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*A PROFESSIONAL CORPORATION

January 27, 2006

PRIVILEGED AND CONFIDENTIAL: ATTORNEY-CLIENT COMMUNICATION

Re: *Rose Bell, et al. v. Farmers Insurance Company, Inc.*
Case No. 774013-0, Alameda County Superior Court

Dear Class Member:

We are pleased to inform you that on January 25, 2006 we won your appeal regarding calculation of prejudgment interest. The California Court of Appeal has affirmed in full the Alameda County Superior Court's order denying Farmers' request to reduce the prejudgment interest applied to pre-2001 overtime claims from 10% to 7%. This is another victory for the *Bell* class of personal lines claims representatives. As a result, absent unexpected developments on further appeal, the *Bell III* class members who received distributions for overtime worked between October 1, 1993 and December 31, 2000 will receive supplemental distributions. Those who received distributions only for overtime work performed beginning January 1, 2001, will not be sharing in this recovery because they were already compensated using the 10% interest rate.

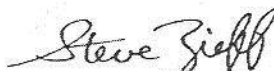
We cannot yet tell you exactly when these additional distributions will take place. We do not know whether or not Farmers will file a Petition for Rehearing with the California Court of Appeal or a Petition for Review with the California Supreme Court (as Farmers has historically done when it loses rulings in this case). We believe, however, that Farmers has little chance of getting the Court of Appeal to revisit its carefully-crafted opinion relating to prejudgment interest issue. We also believe there is a very low likelihood of Supreme Court review of the Court of Appeal's decision. Thus, we expect that some time this year there will be an additional distribution to eligible *Bell III* class members of between \$8-9 million, perhaps more. (We do not know the amounts of the individual distributions, but they will be allocated in accordance with the Plan of Distribution).

On a separate point, we recently received some disturbing reports that current Personal Lines Claims Representatives are being pressured to work off-the-clock uncompensated overtime. Such a practice would be unlawful and contrary to the injunction that we obtained for the class. If you have any information about such practices, let us know at once.

Again, we are delighted to bring the news of the victory to you. If you have any questions, please feel free to contact this office by email (info@farmerclass.com) or by telephone (1-800-869-0165).

Sincerely,

RUDY, EXELROD & ZIEFF, LLP



STEVEN G. ZIEFF

SGZ/lw