

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE
CIVIL ACTION NO. 00-674 (RRM)

CATHLEEN SWEENEY, JANICE
JARRETT, KEYSHER FRANKLIN
TRISHA RICKAY ESTELL, and BARBARA
SHIPES, on their own behalf and as representative plaintiffs on behalf of all
similarly situated persons,
Plaintiffs,
v.

CRESCENT REAL ESTATE
EQUITIES COMPANY, CRESCENT
REAL ESTATE EQUITIES LIMITED
PARTNERSHIP, CRESCENT REAL ESTATE
EQUITIES, LTD., and CRESCENT
OPERATING, INC.,

Defendants.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

CHARTER BEHAVIORAL HEALTH SYSTEMS, LLC, et al.,
Case No. 00-989
through
00-1089 (RRM) –
Nos. 00-1555, 00-2231
through 00-2237
Jointly Administered
Chapter 11
Debtors.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE
ADVERSARY NO. A-00-562

JOANN ALLEN, KATHY ARROWOOD, AMY CARVER, KIM
CASSIDY, DIANE GILLESPIE, CECILIA GILLIAM, ROSE GREER,
KATHLEEN HANEY, JENNIFER HOFFMAN, JEAN BOYD JACKSON,
GAYLE JOHNSON, DAVID MENDENHALL, ELIZABETH D.
MURRELL, SHERRI PARRY, JENNIFER RAGER, LEEANN REA,
LOUISE L. SEEVERS, KAREN CHEREE SMART, NYKKI STARR,
CATHLEEN SWEENEY, MARCIA VITALE, DEREK WATSON, JILL
WHITESELL, PHYLLIS WILLINGHAM on behalf of all other similarly
situated persons,

Plaintiffs,

v.

CHARTER BEHAVIORAL HEALTH SYSTEMS, LLC
et al.,
Defendants.

**NOTICE OF CLASS CERTIFICATION AND PRELIMINARY
APPROVAL OF A SETTLEMENT CLASS OF FORMER
EMPLOYEES OF CHARTER BEHAVIORAL HEALTH SYSTEMS,
LLC.**

**TO: Any and all former employees of Charter who are (i) determined to
have conditionally allowed WARN Act Claims in the WARN Claims
Bankruptcy Order or (ii) who were terminated on or after December 28,
1999 by Charter Behavioral Health Systems, LLC, or any of its
subsidiaries.**

**THIS NOTICE MAY AFFECT YOUR RIGHTS PLEASE READ IT
CAREFULLY IN ITS ENTIRETY**

This Notice is being sent as ordered by the United States District Court and
the United States Bankruptcy Court in the above-styled actions to advise you
of the following:

1. a proposed Settlement of the above-captioned class actions
wherein the defendants have agreed to pay compensation and additional
benefits to former employees of Debtors;

2. a court hearing on December 17, 2001, to determine the fairness,
adequacy, and reasonableness of the proposed Settlement;
3. your rights to support, object to, exclude yourself from or
participate in the proposed Settlement; and
4. the following important dates and deadlines:

IMPORTANT DATES AND DEADLINES

"Opt-Out" Postmark Deadline	November 23, 2001
Comment/Objection Postmark Deadline	November 23, 2001
Fairness Hearing Date Time: 2:00 p.m. Place: United States District Court, 844 King Street, Wilmington, DE 19801	December 17, 2001

1. WHY SHOULD I READ THIS NOTICE?

On October 22, 2001 a hearing commenced in the bankruptcy court to value
claims of class members under the WARN Act. Debtor sent previous notice of
that hearing and the deadline for objecting to conditionally allowed or
disallowed claims pursuant to the authority of the Bankruptcy Court. If the
Bankruptcy Court determined in the WARN Claims Bankruptcy Order that
you have a conditionally allowed WARN Act claim or if you were terminated
on or after December 28, 1999, your rights may be affected by the proposed
settlement of two class actions filed against Charter and others. The purpose
of this Notice is to inform you that the Bankruptcy Court and District Court in
which the above-captioned actions and other WARN claims have been filed
have preliminarily approved a proposed settlement of (i) a lawsuit filed in the
United States District Court styled as *Cathleen Sweeney, et al. v. Crescent
Real Estate Equities Company, et al.*, Case No. 00-674 (RRM) asserting
WARN claims; (ii) a lawsuit filed in Bankruptcy Court as an adversary
proceeding styled, *Joann Allen, et al. v. Charter Behavioral Health Systems,
LLC, et al.*, Adversary No. A-00-562 (Bankr. D. Del.); and (iii) proofs of
claim including a class proof of claim of Joann Allen and a motion of Eloise
Baldwin for leave to file class proof of claim (collectively, "Class
Representatives") filed in the Bankruptcy Court against the above-named
Debtors (the "Debtor") each asserting claims under the WARN Act
(collectively, the "WARN Proofs of Claim") on behalf of all other similarly
situated persons.

2. BACKGROUND OF THE LITIGATION

The District Court action, *Cathleen Sweeney, et al. v. Crescent Real Estate
Equities Company, et al.*, Case No. 00-674 (RRM) (hereinafter "*Sweeney*"),
and the related Bankruptcy Court adversary case, *Joann Allen, et al. v.
Charter Behavioral Health Systems, LLC, et al.*, Adversary No. A-00-562
(Bankr. Del.) (hereinafter "*Allen*"), are two of a number of cases that arose
under the Worker Adjustment and Retraining Notification Act, 29 U.S.C.
§2101 *et seq* (hereinafter "WARN") as a result of mass layoffs by the various
entities formerly controlled by Charter Behavioral Health Systems, LLC., a
company now operating as a debtor under Chapter 11 in bankruptcy. *See In
re: Charter Behavioral Health Systems, LLC et al.*, Case No. 00-989 through
00-1089 (RRM) and numbers 00-1555, 00-2231 through 00-2237 (Del.
Bkrcty). In addition, numerous proofs of claim including a class proof of
claim and motions for leave to file class claims were filed in the Bankruptcy
Court asserting rights under the WARN Act against the Debtors. The
Stipulation of Settlement of these two cases and the WARN Proofs of Claim
have been submitted to the District Court in *Sweeney* and the Bankruptcy
Court in *Allen* and in the Debtors' bankruptcy to resolve numerous issues
affecting the Plaintiffs in *Allen* and *Sweeney* (the "Plaintiffs"), the Defendants
in *Allen* and *Sweeney* (the "Defendants"), the Debtors, the Official Committee
of Unsecured Creditors of Debtors, the WARN Act claimants and other
creditors of the Debtors. The District Court and the Bankruptcy Court have
preliminarily approved certification of a class to resolve the WARN claims of
all former employees of Debtors to compensation under the WARN Act.

The Stipulation of Settlement has further been submitted in the bankruptcy
proceedings in conjunction with Debtors' Motion for Order approving the
Stipulation of Settlement with WARN Act Claimants, Crescent Real Estate
Equities Company, Crescent Real Estate Equities, Ltd., Crescent Real Estate
Equities Limited Partnership, Crescent Operating, Inc. and the Official
Committee of Unsecured Creditors of the Debtors ("Debtors' Motion for
Order Approving Settlement"). If the Stipulation of Settlement is granted
final approval by the Bankruptcy Court and the District Court, a multitude of
issues and disputes will be resolved not only as to the *Allen* and *Sweeney* suits,

and the WARN Proofs of Claim, but also as to a host of claims against Charter and Charter's claims against others.

3. WHAT IS THE WARN ACT?

The WARN Act is a federal law that was enacted to protect American workers from unannounced plant closures and mass layoffs. That act provides in part as follows:

"An employer shall not order a plant closing or mass layoff until the end of a 60-day period after the employer serves written notice of such an order--

(1) to each representative of the affected employees as of the time of the notice or, if there is no such representative at that time, to each affected employee; and

(2) to the State dislocated worker unit or office (referred to in section 1661(b)(2) of this title), or the State or entity designated by the State to carry out rapid response activities under section 2864(a)(2)(A) of this title, and the chief elected official of the unit of local government within which such closing or layoffs to occur."

4. THE SETTLEMENT CLASS

Plaintiffs, Class Representatives, Defendants, Debtors, and the Official Committee of Unsecured Creditors of the Debtors have entered into a proposed Settlement as set forth in a Stipulation of Settlement filed in the United States Bankruptcy Court and the United States District Court in Delaware. The Settlement Agreement applies to a nationwide plaintiff class under Federal Rule of Civil Procedure 23(a)(1)-(4) and 23(b)(3), (as well as Bankruptcy Rule 7023) as a voluntary or "opt-out" class. The settlement class is defined as any and all former employees of Charter (i) who are determined to have conditionally allowed WARN Act Claims in the WARN Claims Bankruptcy Order or (ii) who were terminated by any of the Debtors on or after December 28, 1999. Persons who timely request exclusion from the Class (or "opt-out") are excluded from the Class.

Under the procedures provided in the Settlement, all WARN claims have been subject to review for priority and amount by the Bankruptcy Court. The order of the Bankruptcy Court conditionally allowing and fixing the amount and priority of the WARN claims (the "WARN Claims Bankruptcy Order") determined the gross amount and priority of each class member's claim. Thus, a procedure was established by the Bankruptcy Court allowing you and all other class members to have their WARN claims fairly and appropriately determined as to amount and priority. By the time you receive this notice, those proceedings will likely have been completed. Previous notice of those proceedings was distributed to all known claimants by the Debtor.

5. TERMS OF THE PROPOSED SETTLEMENT

The essential terms of the proposed Settlement are set forth below. Note, however, that this is **not** the Stipulation of Settlement, which sets forth in greater detail the rights and obligations of the parties. If you desire a copy of the complete Stipulation of Settlement, the document will be available on the Internet during the notice period at www.classactionlitigation.com/charter.htm on a continuous basis. Review of the document may be made from any computer with Internet access. The Stipulation of Settlement is also available on file in the Clerks' offices of the United States District Court for the District of Delaware and the United States Bankruptcy Court for the District of Delaware.

(a) Eligible Claimants: You will be eligible to receive benefits under the settlement if the Bankruptcy Court determined in the WARN Claims Bankruptcy Order that you have a WARN Act claim. If the WARN Claims Bankruptcy Order determined that you have no WARN claim, you will not be eligible to receive benefits from the settlement.

(b) Benefits of the Settlement: The Settlement provides benefits to class members with allowed WARN Act claims in the form of cash payments. Due to the fact that Charter Behavioral Health Systems, LLC, is operating as a Chapter 11 debtor in bankruptcy, the amounts received by class members will be less than the total valuation of their claims. The amounts individual class members will receive are dependant upon the amount that becomes available in the Charter estate to pay WARN claims, the priority of the WARN Act claimant's claim, the total amount of the allowed WARN Act claims and their priority, and whether the WARN Act claim is a pre-petition or post-petition claim. Deductions will be made from the total amounts collected as a result of this settlement for attorney fees, costs of litigation and other expenses. Deductions will also be made from individual class member's payments for

taxes that are required by law to be paid. Several compensation funds have been created for the benefit of class members from which all payments to class members, costs, expenses and fees will be deducted.

(c) Procedures for Determining Eligible Claimants and the Amount and Priority of Their Claims: A report known as the "Penta" report in the Stipulation of Settlement was compiled by Penta Advisory Services ("Penta"), a consulting company hired by the Debtors to determine which former employees may have WARN Act claims and the amounts and priority of such claims. The procedures followed by Penta were carefully reviewed by Class Counsel. If a claimant was identified by Penta as having a potentially valid WARN Act claim, the claim was submitted to the Bankruptcy Court for conditional allowance in the amount and priority determined by Penta. A notice was sent to you by the Debtors informing you of the amount(s) and priority of your WARN claims as determined by Penta. A number of former employees of Charter were identified by Penta as not having a valid WARN Act claim. The claims of those former employees with no valid claim are set forth as "zero" \$00.00 in the Penta Report. The procedures for claim valuation and for having objections thereto heard were set forth in that notice. Those procedures gave you the right and opportunity to object to the amount(s) and priority of your WARN claim. Objections as to the amount and priority of the WARN claims will not be heard by either the District Court or Bankruptcy Court at the Fairness Hearing. The hearing date for resolving disputes regarding the valuation and priority of your WARN claims was October 22, 2001 by order of the Bankruptcy Court.

(d) The Sweeney Defendants' Right to Terminate the Settlement: Defendants in the *Sweeney* action have the unilateral right to terminate the Settlement if the total dollar amount of the Class Members' claims requesting exclusion reaches a level that threatens to frustrate their essential purposes for entering into this Settlement. A signed agreement setting the aggregate dollar amount of opt-out claims that would allow the *Sweeney* Defendants to exercise the option to void the Settlement, is filed under seal with the Court.

6. WHAT DO I NEED TO DO TO PARTICIPATE IN THE SETTLEMENT?

You are not required to do anything at this time if you believe you are a member of the class and desire to participate in the Settlement. If you have a valid claim, those amounts to which you are due will be paid by Charter in one or more installments as funds become available to the Debtor.

7. HOW CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?

If you want to opt-out of the proposed Settlement, you must personally sign and have notarized a letter requesting exclusion and mail it, by First Class U.S. Mail, to **WARN Claims Filing Agent, P.O. Box 4390, Portland, OR 97208** postmarked no later than November 23, 2001. The letter must include your name, social security number, and facility at which you were employed by Debtor for identification purposes and must be signed and notarized. Unsigned, unnotarized, incomplete, or late letters requesting exclusion will not be accepted. No one else can sign your exclusion letter for you. A copy of the Exclusion Request must also be sent, by the same postmark date, of November 23, 2001, to: (1) WARN Claims, P.O. Box 1501, Mobile, AL 36633-1501; and (2) Douglas Ernst, 600 Peachtree Street, N.E., Suite 5200, Atlanta, GA 30308-2216; and (3) Thomas J. Catliota, 2300 N Street, N.W., Washington, DC 20037-1128 (counsel for certain Defendants in the *Sweeney* action).

If the Settlement becomes final and if you have elected to be excluded from the Class: (i) you will not share in any recovery that may be paid to Class Members as the result of the Settlement; (ii) you will not be bound by any further orders or judgments entered for or against the Class with the exception of the WARN Claims Bankruptcy Order; and (iii) you may present any other claims you have against Defendants or Debtors by pursuing or filing your own lawsuit or claim at your own expense.

8. WHO REPRESENTS THE CLASS?

(a) Class Representatives: The class representatives are the plaintiffs identified in the *Sweeney* and *Allen* captions that appear on the first page of this Notice, and Eloise Baldwin. These individuals are all former employees of one of the Debtors. They have assisted Class Counsel in coordinating the prosecution of this action and in providing information needed to pursue the claims of all class members and support the proposed settlement.

(b) Class Counsel: In its Order granting preliminary approval of the Settlement, the Court appointed John C. Lankenau, Stuart J. Miller, Timothy E. Eble, J. Cecil Gardner, Mary E. Olsen, John F. Beasley, Jr., Roger K. Doolittle and Steven K. Kortanek as class counsel.

9. REASONS FOR THE SETTLEMENT

Class Representatives and Class Counsel have reached this Settlement with Defendants, Debtors and the other parties to the Settlement after lengthy negotiations conducted over the course of six months. In ultimately deciding to recommend this Settlement, Class Counsel considered the relative risks and benefits to the Class of settlement or continuing litigation. The Settlement provides sure, prompt and substantial relief to Class Members. Defendants and Debtors, for purposes of this settlement only, have waived defenses they believe are substantial. Class Members incur no risk or cost in obtaining the relief, such costs being borne by the funds created by the settlement. Substantial legal and factual issues were presented by the WARN claims against the Debtors and the claims in the *Sweeney* Action. Class Counsel balanced all of these risks in determining that this Settlement is in the best interests of the Class.

Defendants, Debtors and the other parties to the Settlement have agreed to enter into this Settlement to put to rest all controversy and to avoid further expense and burdensome, protracted and costly litigation which would be involved in defending this case and any future actions, without in any way acknowledging fault or liability.

10. WHO PAYS THE ADMINISTRATIVE COSTS, ATTORNEY'S FEES AND LITIGATION COSTS?

All administrative costs, Class counsel attorney's fees and litigation costs are being paid by the funds created by the Settlement. Prior to the fairness hearing, Class Counsel will apply for all expenses, costs, and expenses incurred and will additionally file an application for the recovery of attorneys fees based on a percentage of the fund theory for an amount equal to 33 1/3% of the total settlement achieved for the class.

11. SETTLEMENT APPROVAL PROCEDURE

A Fairness Hearing will be held on December 17, 2001 at 2:00 p.m., in the Courtroom of The Honorable Roderick R. McKelvie, US Courthouse, 844 King Street, Room 4209, Wilmington, DE 19801. At the Fairness Hearing, the Bankruptcy Court and the District Court will consider whether the proposed Settlement should be granted final approval as fair, adequate, and reasonable and in the best interests of the Class as a whole. The Court will also consider the request of Class Counsel for an award of attorneys' fees and litigation costs. You may attend this hearing if you wish, but are not required to do so in order to participate in the Settlement. You or your own individual counsel may also seek to intervene individually to comment upon or object to the Settlement.

If you decide to opt-out of the Class, you are not entitled to comment on the proposed Settlement or be heard at the Fairness Hearing. If you decide to remain in the Class, and you wish to comment in support of or in opposition to any aspect of the Settlement or proceedings described in this Notice, you may do so, provided that you submit your comments, in writing, as instructed herein. If you are represented by counsel and wish to appear at the fairness hearing and be heard orally in support of or in opposition to the settlement, or wish to intervene, your lawyer must file with the Clerk of the United States District Court for the District of Delaware, 844 King Street, Wilmington, Delaware 19801, on or before November 23, 2001, an appropriate pleading addressing issues you wish to bring to the attention of the Court.

If you are not represented by counsel and wish to appear at the fairness hearing and be heard orally in support of, or in opposition to the settlement, or wish to intervene, you must mail, by First Class U.S. Mail, a written notification bearing the caption of the *Sweeney* action which is set forth on the first page of this notice, and state your desire to appear personally. Such must be postmarked on or before November 23, 2001 to: WARN Claims Filing Agent, P.O. Box 4390, Portland, OR 97208. You need not hire a lawyer or appear in Court to file a letter with the WARN Claims Filing Agent.

Any objection, comments or pleadings, if in opposition to the settlement, and any motions to intervene, must state in detail the nature of your comment, objection or legal argument. Copies of any documents filed in court by counsel, or forwarded by individuals to the WARN Claims Filing Agent must also be sent, by the same postmark date, November 23, 2001, to: (1) WARN

Claims, P.O. Box 1501, Mobile, AL 36633-1501; and (2) Douglas Ernst, 600 Peachtree Street, N.E., Suite 5200, Atlanta, GA 30308-2216; and (3) Thomas J. Catliota, 2300 N Street, N.W., Washington, DC 20037-1128 (counsel for certain Defendants in the *Sweeney* action). If you do not comply with the procedure and the deadlines stated herein, you will not be entitled to be heard at the Fairness Hearing, or to otherwise contest the approval of the Settlement, or to appeal from any orders or judgments of the Court entered thereon.

The Court's determination finally approving the proposed Settlement will be binding on all Class Members (except for those who have timely opted-out of the Class). If the Court grants approval of the Settlement, the judgment will release the Defendants and all other persons from all WARN Act claims arising out of your or other class members' former employment with Charter or one of its subsidiaries and will require the dismissal of any pending suits or claims that you may have based on the WARN Act. This release and dismissal will bar any further suit against Defendants, Debtors and all other persons on the settled claims by you or by or on behalf of Class Members, and any persons claiming by or through them, including heirs, administrators, devisees, predecessors, successors, or representatives of any kind. If the Settlement is not approved by the Court, the above-captioned actions and Proofs of Claim will proceed as active litigation.

12. WHERE DO I GET ADDITIONAL INFORMATION?

The foregoing is only a summary of the circumstances surrounding the litigation, the claims asserted, the proposed Stipulation of Settlement, and related matters. You may seek the advice and guidance of your own private attorney, at your own expense, if you desire. For more detailed information, you may review the pleadings, records, and other papers on file in this litigation, which may be inspected during regular business hours at Clerk's Office, United States District Court for the District of Delaware, 844 King Street, Wilmington, Delaware 19801 and the Clerk's Office of the United States Bankruptcy Court for the District of Delaware, Marine Midland Plaza, 824 North Market Street, Wilmington, Delaware 19801. The text of the Stipulation of Settlement, as well as other pertinent information, may be viewed on-line at www.classactionlitigation.com/charter.htm.

If you decide to remain a Member of the Class and you wish to communicate with Class Counsel identified above, you may do so by writing to Class Counsel, WARN Claims, P.O. Box 1501, Mobile, AL 36633-1501.

/s/ The Honorable Roderick R. McKelvie
Judge, United States District Court

/s/ The Honorable Roderick R. McKelvie
Judge, United States Bankruptcy Court

DO NOT CONTACT THE COURT OR CLERK OF COURT FOR INFORMATION.