

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
CHARLOTTESVILLE DIVISION**

MARVIN E. SIKES,

Plaintiff,

v.

CRAIG A. WINN, THOMAS MORGAN,
REX SCATENA and DEAN M. JOHNSON,

Defendants.

Civil Action No. 3:00CV-0004

Judge Norman K. Moon

**NOTICE OF PENDENCY OF CLASS ACTION,
CONDITIONAL CLASS DETERMINATION,
PROPOSED SETTLEMENT OF CLASS ACTION,
SETTLEMENT FAIRNESS HEARING,
APPLICATION FOR ATTORNEYS' FEES AND
RIGHT TO SHARE IN THE NET SETTLEMENT FUND**

TO: ALL PERSONS OR ENTITIES WHO PURCHASED VALUE AMERICA, INC. COMMON STOCK IN THE APRIL 7, 1999 INITIAL PUBLIC OFFERING, OR AT ANY TIME IN THE OPEN MARKET BETWEEN APRIL 7, 1999 AND OCTOBER 6, 1999.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM **POST-MARKED ON OR BEFORE OCTOBER 12, 2004.**

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Western District of Virginia (the "Court"). The purpose of this Notice is to inform you of the pendency and proposed settlement of this class action litigation and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement. This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Litigation or the merits of the claims or defenses asserted. This Notice describes the rights you may have in connection with the settlement and what steps you may take in relation to the settlement and this class action litigation.

The proposed settlement creates a fund in the amount of \$4.6 million in cash (the "Settlement Fund") and will include interest that accrues on the fund prior to distribution. Your recovery from this fund will depend on a number of variables, including the number of shares of Value America, Inc. ("Value America") common stock you purchased in the April 7, 1999 initial public offering, or at any time in the open market between April 7, 1999 and October 6, 1999 (the "Class Period"), and the timing of your purchases and any

sales. Depending on the number of eligible shares purchased by Class Members who elect to participate in the settlement and when those shares were purchased and sold, the estimated average recovery per share will be approximately \$0.17 before deduction of Court-approved fees and expenses, consisting of: (1) an estimated average distribution per share for shares purchased in the April 7, 1999 initial public offering (“IPO”) of Value America common stock of approximately \$0.67 per share before deduction of Court-approved fees and expenses; and (2) an estimated average distribution per share for shares purchased in the open market during the Class Period of approximately \$0.11 per share before deduction of Court-approved fees and expenses.

Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if the Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Value America common stock at various times during the Class Period; (2) the extent to which the various allegedly adverse material facts that Plaintiffs alleged were omitted influenced (if at all) the price of Value America common stock in the IPO during the Class Period; and (3) whether the statements made or facts allegedly omitted were material, false, misleading or otherwise actionable under the securities laws; (4) the ability of open market purchasers to recover damages under the securities laws; and (5) the liability of any Defendant to persons who purchased shares in the IPO.

Plaintiffs believe that the proposed settlement is a good recovery and is in the best interest of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that Plaintiffs would not have prevailed on any of their claims, in which case the Class would receive nothing. Liability and the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the litigation gone to trial, Defendants would have asserted that all or most of the losses of Class Members were caused by non-actionable market, industry or general economic factors. Defendants would also assert that throughout the Class Period the uncertainties and risks associated with the purchase of Value America common stock were fully and adequately disclosed.

Plaintiffs’ Counsel have not received any payment for their services in conducting this Litigation on behalf of the Plaintiffs and the Class, nor have they been reimbursed for their substantial out-of-pocket expenditures. If the settlement is approved by the Court, Plaintiffs’ Counsel will apply to the Court for attorneys’ fees of 33-1/3% of the Settlement Fund and reimbursement of out-of-pocket expenses not to exceed \$150,000, to be paid from the Settlement Fund. If the amount requested is approved by the Court, the average cost per share will be \$0.06, consisting of: (1) an estimated average cost per share for shares purchased in the IPO of approximately \$0.24 per share; and (2) an estimated average cost per share for shares purchased in the open market during the Class Period of approximately \$0.04 per share.

For further information regarding this settlement, you may contact: Abbey Gardy, LLP, attention: James S. Notis or Gina M. Tufaro, 212 East 39th Street, New York, New York 10016, Telephone: 212-889-3700.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A settlement hearing will be held on August 13, 2004 at 1:00 p.m., before the Honorable Norman K. Moon, United States District Judge, at the United States Courthouse, Western District of Virginia, 255 West Main Street, Courtroom 300, Charlottesville, Virginia 22902 (the “Settlement Hearing”). The purpose of the Settlement Hearing will be to determine: (1) whether to finally certify the Class; (2) whether the settlement consisting of \$4.6 million in cash should be approved as fair, reasonable and adequate; (3) whether the proposed plan to distribute the settlement proceeds (the “Plan of Allocation”) is fair, reasonable, and adequate; (4) whether the application by Plaintiffs’ Counsel for an award of attorneys’ fees and expenses should be approved; (5) whether the Litigation should be dismissed with prejudice; and (6) to consider and rule upon such other matters as the Court may deem appropriate. The Court may adjourn or continue the Settlement Hearing without further notice to the Settlement Class.

II. DEFINITIONS USED IN THIS NOTICE

A. "Class" means all Persons (other than those Persons who timely and validly request exclusion from the Class) or entities who purchased Value America common stock in the April 7, 1999 initial public offering, or at any time in the open market between April 7, 1999 and October 6, 1999. Excluded from the Class are Defendants, members of the immediate family of each of the Defendants, any person, firm, trust, corporation, officer, director or other individual or entity in which any of the Defendants have a controlling interest, and the legal representatives, heirs, successors, predecessors in interest, affiliates or assigns of any of the Defendants.

B. "Related Parties" means each of Value America's past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which any of the Defendants have a controlling interest, and any members of any of the Defendants' immediate family.

C. "Released Claims" collectively means all claims (including "Unknown Claims" as defined in paragraph F hereof), demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether or not concealed or hidden, asserted or that might have been asserted, including, without limitation, claims for negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, fraud, breach of fiduciary duty, or violations of any state or federal statutes, rules or regulations, by Plaintiffs or any Class Member against Defendants and their Related Parties arising out of the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were, or could have been, alleged in the Litigation.

D. "Released Persons" means each and all of the Defendants and their Related Parties.

E. "Settlement Fund" means Four Million Six Hundred Thousand Dollars (\$4.6 million) in cash paid by check and deposited on September 15, 2003 into an interest-bearing escrow account established and controlled by Plaintiffs' Lead Counsel, plus all interest earned thereon.

F. "Unknown Claims" means any Released Claims which any Plaintiff or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to 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.

Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Plaintiffs and each of the Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true, with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

III. THE LITIGATION

On and after January 10, 2000, the following actions were filed in the United States District Court for the Western District of Virginia as class actions on behalf of purchasers of Value America common stock:

A. *Marvin E. Sikes v. Value America, Inc., Craig A. Winn, Thomas Morgan, Rex Scatena, and Dean M. Johnson*, Civil Action No. 3:00CV-00004, filed January 10, 2000;

B. *David McLaughlin v. Value America, Inc., Craig A. Winn, Thomas Morgan, Rex Scatena, and Dean M. Johnson*, Civil Action No. 3:00CV-00015, filed February 10, 2000;

C. *Charles C. Smith v. Value America, Inc., Craig A. Winn, Thomas Morgan, Rex Scatena, and Dean M. Johnson*, Civil Action No. 3:00CV-00014, filed February 10, 2000; and

D. *Alfred Cambronero v. Value America, Inc., Craig A. Winn, Thomas Morgan, Rex Scatena, and Dean M. Johnson*, Civil Action No. 3:00CV-00020, filed February 18, 2000.

These actions were consolidated for all purposes by an Order dated May 10, 2000. The consolidated actions are referred to herein collectively as the "Litigation." Value America, which had been named as a defendant in all of the complaints in the Litigation at the time of consolidation, filed a voluntary bankruptcy petition under Chapter 11 of the Bankruptcy Code on August 11, 2000. On October 20, 2000, Plaintiffs voluntarily dismissed Value America as a defendant in the Litigation. The dismissal was approved by the Court on November 14, 2000.

Plaintiffs filed their First Amended Class Action Complaint against Defendants on August 31, 2000 alleging that the registration statement and prospectus filed in connection with the April 7, 1999 initial public offering of Value America common stock failed to disclose material financial, business, and technological deficiencies from which Value America suffered. Defendants filed a motion to dismiss the First Amended Class Action Complaint, which the Court granted in part and denied in part by a Memorandum Opinion and Order dated July 19, 2001.

On August 8, 2001, Plaintiffs filed a Second Amended Class Action Complaint (the "Complaint"), which is the operative complaint in the Litigation. Defendants filed a motion to dismiss the Complaint, which the Court denied by an Order dated October 11, 2002, and a Memorandum Opinion, dated April 3, 2003.

IV. PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT

Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. Plaintiffs and Plaintiffs' Counsel, however, recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial and through appeals. Plaintiffs and Plaintiffs' Counsel have also taken into account the uncertain outcome and the risk of any lawsuit, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation. Plaintiffs and Plaintiffs' Counsel are also mindful of the inherent problems of proof under the possible defenses to the securities law violations asserted in the Litigation. Plaintiffs and Plaintiffs' Counsel have determined that the settlement set forth in the Stipulation is in the best interests of Plaintiffs and the Class.

V. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Plaintiffs in the Litigation. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation.

Nonetheless, Defendants have concluded that their defense of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the

terms and conditions set forth in this Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

VI. TERMS OF THE PROPOSED SETTLEMENT

Pursuant to the terms of the Stipulation of Settlement dated March 18, 2004 (the "Stipulation"), Defendants have paid or caused to be paid into an escrow account, cash in the amount of \$4.6 million which has been earning and will continue to earn interest for the benefit of the Class.

A portion of the settlement proceeds will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Settlement Fund and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to Plaintiffs' Counsel as attorneys' fees and for reimbursement of out-of-pocket expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Allocation described below to Class Members who submit valid and timely Proof of Claim forms.

VII. THE RIGHTS OF CLASS MEMBERS

If you are a Settlement Class Member, you may receive the benefit of, and you will be bound by the terms of, the proposed settlement described in §VI of this Notice, upon approval thereof by the Court.

If you are a Settlement Class Member, you have the following options:

A. You may file a Proof of Claim as described below. If you choose this option, you will remain a Class Member, you will share in the proceeds of the proposed settlement if your claim is timely and valid and if the proposed settlement is finally approved by the Court, and you will be bound by the Judgment and release described below.

B. If you do not wish to be included in the Settlement Class and you do not wish to participate in the proposed settlement described in this Notice, you may request to be excluded. To do so, you must so state **in writing no later than July 23, 2004**. You must set forth: your name, address and telephone number, and a statement that you wish to be excluded from the Class. **NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST.** You are also requested to state the number of shares of Value America common stock purchased and the number of shares sold during the Class Period and the dates and prices of such purchase(s), acquisition(s), and/or sale(s). The exclusion request should be addressed as follows:

Value America, Inc. Securities Litigation
c/o Berdon Claims Administration LLC
P.O. Box 9014
Jericho, NY 11753-8914

If you validly request exclusion from the Class: (1) you will be excluded from the Class; (2) you will not share in the proceeds of the settlement described herein; (3) you will not be bound by any judgment entered in the Litigation; and (4) you will not be precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the Litigation.

C. If you do not request, in writing, to be excluded from the Class as set forth in paragraph B above, you will be bound by any and all determinations or judgments in the Litigation in connection with the settle-

ment entered into or approved by the Court, whether favorable or unfavorable to the Class, and you shall be deemed to have, and by operation of the Judgment shall have fully released all of the Released Claims against the Released Persons, whether or not you submit a valid Proof of Claim.

D. You may object to the settlement and/or the application of Plaintiffs' Counsel for an award of attorneys' fees and reimbursement of expenses in the manner set forth below. The filing of a Proof of Claim by a Class Member does not preclude a Class Member from objecting to the settlement. However, if your objection is rejected you will be bound by the settlement and the Judgment just as if you had not objected.

E. You may do nothing at all. If you choose this option, you will not share in the proceeds of the settlement, but you will be bound by any judgment entered by the Court, and you shall be deemed to have, and by operation of the Judgment shall have fully released all of the Released Claims against the Released Persons.

F. If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing, at your own expense. If you do not do so, you will be represented by Plaintiffs' Lead Counsel: Abbey Gardy, LLP, James S. Notis, Gina M. Tufaro, 212 East 39th Street, New York, New York 10016.

VIII. PLAN OF ALLOCATION

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim forms ("Authorized Claimants") under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Settlement Fund only if you have a net loss on all transactions in Value America common stock during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Plaintiffs' Counsel have consulted with their damage consultants and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered had Plaintiffs prevailed at trial on all claims.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A claim will be calculated as follows:

A. For shares of Value America common stock that were purchased for \$23 per share in the April 7, 1999 IPO, damages are the lesser of: (1) \$1.50 per share; or (2) \$23.00 less the amount realized from the sale of any such shares (excluding commissions, taxes, and fees), if sold.

B. For shares of Value America common stock that were purchased between April 7, 1999 and October 6, 1999, inclusive, but not purchased for \$23.00 per share in the April 7, 1999 IPO, damages are the lesser of: (1) \$0.25 per share; or (2) \$23.00 less the amount realized from the sale of any such shares (excluding commissions, taxes, and fees), if sold.

C. The date of purchase or sale is the "trade" date, not the "settlement" date.

D. The date covering a "short sale" is deemed to be the date of purchase of Value America common stock. The date of a "short sale" is deemed to be the date of sale of Value America common stock.

E. For Class Members who held shares at the beginning of the Settlement Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of shares

during the Class Period will be matched, in chronological order, first against shares held at the beginning of the Class Period. The remaining sales of shares during the Class Period will then be matched, in chronological order, against shares purchased during the Class Period.

F. A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in Value America common stock during the Class Period are subtracted from all losses. No payment will be made on any claims where the potential distribution amount is \$5.00 or less, but the Authorized Claimant will nonetheless be bound by the final judgment entered by the Court.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Plaintiffs' Counsel or any claims administrator or Defendants or other agent designated by Plaintiffs' Counsel or Defendants or Defendants' Counsel based on distributions made substantially in accordance with the Stipulation and the settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim and Release shall be barred from participating in distributions from the Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

IX. PARTICIPATION IN THE SETTLEMENT

If you fall within the definition of the Settlement Class, you will be bound by any judgment entered with respect to the settlement in the Litigation, whether or not you file a Proof of Claim. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE.

The Proof of Claim and Release must be **postmarked on or before October 12, 2004**, and addressed to the Claims Administrator at the address below.

Value America, Inc. Securities Litigation
c/o Berdon Claims Administration LLC
P.O. Box 9014
Jericho, NY 11753-8914

Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will, in all other respects, be bound by the provisions of the Stipulation and the Judgment.

X. DISMISSAL AND RELEASES

If the proposed settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice ("Judgment"). The Judgment will dismiss the Released Claims with prejudice as to all Defendants. The Judgment will provide that all Class Members shall be deemed to have released and forever discharged all Released Claims (to the extent Class Members have such claims) against all Released Persons and that the Released Persons shall be deemed to have released and discharged all Class Members and Plaintiffs' Counsel from all claims arising out of the prosecution and settlement of the Litigation or the Released Claims.

XI. APPLICATION FOR FEES AND EXPENSES

At the Settlement Hearing, Plaintiffs’ Counsel will request that the Court award attorneys’ fees of thirty three and one-third percent (33-1/3%) of the Settlement Fund, plus reimbursement of the expenses, not to exceed \$150,000, which were advanced in connection with the Litigation, plus interest thereon. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

To date, Plaintiffs’ Counsel have not received any payment for their services in conducting this Litigation on behalf of Plaintiffs and Class Members, nor have Plaintiffs’ Counsel been reimbursed for their substantial out-of-pocket expenses. The fee requested by Plaintiffs’ Counsel will compensate Plaintiffs’ Counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a wholly contingent basis. The fee requested is within the range of fees awarded to counsel under similar circumstances in other litigation of this type.

XII. CONDITIONS FOR SETTLEMENT

The settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from or alter or amend the Judgment. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of July 30, 2003.

XIII. THE RIGHT TO BE HEARD AT THE HEARING

Any Class Member who objects to any aspect of the settlement, the Plan or Allocation, or the application for attorneys’ fees and expenses, may appear and be heard at the Settlement Hearing. Any such Person must submit a written notice of objection, received on or before July 23, 2004, by each of the following:

CLERK OF THE COURT
United States District Court
For the Western District of Virginia
255 West Main Street
Charlottesville, VA 22902

ABBEY GARDY, LLP
James S. Notis
Gina M. Tufaro
212 East 39th Street
New York, NY 10016
Lead Counsel for Plaintiffs

LATHAM & WATKINS LLP
Laurie B. Smilan
J. Christian Word
11955 Freedom Drive
Reston, VA 20901

- and -

PATTON BOGGS LLP
Eric A. Kuwana
2550 M Street, N.W.
Washington, D.C. 20037

Counsel for Defendants

The notice of objection must demonstrate the objecting Person’s membership in the Class, including the number of Value America shares purchased, acquired and sold during the Class Period, and contain a statement of the reasons for objection. Only Class Members who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

XIV. SPECIAL NOTICE TO NOMINEES

If you hold any Value America common stock purchased during the Class Period as nominee for a beneficial owner, then, within ten (10) business days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons, **preferably on computer generated mailing labels, or electronically, in MS Word or WordPerfect files (label size Avery # 5162) or in an MSExcel data table setting forth (a) title/registration, (b) street address, (c) city/state/zip code**, addressed to the Claims Administrator as follows:

Value America, Inc. Securities Litigation
c/o Berdon Claims Administration LLC
P.O. Box 9014
Jericho, NY 11753-8914
Telephone: 800-766-3330
Fax: 516-931-0810
Website: www.berdonllp.com/claims

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim, upon submission of appropriate documentation to the Claims Administrator.

XV. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you may review the Stipulation filed with the Court, which may be inspected at the office of the Clerk of the Court, United States Courthouse, 255 West Main Street, Charlottesville, Virginia 22902, during its normal business hours.

If you have any questions about the settlement of the Litigation, you may contact Lead Counsel for Plaintiffs by writing:

ABBHEY GARDY, LLP
James S. Notis
Gina M. Tufaro
212 East 39th Street
New York, NY 10016

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.

DATED: June 4, 2004

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA

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