

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

\_\_\_\_\_  
IN RE MEDI-HUT CO., INC.  
SECURITIES LITIGATION  
\_\_\_\_\_

X  
:  
:  
:  
:  
X

Civil Action No. 02-881 (SRC)

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT, RIGHT TO  
EXCLUSION, HEARING, AND REQUEST FOR ATTORNEYS' FEES AND COSTS**

**TO:** All persons and entities who purchased or otherwise acquired one or more shares of stock of Medi-Hut Company, Inc. ("Medi-Hut") during the time period from October 7, 1999 through August 19, 2003, inclusive (the "Class Period") and who were damaged thereby.

**Read this notice carefully. You may be entitled to share in the Settlement proceeds of a class action lawsuit ("Actions"). Your rights to money and other benefits may be affected.**

**This is not a lawsuit against you. You are not being sued. This is a notice of proposed class action settlement. In the following notice, you are being asked to decide whether you would like to participate in this class action.**

The proposed Gross Settlement Fund is \$400,000 plus 861,990 shares of Medi-Hut stock ("Settlement Stock"). Lead Counsel proposes attorneys' fees of 30% of the Gross Settlement Fund, along with reimbursement of reasonable expenses and administration costs. Lead Counsel believes this Settlement is in the best interests of the Class considering the financial condition of Medi-Hut and the significant risk that a larger cash settlement would drive Medi-Hut into bankruptcy and leave the Class with little or no recovery.

Lead Counsel are attorneys Sherrie R. Savett, Robin Switzenbaum, and Darin R. Morgan, from Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA 19103; 215-875-3000.

**1. What is a class action?**

A class action is a lawsuit in which one or more persons sue on behalf of other persons who have similar claims. The members of this group are called the class. The settlement of a class action lawsuit determines the rights of the entire class except for those who choose to exclude themselves from the class (see ¶6b below). For this reason, the settlement of a class action must be approved by the judge. Those class members who do not exclude themselves from the class may submit a claim (see ¶6a below) and receive payment of money and other benefits. They may also object to the terms of the Settlement and still remain in the class (see ¶6c below).

**WARNING:** If you are a member of the class and you do not exclude yourself or file a claim, you will not share in the Settlement proceeds and will be prohibited from pursuing your own case against the Defendants for the claims that are the subject of this lawsuit.

**2. Who are the parties in this Class Action?**

The Lead Plaintiff is Ann Smith. She purchased shares of Medi-Hut stock during the period from October 7, 1999 through August 19, 2003, inclusive. On February 28, 2002, the first of ten (10) class action lawsuits was filed against Defendants Medi-Hut, Joseph A. Sanpietro, Laurence M. Simon, Robert Russo and Vincent J. Sanpietro ("Defendants"), alleging securities fraud. The lawsuit is pending in the United States District Court for the District of New Jersey before United States District Judge Stanley C. Chesler ("Judge Chesler"). Ann Smith filed one of the lawsuits asserting her own individual claims and seeking to represent a class of persons who have similar claims, and was appointed Lead Plaintiff.

**3. Are you a member of the Class?**

By Order of January 12, 2004, Judge Chesler decided that the lawsuit can proceed as a class action for Settlement purposes only on behalf of a class consisting of anyone who:

- purchased or otherwise acquired shares of Medi-Hut stock during the period from October 7, 1999 through August 19, 2003, inclusive and was damaged thereby;
- is not a Defendant, a current or former officer or director of Medi-Hut, or a member of the immediate family of a Defendant or current or former officer or director, members of the family of each Individual Defendant or any current or former Medi-Hut director or officer, any subsidiary or affiliate of any Defendant or Medi-Hut, any entity in which any Individual Defendant or Medi-Hut has a controlling interest, and the legal representatives, heirs, successors, predecessors in interest, affiliates or assigns or any excluded party; and
- does not exclude themselves from the Class.

You are a member of the Class if you are in the group described after the first bullet (black dot) above, and not in any of the groups identified in the second and third bullets above.

**4. What is this lawsuit about?**

Lead Plaintiff Ann Smith claims that Defendants committed securities fraud. In summary, Lead Plaintiff Ann Smith contends that Defendants issued press releases and filed documents with the Securities Exchange Commission ("SEC") which contained false and misleading information about Medi-Hut's revenues, net income, and earnings per share from 1999 through 2003. Defendants vigorously deny these claims.

Plaintiff and Defendants have agreed to settle the lawsuit. Based on the facts discovered and the risks involved in a trial, attorneys for the Class concluded that the Proposed Settlement is fair, reasonable, and adequate, and that it serves the best interests of Class Members. However, Lead Plaintiff and Defendants do not agree on the average amount of damages per share that would be recoverable if Plaintiff were to have prevailed on each claim alleged. Lead Plaintiff estimates the damages to be in the millions, while Defendants deny all liability and dispute the size of damages.

## **5. What does the Proposed Settlement provide?**

On August 19, 2003, the parties in the lawsuit arrived at a Proposed Settlement of the lawsuit and signed a Memorandum of Understanding. The Proposed Settlement requires Judge Chesler's approval. The terms of the Proposed Settlement are summarized below. The full Settlement terms are contained in a Stipulation and Agreement of Settlement ("Stipulation") dated December 11, 2003. You can obtain a copy of the Stipulation by calling the Claims Administrator at (215) 665-1124.

### **a. What is the Settlement Fund?**

In the Proposed Settlement, Defendants have agreed to create a Settlement fund in the amount of \$400,000, plus whatever interest accrues after the fund's creation, and 6% of the shares of Medi-Hut's outstanding stock, which is 861,990 shares ("Gross Settlement Fund"). Up to 30% of the Fund will be used to pay attorneys' fees, and Plaintiff's Counsel will also seek reimbursement of reasonable costs and expenses, and for costs of the Claims Administrator administering the Settlement. Then, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims. Whatever interest that accrues on the Fund after it is created will be distributed in the same way as the Fund.

### **b. What fees and expenses will be deducted from the Settlement Fund?**

The attorneys for the Class intend to ask the Judge to award them fees for their services in representing the Class in this lawsuit in the amount of \$120,000 plus 30% of the value of the 861,990 shares of Medi-Hut also obtained in the Settlement (30% of the Gross Settlement Fund) plus accrued interest. This amount would be paid from the Gross Settlement Fund.

The attorneys for the Class also intend to ask the judge to reimburse them for actual expenses plus accrued interest they incurred in conducting this lawsuit. The amount of these expenses shall not exceed \$50,000. This amount would be paid from the Gross Settlement Fund, based on proof of these expenses submitted to Judge Chesler for approval by the attorneys for the Class.

The Stipulation also provides that the costs of administering the Settlement, including the general costs of administering this Fund to Class Members, would be paid out of the Gross Settlement Fund. The maximum amount that will be paid to the Claims Administrator for administering this Settlement is \$50,000, unless additional fees and costs are awarded by the Court.

In sum, Lead Counsel will seek an award of attorney fees of \$120,000 from the \$400,000 cash portion of the Settlement (30%), plus 30% of the value of the 861,990 shares of Medi-Hut, an award of actual expenses incurred by Lead Counsel plus interest accrued up to a maximum of \$50,000, and costs of administration up to \$50,000. The Judge may award less than this total amount.

The Defendants have agreed not to oppose these requests for fees and expenses.

### **c. What can you expect to receive under the Proposed Settlement?**

See ¶12 to determine your approximate award. Such per share recovery estimates shall not be admissible in any Federal or State action or proceeding.

### **d. Why is the case settling?**

Lead Plaintiff believes that the Proposed Settlement is fair, reasonable and adequate, and in the best interest of the Class considering the amount of the Settlement and the immediacy of the recovery to the Class. Lead Plaintiff took into consideration the expense and length of continued proceedings that would be necessary to prosecute the action through trial and appeals. Lead Plaintiff has also considered the uncertain outcome and the risk of any further litigation, especially in complex actions such as this Action, as well as the difficulties and delays inherent in any such litigation. Another consideration that strongly supports the Proposed Settlement is the limited financial resources available to Defendants to satisfy any large judgment that otherwise might be obtained if Plaintiffs were successful at trial. Lead Plaintiff recognized that Defendants would never be able to satisfy a judgment in the full amount of damages Plaintiffs claimed to have been caused by the allegedly fraudulent conduct. This Settlement was achieved after arms-length negotiations and was negotiated based on Defendants' ability to pay. Thus, even if the Class prevailed as to liability and established a greater amount of damages, there is no assurance of being able to recover significantly more than achieved in the Settlement. Indeed, with the passage of the considerable amount of time it would take to litigate the action through trial and the appeal that would surely follow if the Class prevailed, there is a real possibility that Defendants' ability to satisfy a judgment would be further diminished, and the ultimate recovery could have been considerably less than the Proposed Settlement.

## **6. What are your options?**

If you are a member of the Class (see ¶3 above), you have the following options. You may:

- file a claim (¶6a below);
- file a claim and object to or comment on the Proposed Settlement (see ¶6c below);
- exclude yourself from the Class (see ¶6b below).

For any of the above options, you may, but do not need to, hire an attorney to represent you at your own expense.

The paragraphs that follow explain the consequences of pursuing each option.

**WARNING:** Excluding yourself is not the same as doing nothing in response to this notice. For further explanation see all of ¶6 below.

**a. What happens if you file a claim?**

If you are a Class Member and you complete and mail a valid Proof of Claim and Release Form (the "Proof of Claim") postmarked by July 2, 2004 and if the Judge approves the Proposed Settlement, you will receive the benefits of that Settlement as described in this notice (see ¶5 above). In exchange for receiving the benefits of the Settlement, you will be prohibited from bringing a lawsuit against any of the defendants based on the alleged securities fraud in relation to the purchase of shares of stock of Medi-Hut from October 7, 1999 through August 19, 2003, inclusive.

**How do you file a claim?**

To be eligible to participate in the distribution of the Net Settlement Fund, you must complete, sign and mail the enclosed Proof of Claim postmarked by July 2, 2004.

If you file a Proof of Claim, attorneys for the class will act as your representatives. Attorney fees and expenses for those attorneys will be paid by the Defendants as part of the Gross Settlement Fund. You may, if you wish, remain a member of the Class and hire an attorney of your own choosing to represent you in this matter. If you hire your own attorney, you will be responsible for paying your own attorney's fees and expenses under whatever fee arrangement you make with your attorney. Your attorney does not have to be admitted to practice before the United States District Court for the District of New Jersey.

**b. What if you want to exclude yourself from the Proposed Settlement?**

Each member of the Class shall be bound by all determinations and judgment in this Action concerning the Settlement, whether favorable or unfavorable, unless such a person shall mail, by first-class mail, a written request for exclusion from the Class, postmarked no later than April 12, 2004 addressed to:

In re Medi-Hut Company Securities Litigation Exclusions  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776

No person may exclude himself or herself from the Class after that date. In order to be valid, each such request for exclusion must set forth the name and address of the person or entity requesting exclusion, must state that such a person or entity "requests exclusion from the Class in the In re Medi-Hut Company, Inc. Securities Litigation, Case No. 02-881 (SRC)" and must be signed by such a person or entity, and should also provide the following information: (a) the telephone number of the person or entity requesting exclusion, and (b) the dates, prices, and numbers of shares of all purchases and sales of Medi-Hut common stock during the Class Period.

Requests for exclusion shall not be effective unless the request includes the required information and is made within the time period stated above, or the exclusion is otherwise accepted by the Court. **If a member of the Class requests to be excluded, that Class member will not receive any benefit provided for in the Stipulation.**

**c. What if you want to object to or comment on the Proposed Settlement?**

As set forth below, the Court will hold a Settlement fairness hearing (the "Hearing") on May 3, 2004 at 1 pm to consider the Proposed Settlement, the Proposed Plan of Distribution and the application for an award of attorneys' fees and reimbursement of expenses, including administrative costs. Any Class Member who does not request exclusion by April 12, 2004 may appear at the Hearing and be heard on any of the matters to be considered at the Hearing; provided, however, that no such person shall be heard unless their objection or opposition is made in writing and is filed by April 12, 2004, together with copies of all other papers and briefs to be submitted to the Court at the Hearing, by them (including proof of all purchases of Medi-Hut common stock during the Class Period) with the Office of the Clerk, U.S. District Court at 402 E. State Street, Trenton, NJ 08608 and is served by hand or by overnight delivery upon the following:

**Plaintiff's Lead Counsel:**

Sherrie R. Savett, Esq.  
Robin Switzenbaum, Esq.  
Darin R. Morgan, Esq.

**BERGER & MONTAGUE, PC**

1622 Locust Street  
Philadelphia, PA 19103

**Medi-Hut's Counsel:**

Michael B. Himmel, Esq.  
Christopher S. Porrino, Esq.  
**GREENBAUM, ROWE, SMITH,  
RAVIN, DAVIS & HIMMEL, LLP**  
99 Wood Avenue South, 4th floor  
Iselin, NJ 08830-2712

Attendance at the Hearing is not necessary, however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Proposed Plan of Distribution and/or the request for attorneys' fees are required to indicate in their written objections their intentions to appear at the Hearing. Persons who intend to object to the Settlement, the Proposed Plan of Distribution and/or counsel's application for an award of attorneys' fees and expenses and a desire to present evidence at the Settlement fairness hearing must include in their written objections the identity of any witnesses they would call to testify and any exhibits they intend to introduce into evidence at the Hearing. Unless otherwise ordered by the Court, any Class Member who does not make his, her, or its objection or opposition in the manner provided may be deemed to have waived all objections to the foregoing matters. Class Members do not need to appear at the Hearing or take any other action to indicate their approval. **You must still file a Proof of Claim Form if you wish to recover from the Net Settlement Fund if Judge Chesler approves the Settlement.**

The Hearing may be adjourned from time to time without further written notice to the Class. If you intend to attend the Hearing, you should confirm the date and time with the Plaintiff's Lead Counsel.

**d. WARNING: What happens if you do not file any forms in response to this notice?**

If you do not file a Proof of Claim, you will not receive the monetary benefits of the Proposed Settlement. If you do not file any forms and the Judge approves the Proposed Settlement, you will also be prohibited from bringing or joining any lawsuit against any of the Defendants based on the alleged securities fraud in relation to the purchase of shares of stock of Medi-Hut from October 7, 1999 through August 19, 2003, inclusive. If you may want to bring such a lawsuit, consider excluding yourself from the Class (see ¶6b above). If you want to receive the benefits of the Settlement, consider filing a Proof of Claim (see ¶6a above).

**7. Will there be a hearing in court about this Proposed Settlement? Should you attend the hearing?**

On May 3, 2004 at 1 pm, Judge Chesler will hold a Hearing on the Proposed Settlement in Courtroom 5050 in the Clarkson S. Fisher Building & U. S. Courthouse located at 402 East State Street, Trenton, NJ 08608. The purpose of the Hearing is to determine whether the Proposed Settlement is fair, reasonable, and adequate, and deserves Court approval. Judge Chesler will also consider the requests by attorneys for the class for attorney fees and expenses, including administrative costs. You may attend the Hearing but you are not required to attend. Instead of attending the Hearing, you may send the Court a written statement of objections or comments as described in ¶6c above.

If you attend the Hearing and if you have filed a written statement before April 12, 2004 as described above, you or your attorney will be entitled to briefly state your objections to, or comment on, the Proposed Settlement. Your written statement (if filed on time) will be considered whether or not you appear at the Hearing. You may be asked questions at the Hearing.

**8. How will the Settlement Fund be distributed?**

Each claim will be reviewed by the Claims Administrator under the supervision of attorneys for the class. Together, they will decide if your claim satisfies the terms for eligibility as described in the Stipulation. You will be eligible to receive a part of the Net Settlement Fund only if you are a Class member (see ¶3 above) and filed a valid Proof of Claim (see ¶6a above).

If your Proof of Claim is deficient, the Claims Administrator will communicate with you in order to remedy any curable deficiencies in the Proof of Claim submitted. The Claims Administrator will notify you in writing if your claim has been rejected and will give you the reasons for any such rejection. You will have thirty days after that to contest any rejections in your claim.

As described above, the terms of the Proposed Settlement call for Defendants to create a Gross Settlement Fund consisting of \$400,000, plus 861,990 shares of Medi-Hut stock. If Judge Chesler approves the Proposed Settlement, up to 30% of the total fund will be awarded as attorneys' fees, and Plaintiff's counsel will also seek reimbursement of reasonable expenses, and the costs of administering the Settlement.

If Judge Chesler approves the Proposed Settlement, each eligible class member who submits a valid claim will receive a payment. The amount of the payment will depend upon your Recognized Loss. See ¶12. The Claims Administrator expects to distribute checks within twelve (12) months of the judge's action on the Proposed Settlement.

**9. Where can you get additional information?**

This Notice provides only a summary of matters regarding the lawsuit. Other documents and court orders in the lawsuit provide greater detail and may clarify matters that are described only in general or summary terms in this Notice. If there is any difference between this Notice and Stipulation, the language of the Stipulation controls. Copies of the Stipulation, other documents, court orders, and other information related to the lawsuit may be examined at the Office of the Clerk of the U.S. District Court at 402 East State Street, Trenton, NJ 08608 during regular business hours.

If you wish to communicate with or obtain information from attorneys for the Class, you may do so by letter [or e-mail] to the addresses listed below. You should address any inquiries concerning a claim or other matters described in this notice to:

Medi-Hut Co., Inc. Securities Litigation  
c/o HEFFLER, RADETICH & SAITTA L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776  
(215) 665-1124  
E-mail: claimsadministrator@heffler.com

or

Sherrie R. Savett, Esq.  
Robin Switzenbaum, Esq.  
Darin R. Morgan, Esq.  
**BERGER & MONTAGUE, P.C.**  
1622 Locust Street  
Philadelphia, PA 19103  
Telephone: (215) 875-3000  
E-mail: NFischer@bm.net

**10. Summary of Options, Forms, Deadlines, and Consequences**

<b>If you want to:</b>	<b>File this form:</b>	<b>Postmarked by this date:</b>	<b>Then:</b>	<b>You may also file:</b>
Object to or comment on the class action	<b>Submit a written opposition, see ¶6c.</b>	April 12, 2004	The Judge will: <ul style="list-style-type: none"> <li>• consider your objections and comments in deciding whether he will approve the Settlement;</li> <li>• you or your attorney may participate at the Hearing.</li> </ul>	<b>Proof of Claim, see ¶11.</b>
Exclude yourself from the class action	<b>Write a letter to Claims Administrator, see ¶6b.</b>	April 12, 2004	You will: <ul style="list-style-type: none"> <li>• not share in the benefits of the Settlement;</li> <li>• be free to pursue other legal action for any claims you have against Medi-Hut or the Individual Defendants.</li> </ul>	<b>Do not fill out any other forms</b>
File a claim	<b>Proof of Claim, see ¶11.</b>	July 2, 2004	You will: <ul style="list-style-type: none"> <li>• be bound by the Proposed Settlement if it is approved; share in the Settlement if your claim is valid;</li> <li>• be prohibited from suing defendant based on the alleged wrongdoing.</li> </ul>	<b>Objection to or comments on the class action, see ¶6c.</b>

**11. Administration and Calculation of Claims, Final Awards, and Supervision and Distribution of the Settlement Fund**

**TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF THE SETTLEMENT FUND, YOU MUST COMPLETE AND SIGN THE ENCLOSED PROOF OF CLAIM AND RELEASE FORM AND SEND IT BY PREPAID FIRST-CLASS MAIL POSTMARKED ON OR BEFORE JULY 2, 2004 ADDRESSED AS FOLLOWS:**

**Medi-Hut Co., Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776**

**IF YOU ARE A CLASS MEMBER AND DO NOT PROPERLY FILE A PROOF OF CLAIM FORM, YOU WILL NOT SHARE IN THE SETTLEMENT BUT YOU WILL BE BOUND BY THE RELEASES AND THE FINAL JUDGMENT OF THE COURT DISMISSING THIS ACTION, UNLESS YOU PROPERLY EXCLUDE YOURSELF FROM THE CLASS.**

All Proofs of Claim must be submitted by July 2, 2004, unless such period is extended. Any Class Member who fails to file a Proof of Claim by such date shall be barred forever from receiving any payment pursuant to the Stipulation, except by Order of the Court, but shall in all other respects be bound by the terms of the Stipulation, including any release and judgment entered in the Actions, unless such Class Member has properly excluded himself, herself or itself from the Class.

The Claims Administrator, under Lead Counsel’s supervision, acting on behalf of the Class Members, and subject to the supervision, direction and approval of the Court, shall administer and calculate the claims submitted by Class Members and shall oversee distribution of that portion of the Net Settlement Fund (cash and stock) that finally is awarded by the Court to the Class Members.

For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Class Member shall be required to submit a Proof of Claim supported by such documents as are designated therein, including proof of the Claimant’s loss, or such other documents or proof as Lead Counsel or the Claims Administrator, in their discretion, may deem acceptable;

(b) All Proofs of Claim must be submitted by the date specified in the Notice unless such period is extended by Order of the Court. Any Class Member who fails to file a Proof of Claim by such date or who files a Proof of Claim that is rejected shall be barred forever from receiving any payment pursuant to the Stipulation (unless, by Order of the Court, a later filed Proof of

Claim by such Class Member is approved), but shall in all other respects be bound by all of the terms of the Stipulation including the terms of the Judgment to be entered in the Action and the releases provided for therein, and will be barred and enjoined from bringing any action against the Released Persons concerning the Released Claims. A Proof of Claim shall be deemed to have been submitted when posted, if received with a postmark indicated on the envelope and if mailed first-class postage prepaid and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by Lead Counsel or their designee;

(c) Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with the Stipulation the extent, if any, to which each claim shall be allowed, subject to review by the Court;

(d) Proofs of Claim that do not meet the filing requirements shall be rejected. Prior to rejection of a Proof of Claim, the Claims Administrator shall communicate with the Claimant in an attempt to remedy the curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under the supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all Claimants whose Proofs of Claim they propose to reject in whole or in part, setting forth the reasons therefore, and shall indicate in such notice that the Claimant whose claim is to be rejected has the right to review by the Court if the Claimant so desires and complies with the requirements of Subsection (e) below;

(e) If any Claimant whose claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within thirty (30) days after the date of mailing of the notice required in Paragraph 11(d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court. Claimants involved in such a dispute shall be bound by the Stipulation in all respects; and

(f) The administrative determinations of the Claims Administrator accepting and rejecting claims shall be presented to the Court, on notice to Defendants' Counsel, for approval by the Court in the Class Distribution Order.

Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's claim, and the claim shall be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that Claimant's status as a Class Member and the validity and amount of that Claimant's claim. No discovery shall be allowed on the merits of the Action or of the Settlement in connection with processing of the Proofs of Claim.

Payments pursuant to the Stipulation shall be deemed final and conclusive against all Class Members. All Class Members whose claims are not approved by the Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of the Stipulation and the Settlement, including the terms of the Judgment to be entered in the Action and the releases provided for therein, and will be barred and enjoined from bringing any Released Claim against any Released Persons.

All proceedings with respect to the administration, processing, and determination of claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the Court.

The Net Settlement Fund (cash and stock) shall be distributed to Authorized Claimants, pursuant to Court order, by the Claims Administrator or the transfer agent of the Stock Consideration only after the Effective Date and after: (i) all claims have been processed, and all Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (ii) all objections with respect to all rejected or disallowed claims have been resolved by the Court, and all appeals therefrom have been resolved or the time therefore has expired; (iii) all matters with respect to attorneys' fees and expenses have been resolved by the Court, all appeals therefrom have been resolved or the time therefore has expired; and (iv) all costs of administration, any taxes or tax expenses have been paid.

No Authorized Claimant shall have any claim against Lead Plaintiff Ann Smith, Plaintiffs' Counsel or the Claims Administrator, or any other agent designated by Plaintiffs' Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Distribution, and further orders of Court. In addition, Lead Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim filed in the interest of achieving substantial justice.

Defendants and Defendants' Counsel shall not have any responsibility for or liability whatsoever with respect to the investment or distribution of the Net Settlement Fund, the determination, administration, calculation, or payment of claims, the review of Proofs of Claim, or any losses incurred in connection therewith, the Plan of Distribution or the giving of Notice to Class Members, and no Class Member or Authorized Claimant shall have any claim against Defendants or Defendants' Counsel in connection therewith.

## **12. Plan of Distribution**

The Net Settlement Fund (cash and stock) shall be allocated among the Authorized Claimants in accordance with this "Plan of Distribution." The amount so allocated to each Authorized Claimant constitutes and is referred to herein as the Authorized Claimant's "Payable Claim." The Plan of Distribution is based upon Lead Counsel's assessment of: (a) the merits and the relative strengths and weaknesses, including recoverable damages, of the claims of the Members of the Class, and (b) the need to simplify the claims administration process in order to reduce the costs of administration.

The Payable Claim will be calculated in the following manner:

(a) Each Authorized Claimant shall receive, on a pro rata basis, that share of the Net Settlement Fund that the Authorized Claimant's Recognized Loss (as defined below) bears to the total Recognized Losses of all Authorized Claimants, subject to the further provisions of this Plan of Distribution set forth below.

(b) If any shares of Settlement Stock are to be issued as part of any Authorized Claimant's Payable Claim, the number of shares of Settlement Stock to be issued shall be rounded upward or downward to the nearest whole number of shares with a minimum of fifty (50) shares to be issued, and fractional shares, or payments in lieu of fractional shares, or certificates for less than fifty (50) shares will not be issued.

An Authorized Claimant's recognized loss ("Recognized Loss") shall be determined as follows:

(a) For shares of Medi-Hut stock purchased between October 7, 1999 and August 19, 2003, inclusive, and held after the close of business on August 19, 2003, Recognized Losses shall be computed as the purchase price of the Medi-Hut stock (exclusive of commissions and fees) less twenty cents (\$.20) for each retained share — representing the closing price of Medi-Hut shares on August 20, 2003.

(b) For shares of Medi-Hut stock purchased between October 7, 1999 and August 19, 2003, inclusive, and sold between October 7, 1999 through August 19, 2003, inclusive, Recognized Losses shall be computed as the difference between the purchase price and the sales price of the Medi-Hut stock (both exclusive of commissions and fees), provided that if this difference is a negative number (meaning that Authorized Claimant made a profit on the sale) then the Recognized Loss for these shares shall be zero, and any profits will be offset against any Recognized Losses, if any, on other transactions in Medi-Hut stock purchased during the Class Period.

(c) To the extent that any shares of Medi-Hut stock sold during the Class Period were sold at a profit, these profits will be offset against any Recognized Losses on other transactions in shares of Medi-Hut stock purchased during the Class Period, if any, on the remaining shares of Medi-Hut stock purchased in the Class Period.

(d) For purposes of determining which shares of Medi-Hut stock purchased during the Class Period were: (i) sold at a profit at any time during the Class Period, (ii) sold at a loss at any time during the Class Period, or (iii) were retained past August 19, 2003, all sales of Medi-Hut Shares shall be matched on a "first-in, first-out" ("FIFO") basis, by matching the first shares sold against any open position of shares of Medi-Hut stock held as of the close of trading on October 6, 1999 (prior to the start of the Class Period), and any sales matched against any open position at the start of the Class Period will be ignored for Recognized Loss or offsetting profit purposes, and then on a FIFO basis against any additional shares of Medi-Hut stock purchased during the Class Period on the basis of the assumption that the first shares of Medi-Hut stock purchased were the first shares of Medi-Hut stock sold. This matching under FIFO shall be done irrespective of the different accounts in which the Shares of Medi-Hut stock were purchased and sold unless the title or ownership of the accounts differed.

(e) The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement date."

(f) Short sales of shares of Medi-Hut stock shall not be recognized for any amount of loss on the cover, purchase or closing transaction and no Recognized Loss will be computed for any such covering purchase or closing transaction.

(g) No Recognized Loss will be computed for any transactions in any shares of Medi-Hut stock engaged in by market makers in those shares of Medi-Hut stock.

(h) Shares "transferred into," "delivered into" or "received into" the claimant's account, shall NOT be considered as purchased shares unless claimant submits documents supporting the original purchase of the shares occurred during the Class Period. Also, shares purchased and subsequently "transferred out" or "delivered out" of claimant's account will NOT be considered part of claimant's claim, as the right to file for those shares belongs to the person or party receiving the shares.

(i) The receipt or grant of a gift of shares of Medi-Hut stock during the Class Period shall not be deemed to be a purchase of shares of Medi-Hut stock during the Class Period. However, the recipient of Shares of Medi-Hut stock as a gift or as a distribution from an estate shall be eligible to file a Proof of Claim and Release form and participate in the Settlement to the extent the particular donor or decedent as the actual purchaser of shares of Medi-Hut stock would have been eligible, based upon the circumstances of such purchase within the Class Period; however, the donee and donor may not both claim with regard to the same shares of Medi-Hut stock. If both the donor and donee make such a claim, only the claim filed by the donee will be honored.

In the interest of economy, no payment shall be made to any Authorized Claimant whose Payable Claim would be less than \$10 based on the initial allocation of the net Settlement Cash portion of the Net Settlement Fund to Authorized Claimants or less than fifty (50) shares of Settlement Stock based on the initial allocation of the Net Settlement Stock portion of the Net Settlement Fund.

In addition to any language releasing or barring any claims against Plaintiff, Plaintiff's Counsel or the Claims Administrator contained in the Stipulation, no Authorized Claimant shall have any claim against Plaintiff, Plaintiff's Counsel or the Claims Administrator based on or in any way relating to distributions from the Net Settlement Fund which have been made substantially in accordance with this Plan of Distribution.

Defendants maintain that no damages could be recovered by the Class and that nothing in this Plan of Distribution shall constitute or be deemed an admission by any of the Defendants that there is liability or damage of any kind or that the dollar amounts set forth in this Plan of Distribution reflect actual or potential damages to the Class.

**13. Special Notice to Securities Brokers and Other Nominees**

If you purchased one or more shares of Medi-Hut stock during the Class Period as nominee for a beneficial owner, then within ten (10) days after you receive this Notice, you must either: (a) send a copy of this Notice and the accompanying Proof of Claim by first-class mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial owners to the Claims Administrator:

**Medi-Hut Co. Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776**

You may seek reimbursement of your reasonable expenses actually incurred in complying with these directives, subject to approval of Plaintiffs' Counsel or the Court. All communications concerning this matter should be addressed to the Claims Administrator.

**14. Inquiries**

All inquiries concerning this Notice, the Proof of Claim form, or any other inquiry by Class Members should be addressed as follows:

**Medi-Hut Co. Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776  
(215) 665-1124**

**PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE**

DATED: January 12, 2004

BY ORDER OF THE DISTRICT COURT

Stanley R. Chesler, United States District Judge

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY

\_\_\_\_\_  
IN RE MEDI-HUT CO., INC.  
SECURITIES LITIGATION  
\_\_\_\_\_

X  
:  
:  
:  
:  
X

Civil Action No. 02-881 (SRC)

**PROOF OF CLAIM AND RELEASE**

IF YOU PURCHASED OR OTHERWISE ACQUIRED SHARES OF MEDI-HUT COMPANY, INC. ("MEDI-HUT") COMMON STOCK DURING THE PERIOD FROM OCTOBER 7, 1999 THROUGH AUGUST 19, 2003, INCLUSIVE (THE "CLASS PERIOD"), AND WERE DAMAGED THEREBY, YOU MAY WISH TO FILE A PROOF OF CLAIM FOR A POTENTIAL RECOVERY.

**GENERAL INSTRUCTIONS**

1. In order to receive any payments to which you may be entitled as a Class Member in the action entitled, *In re Medi-Hut Co., Inc. Securities Litigation*, Civil Action No. 02-881(SRC)("the Action"), you must complete and sign this Proof of Claim and Release (the "Proof of Claim"). If you fail to submit a properly addressed Proof of Claim (as set forth in Paragraph 3 below), your claim may be rejected and you may be precluded from any recovery from the Settlement Fund created in connection with the proposed Settlement of the Action.

2. Submission of this Proof of Claim, however, does not assure that you will share in the proceeds of the Settlement in the Action.

3. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM TO THE CLAIMS ADMINISTRATOR BY FIRST-CLASS MAIL POSTMARKED ON OR BEFORE JULY 2, 2004, ADDRESSED AS FOLLOWS:

In re Medi-Hut Co., Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776

4. If you are a member of the Class and you did not timely request exclusion in connection with the proposed Settlement, you are bound by the terms of any judgment entered in the Actions, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.

5. If you are NOT a member of the Settlement Class (as defined in the enclosed Notice, ¶3), DO NOT submit a Proof of Claim.

**CLAIM FORM**

1. If you purchased or acquired Medi-Hut stock and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased or acquired Medi-Hut stock and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled "Claimant Identification" to identify each beneficial purchaser and, if different, each purchaser of record of Medi-Hut Co., Inc. stock which forms the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS, OF THE MEDI-HUT STOCK UPON WHICH THIS CLAIM IS BASED.

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators, and trustees must complete and sign this form on behalf of persons represented by them and documentation establishing their current authority must accompany this claim and their titles and capacities must be stated. The Social Security (or employer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

4. Use Part II, Sections A, B and C of this form entitled "Schedule of Transactions in Medi-Hut Stock" to supply all required details of your transaction(s) in Medi-Hut stock. On the schedules, provide all of the requested information with respect to *all* of your purchases, *all* of your acquisitions, and *all* of your sales of Medi-Hut stock which took place from October 7, 1999 through August 19, 2003, inclusive (the "Class Period"), regardless of whether such transactions resulted in a profit or loss. Failure to report all such transactions may result in the rejection of your claim.

5. List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

6. Brokerage commissions and transfer taxes paid by you in connection with your purchase and sale of Medi-Hut stock should be excluded in computing the "total purchase price" and the "total sales price."

7. Brokers' confirmations or other documentation of your transactions in Medi-Hut stock should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.



additional information to Lead Counsel for Lead Plaintiff to support this claim if required to do so. I have not submitted any other claim covering the same purchases, acquisition or sale of Medi-Hut stock during the Class Period and know of no other person having done so on my behalf.

**DEFINITIONS**

- 1. "Individual Defendants" means Joseph A. Sanpietro, Laurence M. Simon, Robert Russo and Vincent J. Sanpietro.
2. "Released Persons" means Medi-Hut, Company, Inc., Joseph A. Sanpietro, Laurence M. Simon, Robert Russo and Vincent J. Sanpietro, and each of them, and any of their former and present employees, directors, officers, agents, attorneys, insurers, investment bankers, representatives, affiliates, subsidiaries, parents and each of their heirs, executors, administrators, beneficiaries, predecessors, successors, assigns, and each of them, and all persons covered by the releases and covenants not to sue set forth in ¶¶ 4 and 6 of the Stipulation of Settlement.
3. "Released Claims" means any and all manner of actions, causes of actions, suits, obligations, claims, debts, demands, agreements, promises, liabilities, damages, losses, controversies, costs, expenses, and attorneys' fees whatsoever, whether in law or in equity and whether based on any federal law, state law, common law or foreign law right of action or of any other type or form, foreseen or unforeseen, actual or potential, matured or unmatured, known or unknown, accrued or not accrued which each Lead Plaintiff and Class Member, or any of them, ever had, now have, or can have, or shall or may hereafter have, either individually, or as a member of a class, against any and all Released Persons, for, based on, by reason of, or arising from or relating to the conduct alleged in the Actions, including, but not limited to, (i) claims that directly or indirectly arise out of any of the facts, transactions, events, occurrences, acts or omissions mentioned or referred to in the Complaint in this Action, or other matters that are or could have been set forth, alleged, embraced or otherwise referred to in the Complaint or the Actions, or which could have been brought against Individual Defendants relating to a Class Member's purchase or other acquisition of Medi-Hut Co., Inc. common stock during the Class Period, including all matters encompassed within the releases and covenants not to sue set forth in ¶¶ 4 and 6 of the Stipulation, and (ii) claims arising out of the prosecution or defense of the Action, including, but not limited to, claims related to the execution of, and entry into, the Stipulation, such as but not limited to, claims for fraud in the inducement, negligent misrepresentation, or fraud; except that nothing in the Stipulation releases any claim arising out of the violation or breach of the terms of the Stipulation.

**SUBSTITUTE FORM W-9**

**Request for Taxpayer Identification Number:**

Enter taxpayer identification number below for the beneficial owner(s). For most individuals, this is your Social Security number. The Internal Revenue Service ("I.R.S.") requires such taxpayer identification number. If you fail to provide this information, your claim may be reduced for backup withholding.

Form with two input boxes: 'Social Security Number (for individuals)' and 'Employer Identification Number (for estates, trusts, corporations, etc.)' separated by 'OR'.

**RELEASE**

- A. I hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge each and all of Defendants, and each and all of the "Released Persons" from and of any and all "Released Claims."
B. With respect to any and all Released Claims, I expressly waive any and all rights or benefits I may now have, or in the future may have, under any law relating to the releases of unknown claims, including, without limitation, Section 1542 of the California Civil Code, which provides:
A general release does not extend to the claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his Settlement with the debtor.
I expressly have waived any and all provisions, rights and benefits conferred by any law or any state or territory of the United States or any foreign country, or any principle of common law, which is similar, comparable or equivalent in substance or intent to Section 1542 of the California Civil Code.
C. This Release shall be of no force and effect unless and until the Court approves the Settlement and the Settlement becomes effective as to all Defendants or any Released Persons as of the Effective Date (as defined in the Stipulation).
D. I hereby warrant and represent that I have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this Release or any other part or portion thereof.
E. I hereby warrant and represent that I have included information about all of my transactions in Medi-Hut common stock which occurred during the Class Period, as well as the number of shares of Medi-Hut held by me on the close of trading on October 6, 1999 and August 19, 2003.
F. I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(c) of the Internal Revenue Code.

Note: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the word "NOT" in the Certification above and check here [ ]

I hereby certify under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct and that this Proof of Claim form was executed this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

(The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding).

(Signature of Claimant)

(Signature of Joint Claimant, if any)

(Type or print your name here)

(Type or print your name here)

(Capacity of person signing, e.g., Beneficial Purchaser), Executor or Administrator)

Medi-Hut Co., Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776

FIRST-CLASS MAIL  
U.S. POSTAGE  
PAID  
PERMIT NO. 2323  
PHILADELPHIA, PA

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.  
THANK YOU FOR YOUR PATIENCE.**

**Reminder Checklist:**

1. Please sign the Proof of Claim and Release.
2. Remember to attach copies of supporting documentation.
3. Do not send original or copies of stock certificates.
4. If you move, please send your new address to the address below.
5. Please keep a copy of your claim form for your records.
6. If you have any questions concerning this Proof of Claim, contact the Claims Administrator at:

In re Medi-Hut Co., Inc. Securities Litigation  
c/o Heffler, Radetich & Saitta L.L.P.  
Claims Administrator  
P.O. Box 58776  
Philadelphia, PA 19102-8776  
(215) 665-1124