

SUPERIOR COURT, STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

ANN MARIE COSTA, an individual, DEBORAH GILL, an individual,
ANNA JIMENEZ, an individual, GRACETTA WILSON, an individual,
on behalf of all others similarly situated,

Plaintiffs,

v.

VITAS HEALTHCARE CORP. OF CALIFORNIA, a California
Corporation,

Defendant.

CASE NO. BC313552

Judge: Honorable James C. Chalfant

**NOTICE OF PENDENCY OF CLASS ACTION,
PROPOSED SETTLEMENT, AND HEARING**

TO ALL PERSONS EMPLOYED AS A NURSE, SOCIAL WORKER OR HOME HEALTH AIDE BY VITAS HEALTHCARE CORP. OF CALIFORNIA (“VITAS”) AT ANY TIME FROM APRIL 8, 2000 TO APRIL 12, 2006. PLEASE READ THIS NOTICE CAREFULLY; IT RELATES TO A PROPOSED SETTLEMENT OF THE CLASS ACTION LITIGATION. IF YOU ARE A CLASS MEMBER, IT CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHT TO RECEIVE PAYMENT AS FURTHER DESCRIBED BELOW.

THIS NOTICE MAY AFFECT YOUR RIGHTS
PLEASE READ IT CAREFULLY

I. PURPOSE OF THIS NOTICE.

The Los Angeles Superior Court ordered that this Notice be sent to you. A settlement has been reached between the parties in the above-captioned lawsuit pending in the Superior Court of the State of California for Los Angeles County on behalf of all persons currently or formerly employed by defendant Vitas Healthcare Corp. of California (“VITAS”) as Nurses, Social Workers and Home Health Aides (the “Settlement Class”) from April 8, 2000 to April 12, 2006.

You have received this notice because VITAS’ records indicate that you are a member of the Settlement Class. This notice is designed to advise you of how you can either participate in this settlement, or how you exclude yourself from the settlement.

II. BACKGROUND REGARDING THE LAWSUIT.

On April 8, 2004, Plaintiffs Ann Marie Costa, Deborah Gill, Anna Jimenez and Gracetta Wilson filed a Complaint against Defendant Vitas Healthcare Corporation of California (“VITAS”) in the Superior Court of California for the County of Los Angeles, Case No. BC 313552, seeking to represent a class of all current and former Nurses, Social Workers and Home Health Aides employed by VITAS who worked more than eight (8) hours in any given day from April 8, 2000 to April 12, 2006 and who were not paid overtime compensation, or given rest and meal periods pursuant to California Labor Code requirements.

The Lawsuit sought recovery from VITAS of alleged unpaid overtime wages, interest and penalties pursuant to the California Labor Code, and applicable California Industrial Welfare Commission (“IWC”) Wage Order, as well as wages for the failure to provide meal and rest periods.

VITAS denied any liability or wrongdoing of any kind associated with any of the claims alleged in the Lawsuit.

During the two years following the filing of the Complaint, the parties engaged in extensive investigation, discovery and a multitude of mediation sessions before a retired Justice who had served on the California Court of Appeals. The case ultimately settled, and the Parties have since entered into a Class Action Settlement Agreement and Stipulation (the “Agreement”), which has been given preliminary approval by the Court.

On June 20, 2006 at 8:30 a.m., the Honorable James C. Chalfant, Judge of the Los Angeles County Superior Court, will hold a final hearing in Department 13 located at 111 North Hill Street, Los Angeles, California 90012, to determine whether the Agreement reached between the parties is fair, reasonable and adequate (“Final Settlement Hearing”).

VITAS agreed to and supports this settlement and the right of class members to decide what they want to do, including the decision of any class member to participate and receive payment under the settlement.

III. SUMMARY OF THE PROPOSED SETTLEMENT.

A. Sub-Classes Certified for Settlement Purposes Only

The Court conditionally certified for settlement purposes only the following two subclasses (these two subclasses are referred to collectively as the "Class," the "Settlement Class," or the "Sub-Classes"):

1. Overtime Sub-Class: All persons who were employed by VITAS as nurses, home health aides, or social workers in California from April 8, 2000 through April 12, 2006 and who worked over eight hours in any given workday and/or over 40 hours in any given workweek without being paid compensation for all overtime hours worked.
2. Meal Period Sub-Class : All persons who were employed by VITAS as nurses, home health aides, or social workers in California at any time from April 8, 2000 through April 12, 2006 and who worked one or more five-hour increments of time without reporting a meal period in the VRU system.

The Court appointed the following Class Representatives for the Sub-Classes: Anne Marie Costa, Deborah Gill, Anna Jimenez and Gracetta Wilson.

The Court appointed Mike Arias, of Arias, Ozzello & Gignac, LLP as class counsel for the Settlement Class in this Action.

B. Class Recovery and Distribution Formula

1. The total value of the Settlement Fund is Fifteen Million Dollars (\$15,000,000).
2. In settlement of all Class claims alleged by Class Plaintiffs on behalf of the Overtime Sub-Class, VITAS shall pay the sum of Seven Million Five Hundred Thousand Dollars (\$7,500,000) (the "Overtime Settlement Fund") into an interest-bearing account. The entire Overtime Settlement Fund shall be distributed among the members of the Overtime Sub-Class according to a formula established by the Parties and approved by the Court.
3. In settlement of all Class claims alleged by Class Plaintiffs on behalf of the persons in the Meal Period Sub-Class, VITAS shall pay the sum of Seven Million Five Hundred Thousand Dollars (\$7,500,000) (the "Meal Period Settlement Fund") into an interest-bearing account. Each member of Meal Period Sub-Class will receive a percentage of the sum allocated to the Meal Period Sub-Class by dividing (i) by determining the total number of meal periods not reported in the VRU system by the Seven Million Five Hundred Thousand Dollars (\$7,500,000).
4. **The minimum amount of money you will receive if you participate in this settlement is «GrossAmounts».** However, the amount of money you actually receive may increase if other members of your sub-class(es) choose not to participate because any funds originally allocated to these individuals for purposes of sending this notice will be redistributed among the participating members of that sub-class(es).
5. With respect to the Overtime Sub-Class, «WagePctg»% of your calculated distribution will constitute wages; the remaining «InterestPctg»% of your calculated distribution will constitute interest.
6. The Claims Administrator shall calculate, withhold and remit to the applicable governmental agencies sufficient amounts as may be owed for your income, Social Security, Medicare, FUTA and FICA taxes. These amounts will be paid from the Overtime Settlement Fund as applicable. You will be responsible for any additional employees' share of taxes for these payments (such as, for example, pre-existing wage garnishments, tax liens against you, and additional personal income tax).
7. After the Claims Administrator calculates the proper amounts, VITAS will pay to the applicable government agencies sufficient amounts as may be owed by VITAS as an employer with respect to the wage amounts, to federal and state taxing authorities, including any amounts owed for the employer's share of any Social Security, Medicare, FICA or FUTA taxes. These employer tax withholdings will not be paid out of the Overtime Settlement Fund or the Meal Period Settlement Fund, but rather from separate VITAS corporate funds.
8. All Class Counsel Fees, as approved by the Court, will be paid from funds separate and apart from, and shall not affect the Settlement Fund. The Class Representative Enhancements for Ann Marie Costa, Deborah Gill, Anna Jimenez and Gracetta Wilson will be paid from funds separate and apart from, and shall not affect the Settlement Fund.
9. Class Counsel will pay all reasonable costs associated with preparing and mailing the Class Notice and administering the claims process. VITAS shall reimburse Class Counsel for all such reasonable costs involves in mailing the Class Notice and administering the claims process. These costs will not be paid out of the Settlement Funds but rather from separate VITAS corporate funds.
10. If you are a member of the Settlement Class, your distribution of the Settlement will be paid within approximately ten (10) days after Final Court Approval of this Settlement, or, if there is any objection to the Settlement that is not withdrawn, then within approximately ten (10) days after all rights to appeals are exhausted.

IV. YOUR RIGHTS AND OPTIONS AS A CLASS MEMBER

If you fit the description of the Settlement Class, you have three options. Each option has its consequences, which you should understand before making your decision. Your rights regarding each option, and the procedure you must follow to select each option are explained below.

A. Option One: You Can Do Nothing And Remain A Member of The Settlement Class And Participate In The Settlement

If you do not opt-out of the settlement, you will receive your portion of the applicable settlement fund(s) as described above. You will be bound by the terms of the Settlement Agreement, including the release of claims; therefore, you will not have the right to pursue your own claims, if any, against VITAS or other related entities or persons if you do nothing.

B. Option Two: You Can Exclude Yourself ("Opt Out") From The Settlement

If you do not wish to participate in the Settlement, you may exclude yourself (referred to as "opting out") by submitting and delivering a signed and dated request for exclusion to the Claims Administrator at the address below no later than June 13, 2006. Your Opt-Out request must set forth your full name and any names you have used in the past, your present address, your home telephone number, your cell phone number (if any), and your Social Security number, if available, and you must sign your request for it to be valid. If you are a former employee of VITAS, you must also provide a current work telephone number, if any. For purposes of this paragraph, the date of delivery shall be, as applicable: (1) the date the request for exclusion is deposited in the U.S. mail, postage pre-paid, addressed to the Claims Administrator; (2) the date the request for exclusion is deposited with an overnight letter carrier guaranteeing delivery within two business days; or (3) the date the request for exclusion is personally delivered to the Claims Administrator.

The letter requesting exclusion must be postmarked by June 13, 2006 and sent to:

Vitas Claims Administrator
c/o DM&A
P.O. Box 451999
Los Angeles, California 90045

Any person who submits and delivers a timely request for exclusion shall, upon receipt, no longer be a member of the Settlement Class and shall be barred from participating in any portion of the settlement funds. Any such person, at their own expense, may pursue any claims he/she may have against VITAS.

C. Option Three: You May Object To The Settlement

If you are a member of the Settlement Class and do not exclude yourself (opt out), you may object to the Settlement before final approval. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement unless you have submitted a valid and timely request for exclusion (opt out). To object, you must file a written objection and a notice of intention to appear at the Final Approval hearing currently set for June 29, at 8:30 a.m. in Department 13, with the Clerk of the Superior Court of the State of California, for the County of Los Angeles, 111 North Hill Street, Los Angeles, CA, and send copies to both of the attorneys listed below:

Class Counsel

Mike Arias
Azzrias, Ozzello & Gignac, LLP
6701 Center Drive West, Fourteenth Floor
Los Angeles, California 90045
VitasSettlement@aogllp.com

VITAS' Counsel

Reed E. Schaper
Curiale Dellaverson Hirschfeld & Kraemer, LLP
2425 Olympic Boulevard, Suite 550
Santa Monica, California 90404

Any written objections must state each specific reason for your objection and any legal and factual support for each objection. Your objection must also state your full name and any names you have used in the past, your social security number, your current address and phone number and you must sign the objection. To be valid and effective, any objections to approval of the Settlement must be filed with the Clerk of the Court and served upon each of the above-listed attorneys no later than June 13, 2006. **DO NOT TELEPHONE OR CONTACT THE COURT.**

If you choose to file an objection to the terms of this Settlement, you may enter an appearance in *propria persona* (meaning you choose to represent yourself), or through your own attorney. To do so, you must file an Entry of Appearance with the Clerk of the Los Angeles County Superior Court, and deliver copies to each of the attorneys listed above. Such Entry of Appearance must be filed with the Court and delivered to the above attorneys no later than June 8, 2006. The final fairness Hearing at which the Court will be asked to approve the Settlement is currently scheduled for June 29, 2006, in Department 13 of the Los Angeles County Superior Court, 111 North Hill Street, Los Angeles, California.

V. EFFECT OF THE SETTLEMENT

A. Released Rights and Claims

The Settlement Agreement between Plaintiffs and VITAS contains a release, which releases VITAS from any and all claims each Class Member may have arising out of or related to the allegations of the class action complaint or the payment (or non-payment) of wages by VITAS. The Stipulation re Settlement also contains a waiver of the benefits of California Civil Code Section 1542. This is only a summary of the full release contained in the Stipulation re Settlement, which is on file with the Court and available for your review.

If you are a member of the Settlement Class and do not exclude yourself from the Settlement Class you will be deemed to have entered into this release and to have released the above-described claims. In addition, you will be barred from ever suing VITAS or any other released party with respect to the matters being settled in this Settlement. If the Settlement is not approved by the Court or does not become final for some other reason, the litigation will continue.

VI. FINAL SETTLEMENT APPROVAL HEARING.

The Court will hold a hearing in Department 13 of the Los Angeles County Superior Court, located at 111 North Hill Street, Los Angeles, California on June 29, 2006, at 8:30 a.m., to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve Class Counsel's request for attorneys' fees and reimbursement of costs and the enhancement paid to the Class Representatives. Class Counsel's application for attorneys' fees and reimbursement of expenses, as well as any applications for Enhancements for the Class Representatives and Testifying Parties will be on file with the Court no later than 21 days before the Hearing and will be available for review after that date. The Hearing may be continued (moved to another date) without further notice to the Settlement Class. **It is not necessary for you to appear at this hearing unless you have timely filed an objection with the court.**

VII. ADDITIONAL INFORMATION.

This Notice is intended only to provide a summary of the circumstances surrounding the litigation, basic terms of the Stipulation re Settlement, and related matters. For more detailed information, including the precise terms and conditions of the Settlement, you should consult the pleadings, records, and other papers file with the Clerk of the Court. The pleadings and other records in this litigation, including that Stipulation re Settlement, may be examined at any time during regular business hours at the Office of the Clerk of the Los Angeles County Superior Court, 111 North Hill Street, Los Angeles, California. You may also review the Stipulation re Settlement by logging onto www.dmaaclassaction.com or upon written request to Class Counsel. You may also call (310) 216-1400 to obtain additional information regarding the Settlement. If you have any further questions, you may contact Class Counsel, Mike Arias, at the address above. You may seek the advice and guidance of your own private attorney, at your own expense, if you desire.

PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE

DATED: April 24, 2006

HONORABLE JAMES C. CHALFANT
LOS ANGELES COUNTY SUPERIOR COURT JUDGE