

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

PHIL RAYMOND and ERIC J. GAETA, individuals, on behalf of themselves and all others similarly situated,

Plaintiffs,

v.

CARSDIRECT.COM, INC., et al.,

Defendant.

)))))))))Case No. BC 256282

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT, CLAIM
PROCEDURE AND HEARING

ATTENTION: ALL PERSONS WHO HAD TELEPHONE CONVERSATIONS WITH CARSDIRECT.COM
FROM OCTOBER 23, 1998 THROUGH AUGUST 16, 2001

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LITIGATION NOW PENDING IN THE ABOVE-ENTITLED COURT. This notice ("Notice") is provided pursuant to various provisions of California law and an Order of the Superior Court of the State of California, County of Los Angeles (the "Court"). The purpose of this Notice is to inform you of the following:

- The proposed settlement to resolve all claims relating to all persons, including but not limited to, present and former, actual or prospective customers of CarsDirect.com, and all present and former employees of CarsDirect.com, whose telephone conversations with CarsDirect.com were recorded or eavesdropped upon by CarsDirect.com without that person's consent, resulting in an invasion of that person's common law right of privacy or in violation of either California Penal Code section 631 or 632 during the period from October 23, 1998 to August 16, 2001, who are further divided into three sub-classes described below;
- Your rights under the settlement to remain in the class and participate in the settlement proceeds, to exclude yourself from the class and the settlement proceeds, or to object to any or all of the terms of the settlement;
- The method for making a claim to recover compensation or merchandise under the settlement;
- A Court hearing to determine whether the proposed settlement is fair, reasonable and adequate.

You may be a member of the plaintiff class in the above-entitled class action.

THIS NOTICE IS NOT AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES ASSERTED BY EITHER SIDE IN THIS LITIGATION. THE SOLE PURPOSE OF THIS NOTICE IS TO INFORM YOU OF THIS LAWSUIT SO THAT YOU CAN MAKE AN INFORMED DECISION AS TO WHETHER YOU SHOULD EITHER REMAIN IN AND MAKE A CLAIM OR OPT-OUT OF THIS CLASS ACTION.

I. The Litigation

There is now pending in the Court an action (“the Litigation”) on behalf of all persons who, at any time from October 23, 1998 through August 16, 2001 (the “Class Period”), had a telephone conversation, which was eavesdropped upon or recorded by CarsDirect.com without that person’s consent. The plaintiffs in this action allege that CarsDirect.com violated California Penal Code sections 631 and 632, and the common law right of privacy, when it eavesdropped upon and/or recorded telephone conversations without the consent of the parties to the telephone call.

By an order dated February 26, 2003 and later modified on August 6, 2004, the Court certified the Litigation as a class action and defined the class (the “Class”) as “all persons whose telephone conversations with CarsDirect.com were recorded or eavesdropped upon by CarsDirect.com without that person’s consent, resulting in [an] invasion of that person’s common law right of privacy or in violation of either California Penal Code sections 631 or 632.”

Class Counsel (as defined below) has thoroughly investigated the claims made in the Litigation. Class Counsel reviewed thousands of pages of documents, reviewed recorded audio tapes and other things produced by CarsDirect.com, retained and consulted with numerous experts in the fields of telecommunications monitoring and recording equipment, took numerous depositions, and otherwise prepared the Litigation for trial.

After some time, the parties sought a global resolution of the Litigation and the various claims of the Class members by arms-length negotiations for two full days during a mandatory settlement conference before the Hon. Peter D. Lichtman, Judge from the Court. The mandatory settlement conference occurred on November 22, 2004 and December 14, 2004.

On March 30, 2005, the Court granted preliminary approval of the settlement of the Litigation. The particulars of the settlement are set forth below. The Court appointed the following attorneys to represent the members of the Class in the settlement of the Litigation (“Class Counsel”):

Paul R. Kiesel, Esq.
Patrick DeBlase, Esq.
William L. Larson, Esq.
KIESEL, BOUCHER & LARSON, LLP
8648 Wilshire Boulevard
Beverly Hills, California 90211
Telephone: (800) 356-9898

II. Settlement of the Litigation

On or about March 29, 2005, the parties to the Litigation entered into a comprehensive “Settlement Agreement and Release Between Plaintiffs and Defendant CarsDirect.Com, Inc.” (the “Settlement Agreement”), which sets forth the terms, conditions and agreements of the parties’ settlement.

The following summarizes some pertinent terms of the Settlement Agreement.

Sub-Classes & Compensation. Only members of the Class are eligible to receive compensation through the Claims Administrator (as defined below). For purpose of the settlement of the Litigation, as preliminarily approved by the Court, the Class has been divided into three (3) settlement sub-classes, which are defined below. The members of each sub-class shall receive the described consideration.

- **Identifiable-Caller Sub-Class.** The “Identifiable-Caller Sub-Class” shall refer to those persons who fall within the definition of the Class (see above) who are positively identified as (a) not being a present or former employee of CarsDirect.com, (b) who received one or more outbound telephone calls from a CarsDirect.com employee, and (c) whose telephone calls from CarsDirect.com employees were electronically monitored and/or recorded at any time during the Class Period (defined above). Class Counsel will be able to identify members of the Identifiable-Caller Sub-Class from certain audio tapes and other records. Each such positively identified member of the Identifiable-Caller Sub-Class will receive a Claim Form by mail from the Claims Administrator. Each member of the Identifiable-Caller Sub-Class who submits a proper claim (see below) shall receive a one-time payment of Five Thousand Dollars (\$5,000.00).

- Employee Sub-Class. The “Employee Sub-Class” shall refer to those persons who fall within the definition of the Class (see above) who are positively identified as (a) an employee of CarsDirect.com at any time during the Class Period (defined above), (b) who were employed in a sales position with CarsDirect.com during the Class Period, and (c) who were not employed as a manager, supervisor or executive of CarsDirect.com during the Class Period. Each member of the Employee Sub-Class will receive a Claim Form by mail from the Claims Administrator. Each member of the Employee Sub-Class who submits a proper claim (see below) shall receive a one-time payment of Five Hundred Dollars (\$500.00).

- Customer Sub-Class. The “Customer Sub-Class” shall refer to those persons who fall within the definition of the Class (see above) and are not members of the Identifiable-Caller Sub-Class or the Employee Sub-Class. Each member of the Customer Sub-Class who submits a proper claim (see below) shall receive a voucher from CarsDirect.com providing for the following consideration upon presentation and use of the voucher by the Class Member: (a) an online premium advertising space on the CarsDirect.com’s website to sell a used vehicle; (b) upgraded service for such online listing to run until the vehicle is sold (i.e., the advertisement shall run until the vehicle is actually sold); (c) an allowance of up to six vehicle pictures to be uploaded to the CarsDirect.com website for the vehicle online listing ; and (d) the voucher shall be good and not expire for a period of five (5) years after issuance.

General Release. Upon entry of the Final Order and Judgment in the Litigation as provided in the Settlement Agreement, each Class member shall be deemed to have released and discharged fully, finally, and forever the defendant CarsDirect.com, its parent, subsidiary and affiliated corporations and other entities, their affiliates and joint venturers, and each of their respective present and former officers, directors, members, managers, stockholders, agents, employees, insurers, co-insurers, reinsurers, attorneys, accountants, auditors, advisors, representatives, consultants, pension and welfare benefit plans, plan fiduciaries, administrators, trustees, general and limited partners, predecessors, successors, and assigns , for all claims and causes of action arising from, or capable of being asserted, in the Litigation.

Conditions of Settlement. The settlement of the Litigation is conditioned upon the occurrence of certain events including the entry of an Order finally approving the settlement and the entry of a Final Judgment and Dismissal by the Court as provided in the Settlement Agreement. If, for any reason, any condition described in the Settlement Agreement is not met, the Settlement Agreement might be terminated, and if terminated, will become null and void, and the parties to the Settlement Agreement will be restored to their respective positions prior to the settlement.

III. Your Rights Under the Settlement

You have the following rights under the settlement:

A. You may remain in the Class and participate in the settlement recovery. If you choose this option, please read carefully the next section entitled, “How To Make A Claim.”

B. You may “opt-out” of the Class (which means exclude yourself from the Class), and possibly pursue your own individual lawsuit or otherwise not participate in the settlement. If you choose to opt-out, you must notify Class Counsel in writing no later than June 3, 2005, at the following address:

Class Counsel:

KIESEL, BOUCHER & LARSON, LLP
Paul R. Kiesel, Esq.
8648 Wilshire Boulevard
Beverly Hills, California 90211
Telephone: (800) 356-9898

C. You may remain in the class and object to the settlement or any of its terms. If you choose this option, please read carefully Section V. (below) entitled, "The Settlement Hearing And Right To Appear." The section sets forth the instructions you are required to follow in order for your objection to be considered by the Court at the Settlement Hearing.

IV. How to Make a Claim

A Claim Form accompanies this Notice. If this has been mailed to you, a self-addressed envelope for forwarding the Claim Form to the Claims Administrator is enclosed. If this Notice was sent to you by e-mail or you are reading this Notice at the website of CarsDirect.com (www.CarsDirect.com), you may print the Claim Form, fill it out, and mail it to the Claims Administrator.

If you lose the Claim Form or otherwise need another Claim Form for any reason, please go to the website of CarsDirect.com (www.CarsDirect.com) or contact the Claims Administrator by either going to their website at www.KBLA.com or in writing at:

CarsDirect.com Litigation
Kiesel, Boucher & Larson, LLP
8648 Wilshire Boulevard
Beverly Hills, California 90211

Telephone: 1-800-356-9898
Facsimile: (310) 854-0812
E-Mail: KLight@kbla.com

All blanks and boxes on the Claim Form must be completed. Please note that you will be swearing under penalty of perjury as to the truthfulness of the information on the Claim Form. Your knowing failure to tell the truth could expose you to criminal sanctions. The Class member must sign the Claim Form. If responding by e-mail, the Claim Form provides instructions as to how to execute the Claim Form.

Please note: For your claim to be properly considered the claim must be postmarked on or before September 26, 2005.

Valid claims will be entitled to the compensation set forth above for the various sub-classes.

V. The Settlement Hearing and Right to Appear

On June 28, 2005 at 10:00 a.m., a hearing will be held in the Superior Court of the State of California for the County of Los Angeles, located at 600 South Commonwealth Avenue, 17th Floor, Los Angeles, California 90005, to determine whether the settlement should be approved by the Court as fair, reasonable, and adequate, and whether judgment should be entered thereon ("Settlement Hearing"). The Court will also consider at this hearing the request of Class Counsel for an award of attorneys' fees in an amount not to exceed \$2,200,000.00 and reimbursement of expenses, and special award to the two representative plaintiffs in the amount of \$10,000.00 each, for the services they have rendered in this litigation.

Your attendance at the Settlement Hearing is not required. However, you may be heard orally at the Settlement Hearing in opposition to the proposed settlement or Class Counsel's application for attorneys' fees and expenses, but only if you have not requested to be excluded from the Class and have timely filed with the Court written objections, together with all other papers and briefs, no later than June 8, 2005, and copies to the following:

Class Counsel:

Paul R. Kiesel, Esq.
KIESEL, BOUCHER & LARSON, LLP
8648 Wilshire Boulevard
Beverly Hills, California 90211

Defendant's Counsel:

Douglas A. Wickham, Esq.
LITTLER MENDELSON, APC

2049 Century Park East, 5th Floor
Los Angeles, California 90067

-and-

Robert C. Baker, Esq.
BAKER, KEENER & NAHRA LLP
633 West Fifth Street, 54th Floor
Los Angeles, California 90071

Unless otherwise ordered by the Court, any member of the Class who does not make his or her objection or opposition in the manner provided herein shall have forfeited all such objections.

You may also enter an appearance through an attorney, at your own expense. If you do not do so, you will be represented in the Litigation by Class Counsel.

VI. Examination of Papers and Inquiries

This Notice contains only a summary of the terms of the proposed settlement. For a more detailed statement of the matters involved in this litigation, you are referred to the pleadings, to the Settlement Agreement, and to other papers filed in this action, which may be inspected at the Office of the Clerk of the Superior Court of Los Angeles County, 600 South Commonwealth Avenue, Department 322, Los Angeles, California 90005-4001.

The factual statements in this Notice are based on information provided to the Court by the parties and do not constitute findings of the Court on the merits of the claims or defenses asserted by any of the parties. This Notice is only intended to inform you of your rights relating to the settlement of the Litigation.

Please do not call or write to the Court or the Clerk of the Court as neither can answer any questions or provide legal advice regarding the settlement or your rights thereunder. If you have any questions, please call 1-800-365-9898.

Dated: March 30, 2005

BY ORDER OF THE COURT