

IKO/CRC/CANROOF ORGANIC ROOFING SHINGLES – CANADIAN CLASS ACTION
NOTICE OF SETTLEMENT APPROVAL AND CLAIMS PROCESS

READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR RIGHTS

This Notice is directed at persons in Canada that own or have owned, lease or have leased buildings in Canada that contain or have ever contained IKO/CRC/CANROOF Organic Shingles (collectively, “IKO Organic Shingles”) (See #3 below).

The Settlement Agreement has been approved by the Ontario Court and is now effective. This Notice describes who is eligible for Settlement Benefits and how to make a claim. **See #15 for the deadline to apply for Settlement Benefits.**

This Notice contains a summary of the Settlement Agreement. Capitalized terms used in this Notice have the meaning ascribed to them in the Settlement Agreement. To the extent that there is any conflict between this Notice and the Settlement Agreement, the Settlement Agreement governs. Please see the full text of the Settlement Agreement at www.ikoorganicsettlement.com.

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BACKGROUND INFORMATION

1. What is a class action?

A class action is a lawsuit filed by one or more people called “representative plaintiffs” on behalf of other people who are similarly situated. This group of people is referred to as the “class” or “class members.” One court decides all the common issues in the lawsuit for all class members, except for those who have excluded themselves from the class. The deadline to exclude yourself from the class has expired.

2. What is this class action about?

The representative plaintiff, on behalf of himself and the Class, is claiming damages from the defendants (IKO Industries Ltd., Canroof Corporation Inc., and I.G. Machine & Fibers Ltd., collectively, “IKO”) for the alleged negligent design and manufacture of IKO Organic Shingles and alleged breaches of consumer protection legislation. Specifically, the representative plaintiff alleges that IKO Organic Shingles were negligently designed and manufactured in a manner that, under normal conditions and usage, would result in premature failure. This litigation does not pertain to and the settlement does NOT affect owners/lessees of buildings with IKO fiberglass shingles (see #3).

IKO denies all of the allegations in the class action and asserts that IKO Organic Shingles are free of any defect, and in fact, are good quality roofing materials. However, in order to avoid the significant costs of this litigation and to achieve finality in terms of its ongoing obligations, IKO has agreed to a settlement that will resolve the class action. The settlement represents a voluntary resolution of claims. IKO does not admit any wrongdoing or liability.

Based on their analyses of the facts and law applicable to the claims and having regard to the burdens and expense in prosecuting the Proceedings, including the risks and uncertainties associated with trials and appeals, and having regard to the value of the Settlement Agreement, the Representative Plaintiff and Class Counsel have concluded that the Settlement Agreement is fair, reasonable, and in the best interests of the class.

3. What are the shingles that are the subject of this class action lawsuit?

This class action relates only to “IKO Organic Shingles”, which means all asphalt organic shingles manufactured by or on behalf of IKO Industries Ltd., Canroof Corporation Inc., or I.G. Machine & Fibers Ltd. whether sold under the names Chateau, Renaissance XL, Aristocrat, Total, Armour Seal, Superplus, Armour Lock, Royal Victorian, Cathedral XL, Ultralock 25, Armour Plus 20, Armour Tite, Cambridge Ultra Shadow (laminated organic), Cathedral XL, Crowne 30, or otherwise.

IKO Organic Shingles have not been manufactured since 2008 and have not been sold since 2010.

This litigation does not pertain to and the settlement does NOT affect owners/lessees of buildings with IKO fiberglass shingles (some of which have been sold under the same brand names listed above for IKO Organic Shingles).

AFFECTED PERSONS

4. Who is affected by the class action?

You are affected by the class action if you fall within the certified class and have not excluded yourself from the Class (see #5). The certified class is defined as all persons that own or have owned, lease or have leased, and all those who have or may pursue claims through or in the name or right of those who own or have owned, lease or have leased buildings in Canada that contain or have ever contained IKO Organic Shingles (see #3).

5. Are there any exclusions from the class?

Persons who previously timely and validly opted out (excluded themselves from) the class action are excluded from the Class and therefore not affected by the class action (and cannot apply for benefits under the settlement). If you cannot recall whether you opted out, please contact the claims administrator at the address listed in #17.

6. How do I know if I have IKO Organic Shingles?

There are several ways in which you may be able to determine if you have IKO Organic Shingles:

- (a) Check your receipts, invoices, brochures, etc. from when you purchased your shingles.
- (b) Contact the contractor or company that installed your shingles.
- (c) Ask an experienced roofer.
- (d) If you have already filed a warranty claim with IKO, check your warranty claim documents.

THE SETTLEMENT

7. What are the details about the settlement?

On January 13, 2017, the parties executed a settlement agreement (the “Settlement Agreement”) to resolve the litigation in its entirety. The Settlement Agreement requires the defendants to pay CDN \$7.5 million (the “Settlement Amount”) for the benefit of the Class. The full text of the Settlement Agreement can be found at www.ikoorganicsettlement.com.

In return for the Settlement Amount, the defendants received releases and the class action was dismissed. The Settlement Agreement is a compromise of disputed claims and is not an admission of liability, wrongdoing or fault on the part of the defendants, who have denied, and continue to deny, the allegations made against them.

The Settlement Agreement was approved by the Ontario Court as being fair, reasonable, and in the best interests of class members.

8. Does the settlement affect my warranty claim with IKO?

The settlement does not affect a future claim for benefits (including warranty claims in relation to a problem with IKO Organic Shingles discovered after April 28, 2016 and received by IKO after May 28, 2016) that may be available in accordance with the express strict written terms of any Applicable IKO Limited Warranty. Class members with future claims can apply for warranty benefits pursuant to the Applicable IKO Limited Warranty and for Settlement Benefits.

Any warranty claims related to problems with IKO Organic Shingles received by IKO prior to May 28, 2016 will be released by the settlement.

Any Settlement Benefits available under the Settlement Agreement are completely separate from any benefits that may be available in the IKO Warranty Claims Process. IKO will continue to administer future warranty claims under its warranty program in accordance with the terms of any Applicable IKO Limited Warranty.

DISTRIBUTION OF SETTLEMENT BENEFITS

9. Who is eligible to receive Settlement Benefits?

You may be eligible to receive Settlement Benefits if you satisfy all of the following requirements:

- (a) you are a class member (see #4);
- (b) you file a timely and complete settlement claim form, together with all required supporting documents;
- (c) on or after December 18, 2007¹, you received an IKO Offer/Release or a Canadian court (including a small claims court) finds or has found that you are entitled to benefits under the strict express written terms of the Applicable IKO Limited Warranty in relation to your IKO Organic Shingles. In limited circumstances, you can also apply to receive Settlement Benefits if your warranty claim was denied. See #9(h) and (i) for more information;
- (d) the warranty claim or court action must have been made prior to:
 - (A) 12 years after installation for shingles with a 20-year Applicable IKO Limited Warranty. The following brands of IKO Organic Shingles have a 20-year limited warranty: AM Armour Seal 20, Superplus 20, Armour Plus 20, Armour Lock 20, Imperial Seal 20, Superlock 20, Superseal 20, Total 20, and Vista 20.
 - (B) 15 years after installation for shingles with a 25-year or longer Applicable IKO Limited Warranty. The following brands of IKO Organic Shingles have a 25-year or longer limited warranty: Aristocrat 25, Cathedral 25, Harvard 25, New Englander 25, Quantum 25, Renaissance 25, Royal Victorian 25, Seville 25, Skyline 25, Fast Lock 25, Ultralock 25, Chateau 30/35, and Crowne 30.
- (e) you have not released your claim as part of a settlement of a legal action or court adjudication. (Note: persons who signed an IKO Offer/Release as part of a resolution of a warranty claim before a legal action was started and who experienced Qualifying Damage (see #10) may still be eligible to receive Settlement Benefits);
- (f) you did not receive warranty benefits from IKO in accordance with the “Iron Clad Protection”, as set out in the Applicable IKO Limited Warranty (typically 3 to 5 years after the application of the IKO Organic Shingles depending on the Applicable IKO Limited Warranty);
- (g) you fall within any of the following scenarios:
 - (A) you received an IKO Offer/Release dated before May 28, 2016², but you did not receive warranty benefits;
 - (B) you received an IKO Offer/Release dated after June 30, 1997³ and before May 28, 2016, you received warranty benefits, and your IKO Organic Shingles required replacement due to “Qualifying Damage” (see #10); or

¹ December 18, 2007 is two years before the class action was commenced.

² May 28, 2016 is when a settlement in principle was reached. Warranty claimants who received but did not accept an IKO Offer/Release after May 28, 2016 and before December 11, 2017 will be provided a time limited opportunity to sign the IKO Offer/Release and obtain the warranty benefits offered. Such warranty benefits would be in addition to any Settlement Benefits available through the Settlement Agreement.

- (C) you received or receive an IKO Offer/Release dated on or after May 28, 2016 and your IKO Organic Shingles required or require replacement due to “Qualifying Damage” (see #10).

You may also be eligible to receive Settlement Benefits if:

- (h) you satisfy all of the following requirements: (i) you made a warranty claim after December 18, 2007, (ii) the warranty claim was denied by IKO before May 28, 2016, (iii) as of January 12, 2017, you have not commenced a court action based on the denial of the warranty claim; (iv) you satisfy the Claims Administrator that the facts and circumstances surrounding your IKO Warranty Claim were covered by the strict express written terms of the Applicable IKO Limited Warranty; (v) your IKO Organic Shingles required repair or replacement due to: cracking through the entire shingle or an area of complete loss of topcoat exposing the underlying felt greater in size than a Quarter; and (v) you satisfy the other eligibility requirements in #9 a, b, d, e, and f above;⁴ or
- (i) you satisfy all of the following requirements: (i) you made a warranty claim after December 18, 2007; (ii) your IKO Warranty Claim was denied on the basis both that you are a subsequent owner and a notification of request to transfer the IKO warranty was not received by IKO in accordance with the terms of the Applicable IKO Limited Warranty; (iii) you satisfy the Claims Administrator that the facts and circumstances surrounding your IKO Warranty Claim were otherwise covered by the strict express written terms of the Applicable IKO Limited Warranty; (iv) your IKO Organic Shingles required repair or replacement due to: cracking through the entire shingle or an area of complete loss of topcoat exposing the underlying felt greater in size than a Quarter; and (v) you satisfy the other eligibility requirements in #9 a, b, d, e, and f above.

Any class member eligible for Settlement Benefits pursuant to #9h or i will be treated as a Category #2 claimant (see #12b);

10. What constitutes Qualifying Damage?

“Qualifying Damage” means the following conditions:

- (a) cracking through the entire shingle;
- (b) an area of complete loss of topcoat exposing the underlying felt greater in size than a Quarter; or
- (c) a leak of water through the IKO Organic Shingles and Roof Deck.

Not all approved warranty claims relate to Qualifying Damage. Warranty claims are sometimes approved where there is no Qualifying Damage as defined in the Settlement Agreement. For this reason, you might have an approved warranty claim, but not be eligible for Settlement Benefits.

³ Prior to June 30, 1997, IKO’s limited warranty provided benefits in relation to both material and application costs.

⁴ Class members with ongoing court actions as of January 12, 2017 (which is the date that court materials were filed in respect of the motion to approve of the Notice of Hearing) based on a denial of warranty benefits prior to May 28, 2016 can continue their claims for the sole purpose of requesting a declaration from the court that the facts and circumstances surrounding their IKO Warranty Claim were covered by the strict express written terms of the Applicable IKO Limited Warranty. Any entitlement to warranty benefits is released by the Settlement Agreement, however, to the extent that the class member is successful in obtaining the declaration, that class member can participate in the settlement (provided the class member satisfies the other eligibility requirements (see #9)) and any such class member will be treated as a Category #2 claimant (see #12b).

11. How can I determine if I have Qualifying Damage?

If you filed a warranty claim before the effective date of the settlement (July 25, 2017), you should review any documents, photographs and/or removed shingles that you retained and review them for evidence of Qualifying Damage.

If you are uncertain whether you have Qualifying Damage, you can still file a claim for Settlement Benefits and the Claims Administrator will make the determination. You may be asked by the Claims Administrator to provide any documents that establish that you have Qualifying Damage. As part of the settlement claim process, IKO is required to provide specified electronic information regarding your warranty claim. If you do not have documents that establish that you have Qualifying Damage, it is possible that IKO may have additional electronic information that will assist in determining whether you had Qualifying Damage. The Claims Administrator (an independent third party) can consider your submitted information and any electronic information provided by IKO in determining whether you have Qualifying Damage.

If you file a warranty claim after the effective date of the settlement (July 25, 2017), your IKO Offer/Release may advise that IKO feels it has sufficient information to conclude, based on the information provided, that the IKO Organic Shingles at issue exhibit cracking through the entire shingle or an area of complete loss of topcoat exposing the underlying felt greater in size than a Quarter. Any IKO conclusion (or lack of a conclusion) in this regard is not determinative of your settlement claim. The Claims Administrator (an independent third-party) will be responsible for determining whether you have Qualifying Damage.

12. How will the Settlement Benefits be paid out?

a. What is the general framework for how the settlement funds will be distributed?

The settlement funds will be distributed in the following stages:

- a) an initial payment approximately one year after the initial claim deadline (the initial claim deadline is April 11, 2018);
- b) a final payment approximately one year after the final claims deadline (final claims deadline is December 31, 2023). (see #13); and
- c) a residual payment at the completion of the claims process (assuming that there are sufficient residual funds available).

You should monitor www.ikoorganicsettlement.com for relevant updates.

The settlement funds (plus interest, net of counsel fees, administration costs, and other expenses) will be divided equally as between the initial payment fund and final payment fund. If there are sufficient funds available after distribution of the initial payment fund and the final payment fund, there will be a further distribution of any residual funds.

The initial payment fund and final payment fund will be distributed proportionally based on the claim value of the individual class member's claim as against the claim value of all approved claims. The exact amount to be paid to any individual class member will depend on the number of claims filed and the value of the claims, and will not be known until the end of the claims process.

The "claim value" will be based on the number of points assigned to the claim, subject to the maximum amounts disclosed in #12c. Generally speaking, the number of points reflects whether the class member received warranty benefits and/or experienced qualifying damage. See #12c for more information about how the claim value will be calculated.

Once the applicable deadline has passed and all claims have been assigned a point value, the point value will be converted into a dollar value for the purposes of issuing payments. The dollar value of each point will be determined by dividing the total amount of the initial payment fund or final payment fund, as applicable, by the total points awarded to all eligible class members who filed claims before the initial claim filing deadline or final claim filing deadline, as applicable, subject to the aggregate maximums for Categories 3 and 4 (see #12c). See #15 for more information about filing deadlines.

For example, assuming the total amount of the initial payment fund is \$1 million and the total points awarded to class members who filed claims before the initial deadline is 500,000, each point would be worth \$2. Assuming a class member has 200 points, the related payment would be \$400.

However, in the event that the dollar value of each point in the final payment fund exceeds the dollar value of each point in the initial payment fund, the excess will be allocated to a residual payment fund for distribution to all eligible class members. For the purposes of distributing any residual payment fund, the dollar value of each point will be determined by dividing the total amount of the residual payment fund by the total points awarded to all eligible class members, and subject to a minimum payment of \$20.

For example, assuming the point value is \$2 for the initial payment fund and \$4 for the final payment fund, the final payment will be calculated at \$2 per point, and the excess will be distributed to all eligible class members. At this stage, it is unknown whether there will be a residual payment. This will only be known after the claims process is complete.

Subject to the maximum amounts disclosed in #12c, eligible class members will be paid the dollar value of each point in cash or, where the class member so elects, a coupon for IKO fiberglass shingles (see #120) (except that any residual payment will be in cash for all class members, including those who elect fiberglass coupons).

If the aggregate maximums disclosed in #12c are exceeded, the value of that aspect of the claim will be reduced on a proportional basis (i.e., based on the value of your claim in proration to the value of all claims).

b. How are class members categorized for the purposes of determining a claim value?

For the purpose of determining claim value (see #12c), class members will be divided into the following categories:

- Category 1: You received an IKO Offer/Release dated before May 28, 2016, you did not receive warranty benefits, and you do not have Qualifying Damage.
- Category 2: You received an IKO Offer/Release dated before May 28, 2016, you did not receive warranty benefits, and you have Qualifying Damage.⁵
- Category 3: You received an IKO Offer/Release dated before May 28, 2016, you received warranty benefits and you have Qualifying Damage.
- Category 4: You received an IKO Offer/Release dated on or after May 28, 2016 and you have Qualifying Damage.
 - Category 4a: You received an IKO Offer/Release dated on or after May 28, 2016, but before July 25, 2017⁶

⁵ A class member eligible for settlement benefits pursuant to #9h or i will also be treated as a Category #2 claimant.

⁶ July 25, 2017 is when the settlement agreement became effective.

- Category 4b: You received an IKO Offer/Release dated on or after July 25, 2017.

Category 4a claimants who did not sign a release will be provided with an extended period of time to sign the IKO Offer/Release in order to receive the warranty benefits provided for in the IKO Offer/Release. Any warranty benefits received will be in addition to any Settlement Benefits received. See #15 for the relevant deadline.

Category 4b claimants will not be required to elect between receiving warranty benefits and participating in the class action. Any warranty benefits received will be in addition to any Settlement Benefits received.

c. How will the claim value be calculated?

The “claim value” will be based on the number of points assigned to the claim. Generally speaking, the number of points reflects whether the class member received warranty benefits and/or experienced qualifying damage.

For the purposes of determining the claim value, the number of approved bundles will be based on the number of approved bundles provided in the IKO Offer/Release. For most types of IKO Organic Shingles, a bundle will typically cover 33 to 34 square feet of a roof.

The following chart sets out how the claim value will be calculated:

Categorization of Class Members	Point Value	Explanatory Notes
Category 1	15 points per approved bundle	Claims are discounted to reflect that the class member did not experience Qualifying Damage.
Category 2	40 points per approved bundle	
Category 3	2.5 points per approved bundle, to a maximum of \$100 per eligible settlement claimant, to an aggregate maximum of \$250,000	Claims are discounted to reflect the additional litigation risks associated with these claims. Had the action proceeded beyond a common issues trial, such class members would also have needed to establish that the signed release did not preclude their claims in the class action.
Category 4	25 points per approved bundle	The lower claim value relative to category 2 reflects that category 4 class members can receive warranty benefits in addition to their Settlement Benefits.
Interior Damage (see #12e)	Any additional Claim Value will be determined by assigning one-half (½) point for every \$1.00 in repair or replacement costs in connection with Interior Damage to a maximum of \$500 per eligible settlement claimant, and an aggregate maximum of \$50,000 from each of the initial payment fund and final payment fund.	

d. What is the option for electing IKO fiberglass shingles?

Claimants (other than Category 3 Claimants) can elect to receive part or full payment from the initial payment fund or final payment fund, as applicable, in the form of IKO fiberglass shingles. Claimants who make this election will be provided with a coupon for IKO fiberglass shingles, which they can redeem at any IKO distributor. Coupons will be issued based on the timeline disclosed in #13 and must be redeemed within six months of issuance. Any payments from the residual payment fund will be in cash for all class members, including those who elect fiberglass coupons.

The number of bundles contained in the coupon will be calculated by dividing the dollar value of the Settlement Benefits as determined by the Claims Administrator by \$15 (with an adjustment for inflation for claims filed after 2017) and rounding to the nearest whole number. For example, assuming that the Settlement Benefits are valued at \$1,000, the coupon would be for 67 bundles of shingles (\$1000/\$15). The related dollar value of the Settlement Benefits (in this example, \$1,000) will be paid by the Claims Administrator to IKO after the coupon is redeemed.

e. What qualifies as Interior Damage?

Category 2 and 4 Claimants can apply for additional Settlement Benefits in relation to any uncompensated Interior Damage. Interior Damage means water damage requiring repair or replacement of materials below the roof deck (the plywood or similar material installed on the roof trusses), beyond repainting and/or drywall repair, as a result of a leak of water through the IKO Organic Shingles and roof deck.

The total Settlement Benefits available to claims for Interior Damage is capped at \$100,000.

f. What deductions must be made in respect of Quebec class members?

Payments to Quebec Class Members are subject to deductions payable to the Fonds d'aide aux recours collectives, calculated in accordance with the governing regulations.

13. When will Settlement Benefits be paid out?

There will be two rounds of payments (including in respect of the issuance of a coupon for IKO fiberglass shingles), and a possible third round of payments (in cash, including for class members who elected to receive IKO fiberglass shingles):

- (a) an initial payment approximately 12-18 months after the Settlement Agreement is approved. The deadline to apply to receive Settlement Benefits as part of the initial payment is April 11, 2018.
- (b) a final payment approximately 9-12 months after the final claim deadline (December 31, 2023).
- (c) a residual payment at the completion of the claims process (assuming that there are sufficient residual funds available).

14. How do I apply to receive Settlement Benefits?

Class members who wish to apply to receive Settlement Benefits must submit a claim. Claims must be submitted online at www.ikoorganicsettlement.com. If you do not have Internet access, please contact the Claims Administrator at 1-866-962-0503. Claims must be submitted online or postmarked on or before the deadlines set out in #15.

In some circumstances, Class Members may be assisted by information that was collected by IKO as part of the IKO warranty claims program. However, class members are responsible for ensuring that adequate information is available to adjudicate the claim. Class members are also responsible for responding to requests for

additional information from the claims administrator. The failure to respond to such requests could result in the denial of the claim. Please retain any relevant records, pending the adjudication of your claim.

The Notice of Hearing advised that, if you had not done so already, you should register to receive updates about the class action. Registering to receive updates is not the same as submitting a claim for Settlement Benefits. To receive Settlement Benefits, you must submit a claim.

15. What is the deadline for applying to receive Settlement Benefits?

For Category 1-3, and 4a Claimants (see #12b), the deadline for applying for Settlement Benefits is April 11, 2018.⁷

Category 4a Claimants will be provided with an extended period of time to sign the IKO Offer/Release in order to receive the warranty benefits provided for in the IKO Offer/Release. The deadline for doing so is March 11, 2018.

For Category 4b Claimants, the deadline for applying for Settlement Benefits is 60 days after the date of the IKO Offer/Release, and no later than December 31, 2023.

For Category 2-4 Claimants, you must also have experienced Qualifying Damage within the time period provided for in #10.

16. Who is responsible for reviewing applications for Settlement Benefits and making decisions regarding eligibility?

The claims administrator (an independent third-party) is responsible for reviewing applications for Settlement Benefits and making decisions regarding eligibility for Settlement Benefits. RicePoint Administration Inc. was appointed by the Ontario Court as the claims administrator.

QUESTIONS

17. What if I still have questions?

Please visit www.ikoorganicsettlement.com for additional information. If you still have questions, please contact the claims administrator by email at iko@ricepoint.com or toll-free at 1-866-962-0503.

⁷ Except that the deadline for class members qualifying pursuant to #9i is the later of April 11, 2018 and 60 days after the IKO decision denying the IKO Warranty Claim or the class member otherwise being advised by IKO that he/she is ineligible for warranty benefits on the basis disclosed in #9i, and no later than December 31, 2023.