

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS

**If you are a former Allstate employee-agent, other than an R-3000 agent, who retired, terminated, or converted to independent contractor status between April 1, 1998 and May 31, 1999, but did not submit notice of your retirement or resignation before April 1, 1998, a class action lawsuit may affect your rights.**

*A court authorized this Notice. This is not a solicitation from a lawyer.*

- Certain former Allstate employee-agents have sued Allstate Insurance Company and the Agent Transition Severance Plan (an ERISA benefit plan), alleging that Allstate harassed employee-agents into retiring, quitting or converting to independent contractor status in violation of the Employee Retirement Income Security Act (ERISA) and their employment contracts.
- The Court has allowed the lawsuit to be a class action.
- The Court has not decided whether Allstate or the Agent Transition Severance Plan did anything wrong. There is no money available now, and no guarantee there will ever be. However, your legal rights are affected, and you have a choice to make now:

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT</b>	
<b>DO NOTHING</b>	<b>Stay in this lawsuit. Await the outcome. Give up certain rights.</b>  By doing nothing, you keep the possibility of getting money or benefits that may ultimately come from a trial or settlement. But, you give up any rights to sue Allstate or the Agent Transition Severance Plan separately about the same legal claims in this lawsuit.
<b>ASK TO BE EXCLUDED</b>	<b>Get out of this lawsuit. Get no benefits from it. Keep rights.</b>  If you ask to be excluded and money or benefits are later awarded, you won't share in those. But, you will keep any rights to sue Allstate or the Agent Transition Severance Plan separately about the same legal claims in this lawsuit until the time limit expires on your claims.

- Your options are explained in this Notice. To ask to be excluded, you must act before January 30, 2008.
- **Any questions? Read on and visit [www.walnerclassaction.com](http://www.walnerclassaction.com)**

## BASIC INFORMATION

### 1. WHY ARE YOU RECEIVING THIS NOTICE?

**You Have Not Been Sued In This Matter.** The purpose of this Notice is to inform you about a class action lawsuit filed against Allstate Insurance Company (“Allstate”) and the Agent Transition Severance Plan (together with Allstate, the “Defendants”), how it may affect your rights, and what your options are for participating in it.

Allstate’s records show that (i) you are a former employee-agent who worked under an employment agreement other than the R3000 agreement and (ii) you quit, retired or converted to independent contractor status between April 1, 1998 and May 31, 1999. This Notice explains that the Court has allowed, or “certified”, a class action lawsuit that may affect you. You have legal rights and options that you may exercise before the Court holds a trial. Judge James B. Moran of the United States District Court for the Northern District of Illinois is overseeing this class action. The lawsuit is known as *Flanagan, et al. v. Allstate Insurance Company, et al.*, Civil Action No. 01-1541.

This Notice is not to be understood as an expression of any opinion by the Court as to the merits of any of the claims or defenses asserted by either side in this litigation, but is sent for the sole purpose of informing you of the existence of this litigation, so that you may make appropriate decisions as to what steps you may wish to take in relation to this lawsuit.

**YOU SHOULD CAREFULLY READ THIS ENTIRE NOTICE BEFORE MAKING ANY DECISION REGARDING THE CLASS ACTION LAWSUIT. THIS NOTICE IS GIVEN TO YOU PURSUANT TO AN ORDER OF THE DISTRICT COURT.**

### 2. WHAT IS A CLASS ACTION AND WHO IS INVOLVED?

In a Class Action lawsuit, one or more people called “Class Representatives” (in this case Jay Flanagan, James W. Carson, John M. Chaney, and Donald W. Jones) sue on behalf of other people who are alleged to have similar claims. These people together are “Class Members.” The people who filed the lawsuit—and all of the Class Members like them—are called Plaintiffs. The persons or entities they sued (in this case Allstate Insurance Company and the Agent Transition Severance Plan) are called Defendants. The Court will resolve the issues raised in the lawsuit for all Class Members, except for those people who choose to exclude themselves from the Class Action.

### 3. WHAT DOES THIS LAWSUIT COMPLAIN ABOUT?

The Class Representatives used to be employee-agents of Allstate Insurance Company. The Plaintiffs brought this lawsuit against the Defendants to recover employee benefits and other related relief that they claim Allstate owes them and all similarly-situated, former employee-agents under the Employee Retirement Income Security Act, 29 U.S.C. § 1001, *et seq.* (“ERISA”), and under certain of their employment contracts. The Class Representatives claim that Allstate violated ERISA and breached their employment contracts by harassing them to retire, resign or convert to independent contractor status. Allstate did this, the Class Representatives allege, by announcing new working requirements in March 1998, and then publishing and implementing those requirements as the “Allstate Agency Standards,” beginning in September 1998. The Class Representatives claim that the announcement, publication and

implementation of the “Allstate Agency Standards” forced them and similarly-situated employee-agents to retire, resign or convert to independent contractor status.

The Class Representatives claim that Allstate’s actions constituted illegal harassment and coercion under ERISA. The Class Representatives also claim that Allstate’s actions breached the terms of the R830 contract (including any amendments or variations of it) that governed the employment relationships of many Allstate employee-agents.

By proceeding as a class action, the Plaintiffs seek to enable themselves and the members of the Class to recover employee benefits and other related relief that they claim they should have received, but did not receive, because of Allstate’s conduct.

#### **4. HOW DO THE DEFENDANTS RESPOND?**

Allstate denies that the “Allstate Agency Standards” were adopted with the goal or purpose of forcing Allstate’s employee-agent workforce to leave, retire, resign or convert to independent contractors. Allstate also denies that the work requirements set forth in the “Allstate Agency Standards” were intolerable or that employee-agents subject to those work requirements were compelled to retire, resign or convert to independent contractor status. Allstate denies that it violated ERISA, breached any contract, breached any duty, or committed any other wrongful act.

#### **5. IS THERE ANY MONEY AVAILABLE NOW?**

No money or benefits are available now because the Court has not yet decided whether Defendants did anything wrong, and the two sides have not settled the case. There is no guarantee that money or benefits ever will be obtained. If they are, you will be notified how to ask for a share.

### **WHO IS IN THE CLASS?**

#### **6. ARE YOU A MEMBER OF THE CLASS?**

The Court has determined that this lawsuit may proceed as a class action as to certain aspects of Plaintiffs’ ERISA harassment claim (the “ERISA Class”). You are a member of the ERISA Class if you meet the following definition:

**Allstate employee-agents, other than R-3000 agents, subject to Defendants’ changes in work rules set forth in the “Allstate Agency Standards” of September 1998 or subsequent versions of the “Allstate Agency Standards” that were announced before May 31, 1999, who retired, terminated, or converted to independent contractor status between April 1, 1998 and May 31, 1999, but had not submitted notice of their retirement or resignation before April 1, 1998.**

The Court also determined that this lawsuit may proceed as a class action as to certain aspects of Plaintiffs’ breach of contract claim for those members of the ERISA Class who were employed under the R830 agreement, including any supplement or amendment thereto, or variation thereof (the “R830 Class”). You are a member of the R830 Class if you meet the following definition:

**Allstate agents employed under the R830 employment agreement, including any supplement or amendment thereto, or variation thereof, who were subject to Defendants' changes in work rules set forth in the "Allstate Agency Standards" of September 1998 or subsequent versions of the "Allstate Agency Standards" that were announced before May 31, 1999, who retired, terminated, or converted to independent contractor status between April 1, 1998 and May 31, 1999, but had not submitted notice of their retirement or resignation before April 1, 1998.**

If you are still not sure whether you are included, you can get free help at [www.walnerclassaction.com](http://www.walnerclassaction.com), or by calling or writing to the lawyers in this case, at the phone numbers or addresses listed in question 14.

## **YOUR RIGHTS AND OPTIONS**

You have to decide whether to remain a Class Member or ask to be excluded before the Class Trial, and you have to decide this now.

### **7. WHAT IF YOU DO NOTHING?**

If you want to be a Class Member, you do not need to do anything at this time. If you remain a Class Member, you will be bound by any existing and future rulings, decisions or judgments in the Class Action as well as the result of the Class Trial, whether or not the Court ultimately rules in favor of the Plaintiffs or Defendants. Keep in mind that if you do nothing now, regardless of whether the Plaintiffs win or lose, you will not be able to sue the Defendants as part of any other lawsuit concerning the same claims and issues in this lawsuit.

You don't have to do anything now if you want to keep the possibility of getting money or benefits from this lawsuit. By doing nothing, you are staying in the Class. If you stay in and the Defendants are found to be at fault as a result of the trial you will be notified as to how to participate in the later proceeding to determine whether you are entitled to any relief. If Plaintiffs obtain money in a settlement, you will be notified about how to participate in or be excluded from the settlement.

### **8. HOW DO YOU EXCLUDE YOURSELF FROM THIS LAWSUIT?**

If you do not want to be a Class Member, you have the right to exclude yourself. If you exclude yourself from the Class, you won't get any money or benefits from this lawsuit even if the Plaintiffs obtain them as the result of the trial or from any settlement (that may or may not be reached) between Allstate and the Plaintiffs. If you exclude yourself, you will not be legally bound by the Court's judgments in this class action whether they are favorable or not.

If you want to exclude yourself, you must fill out and return the enclosed "Exclusion" form to Lawrence Walner & Associates, Ltd., 150 N. Wacker Drive, Suite 2150, Chicago, Illinois 60606.

**To be valid, your request for exclusion must be postmarked on or before January 30, 2008.**

## THE LAWYERS REPRESENTING YOU

### 9. DO YOU HAVE A LAWYER IN THIS CASE?

The following attorneys, referred to as Class Counsel, represent the Class Members:

Lawrence Walner & Associates, Ltd.  
150 N. Wacker Drive, Suite 2150  
Chicago, Illinois 60606

Gatti, Gatti, Maier, Krueger, Sayer & Assoc.  
1781 Liberty Street  
Salem, Oregon 97302

### 10. CAN YOU HIRE YOUR OWN LAWYER?

You do not need to hire your own lawyer because Class Counsel is working on your behalf. But, if you want to hire your own lawyer and have him/her represent your interests, you may do so. For example, you may ask your lawyer to appear in Court for you if you want someone other than Class Counsel to speak for you. However, you will be responsible for any costs or fees incurred in hiring your own lawyer or representative.

### 11. HOW WILL THE LAWYERS BE PAID?

You will not have to pay any attorneys' fees or costs out of pocket. If Class Counsel get money or benefits for Class Members, they may ask the Court for fees and expenses. If there is settlement or judgment, any fees or expenses of Class Counsel may be paid out of the settlement or judgment in the lawsuit.

## THE TRIAL

### 12. HOW WILL THE COURT DECIDE WHO IS RIGHT?

Unless the parties settle the case, there will be a trial to determine who is right. There is no guarantee that the Plaintiffs will win, or that there will be any money or benefits for Class Members. At this point, the Court has not expressed any opinion about the merits of this lawsuit or the likely outcome of the Class Trial. If there is a trial, the Court will only decide whether or not Allstate is at fault. The trial will not determine the amount of money, if any, that Allstate would have to pay if it was found to be at fault. If Allstate is found to be at fault, the question of money will be decided in a later proceeding that you may be required to participate in.

### 13. DO YOU HAVE TO COME TO TRIAL?

You do not need to attend the Class Trial. Class Counsel will present the case for the Plaintiffs and Defendants will present their defenses.

If Plaintiffs win the Class Trial, you may then be required to participate in a proceeding to determine whether Allstate's conduct caused you to resign, retire or convert to independent contractor status, and, if so, how much money and/or benefits (if any) you are entitled to receive. If this is necessary, you will be notified as to how to proceed.

## GETTING MORE INFORMATION

### 14. HOW CAN YOU FIND OUT MORE?

**The description of the lawsuit in this Notice is a general one. It does not cover all of the claims and contentions of the parties, or all of the rulings of the Court to date. For a complete statement of all the contentions and proceedings in this case, you may consult the files relating to this lawsuit at the office of the Clerk of the United States District Court for the Northern District of Illinois.**

If you have any questions about this Notice or the lawsuit, write, call or e-mail Class Counsel at the following mailing address, telephone number or email address:

Lawrence Walner & Associates, Ltd.  
150 N. Wacker Drive, Suite 2150  
Chicago, Illinois 60606  
Phone: (312) 201-1616  
Email: walner@walnerclassaction.com  
Attn: Flanagan Class Action Administrator

Gatti, Gatti, Maier, Krueger, Sayer & Assoc.  
1781 Liberty Street  
Salem, Oregon 97302  
Phone: (503) 636-3443  
Email: jamesb@gattilaw.com  
Attn: Flanagan Class Action Administrator

**ALL QUESTIONS ABOUT THIS NOTICE OR THE CLASS ACTION SHOULD BE DIRECTED TO ONE OF THE CLASS COUNSEL IDENTIFIED ABOVE.**

**PLEASE DO NOT CALL OR WRITE THE COURT OR THE COURT CLERK'S OFFICE FOR MORE INFORMATION.**

If you relocated and received this Notice because it was forwarded to you, please contact the Flanagan Class Action Administrator with your current address and telephone number.

ENTERED:  
Hon. James B. Moran  
United States District Judge

DATED: \_\_\_\_\_ 2007