settlement and other information to help you determine whether you are a Class Member and whether you are eligible for a benefit. The Claim Form will be posted to this website after the settlement is approved by the court.