

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Settlement Agreement” or “Settlement”) is reached by and between Plaintiffs Sylvia Blanco (“Blanco”), Bret Lester (“Lester”), Robert Alvarez (“Alvarez”), Francisco Arechiga (“Arechiga”), and Angela Kyler (“Kyler”) (collectively, “Plaintiffs”), individually and on behalf of all members of the Settlement Class (defined below), on the one hand, and Defendant Harbor Freight Tools USA, Inc. (collectively “Harbor Freight” or “Defendant”), on the other hand. Plaintiffs and Defendant are referred to herein collectively as the “Parties.” Plaintiffs, the Settlement Class, and the PAGA Employees are represented by Christina Humphrey of Christina Humphrey Law, P.C., Larry W. Lee of Diversity Law Group, P.C., Dennis Hyun of Hyun Legal, William Marder of Polaris Law Group, Paul K. Haines of Haines Law Group, APC, and Aparajit Bhowmik of Blumenthal Nordrehaug Bhowmik De Blouw LLP (“Class Counsel”). Harbor Freight is represented by Warren J. Higgins and Elissa Gysi of Hill, Farrer & Burrill, LLP (“Defense Counsel”).

Lester originally filed a wage and hour class action complaint on behalf of all Assistant Managers against Harbor Freight in Ventura County Superior Court (the “Court”), titled *Bret Lester v. Harbor Freight Tools, USA, Inc.*, Case No. 56-2014-00454445-CU-OE-VTA, on July 13, 2016 (the “Lawsuit”). Plaintiffs thereafter filed a First Amended Complaint on November 14, 2016, adding (1) adding Mr. Lester’s PAGA claims, which essentially allege the same underlying violations; and (2) adding Plaintiff Robert Alvarez as a named Plaintiff, who did not sign an arbitration agreement while employed at Harbor Freight.

The Parties attended a full-day mediation on February 25, 2021. With the assistance of Mediator Steve Pearl, the Parties reached an agreement and subsequently signed a Memorandum of Understanding (“MOU”). As part of this Settlement Agreement, the Parties have agreed to file a Second Amended Complaint adding Plaintiffs Blanco, Arechiga and Kyler as PAGA representatives and consolidating the claims alleged in *Sylvia Blanco v. Harbor Freight Tools USA, Inc.*, Los Angeles County Superior Court Case No. BC603939 (“Blanco”), *Bret Lester and Robert Alvarez v. Harbor Freight Tools USA, Inc.*, Ventura County Superior Court Case No. 2016-00484055 (“Lester”), *Francisco Arechiga v. Harbor Freight Tools USA, Inc.*, Los Angeles County Superior Court Case No. 20STCV10502 (“Arechiga”) and *Angela Kyler v. Harbor Freight Tools USA, Inc.*, San Diego County Superior Court Case No. 00042006 (“Kyler”) (together, the “Actions”). The Parties agreed that while approval of settlement is pending in Ventura County in the *Lester* Action, the Parties will seek stays in the remaining Actions. Each Plaintiff’s counsel agreed to prepare and file a joint stipulation for stay in each Action, and Harbor Freight’s counsel agreed to cooperate and assist in obtaining the stay in all Actions. After final approval of the Settlement in *Lester*, the Parties agreed to cooperate to obtain dismissals of all the other Actions with prejudice.

The operative Second Amended Complaint (“Complaint”) alleges the following causes of action: (1) Failure to Pay For All Hours Worked; (2) Failure to Pay Wages at the Agreed Rate; (3) Failure to Provide Meal Periods; (4) Failure to Provide Rest Periods; (5) Failure to Pay Timely Wages Upon Termination; (6) Failure to Provide Accurate Itemized Wage Statements; (7) Unfair Business Practices; and (8) Civil Penalties Under the Private Attorneys General Act of 2004 (Labor Code §§2698, et. seq.) (“PAGA”). On August 10, 2021, Plaintiff filed the Second Amended Complaint.

Accordingly, Plaintiffs and Harbor Freight agree as follows:

1. Settlement Class. For purposes of this Settlement Agreement only, Plaintiffs and Harbor Freight stipulate to the certification of a Settlement Class, defined as all current and former non-exempt employees employed by Defendant in the State of California in the position of non-exempt Assistant Store Managers who worked at least one workweek for Harbor Freight at any time from November 14, 2012 to April 23, 2015 (the “Class Period”), whose employment ended before April 24, 2015, and who did not sign a release agreement with Harbor Freight. Defendants represents there are approximately 81 individuals in the Settlement Class, including Plaintiff Alvarez.

Stipulation to Certification for Purposes of Settlement: The Parties agree that certification of the Settlement Class for purpose of settlement is not an admission that class certification is proper under Section 382 of the Code of Civil Procedure in a non-settlement context. If for any reason this Settlement is not approved or is terminated, this conditional agreement to class certification will be inadmissible and will have no effect in this matter or in any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement. The Second Amended Complaint filed in the *Lester* action will be considered void and the operative complaint in the *Lester* action will revert to the First Amended Complaint.

2. PAGA Employees. For purposes of this Settlement Agreement only, Plaintiffs and Harbor Freight agree to settle with the “PAGA Employees,” defined as all current and former non-exempt employees employed by Defendant in the State of California in the position of non-exempt retail store employees who worked at least one pay period for Harbor Freight at any time from July 28, 2014 to June 30, 2015 and January 9, 2019 to February 28, 2021 (the “PAGA Period”).

Representation as to Number of Pay Periods: Harbor Freight represents that there are approximately 150,000 pay periods worked by Aggrieved Employees in California (“Affected Pay Periods”) during the PAGA Period. If the actual number of Affected Pay Periods during the PAGA Period is more than 10% greater than this number (i.e., if there are more than 165,000 Affected Pay Periods during the PAGA Period), Harbor Freight shall increase the GSA in proportion to the increase in Affected Pay Periods over 10% (e.g., if the number of Affected Pay Periods in the PAGA Period is 12% greater than 150,000, Harbor Freight will increase the GSA by 2%).

2. Releases.

- A. **Release by Settlement Class.** Once the Defendant fully funds the settlement, Plaintiffs and every participating member of the Settlement Class will unconditionally and irrevocably forever release and discharge Harbor Freight, and its current and former members, managers, owners, shareholders, officers, directors, employees, consultants, accountants, joint venturers, attorneys, representatives, agents, benefit plans, parent companies, subsidiaries, affiliates, related entities, successors, and assigns (“Released Parties”) from all claims, rights, demands, liabilities and causes of action that arose during the Class Period for wages, damages, penalties, attorneys’ fees, costs, and interest based on the factual allegations pled in the *Lester* Action (“Released Class Claims”).
- B. **Release by PAGA Employees.** Once the Defendant fully funds the settlement, Plaintiffs, all PAGA Employees, and the State of California will unconditionally and irrevocably forever release and discharge Harbor Freight and the Released

Parties from civil penalties under PAGA for the PAGA Period, based on the factual allegations pled in the operative complaints and PAGA letters to the LWDA in the Actions, including any claims for attorneys' fees, costs, or interest resulting therefrom ("Released PAGA Claims").

Plaintiffs and all PAGA Employees who were employed by Defendant during the PAGA Period will not have the opportunity to opt out or object to the PAGA Payment, as described below in section 4.C, and/or release of PAGA claims set forth in this Agreement although the release of PAGA claims will be subject to Court approval.

- C. **Release by Plaintiffs.** In light of Plaintiffs' Class Representative Incentive Awards (discussed below), Plaintiffs have agreed to release, in addition to the Class Released Claims and PAGA Released Claims described above, all claims, whether known or unknown, under federal or state law, against all Released Parties through the date this Settlement is signed by Plaintiffs ("Plaintiffs' Released Claims"). Plaintiffs understand that this release includes unknown claims and that they are, as a result, waiving all rights and benefits afforded by Section 1542 of the California Civil Code, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Specifically excluded from Plaintiffs' Released Claims are any claims that cannot be released as a matter of law, such as claims for workers' compensation benefits or unemployment benefits.

- D. **Released Claims.** All claims defined above as Released Class Claims, Released PAGA Claims, and Plaintiffs' Released Claims shall be jointly referred to below as "Released Claims."
3. **Gross Settlement Amount.** As consideration, Harbor Freight agrees to pay a "Gross Settlement Amount" or "GSA" of Three million, five hundred thousand dollars, and Zero Cents (\$3,500,000.00.) in full and complete settlement of this matter, as follows:
- A. The Parties have agreed to engage ILYM Group ("ILYM") as the "Settlement Administrator" to administer this Settlement.
- B. The Gross Settlement Amount shall be deposited with the Settlement Administrator within thirty (30) calendar days after Final Approval (which, for this purpose, shall be defined as the date on which the Court enters an Order granting Final Approval) or, solely in the event that there are any objections to the settlement (the submission of an objection being a prerequisite to the filing of an appeal), the later of: (i) thirty (30) days after the last date on which any appeal might be filed or (ii) thirty (30) days after the successful resolution of any appeal(s).
- C. This is a non-reversionary settlement. The Gross Settlement Amount includes:

- (1) All payments (including interest) to the Settlement Class;
 - (2) All payments (including interest) to the PAGA Employees;
 - (3) All costs of the Settlement Administrator and settlement administration, which are anticipated to be no greater than \$21,500;
 - (4) Up to \$10,000.00 for each Plaintiff (for a total of \$50,000.00), for Plaintiffs' Class/PAGA Representative Incentive Awards, in recognition of their contributions to the Lawsuit and their service to the Settlement Class;
 - (5) Class Counsel attorney fees of up to 35% of the GSA (currently estimated to be \$1,225,000.00), plus litigation costs and expenses incurred by Class Counsel in relation to the Lawsuit as supported by declaration, which are currently estimated to be no greater than \$122,500. In the event the Court reduces or does not approve the requested Class Counsel attorneys' fees and costs, Class Counsel shall not have the right to revoke this settlement, and it will remain binding (although Class Counsel will retain the right to appeal the Court's award if it is less than amount sought);
- D. Harbor Freight's share of payroll taxes on any wage portion of the payments to the Settlement Class shall be paid by Harbor Freight separately from, and in addition to, the Gross Settlement Amount.
- E. To the extent the Court awards less than the requested amount of attorneys' fees, litigation costs and expenses, Class Representative Awards, or Administration Costs, then the amount not awarded shall be distributed to PAGA employees according to the formula set forth below in Paragraph 4(C) below.
4. **Payments to the Settlement Class and PAGA Employees.** Settlement Class members are not required to submit a claim form to receive a payment from the Settlement ("Settlement Share").

Settlement Shares will be determined and paid as follows:

- A. The Settlement Administrator shall first deduct from the Gross Settlement Amount the amounts approved by the Court for Class Counsel's attorneys' fees, Class Counsel's costs and expenses, Plaintiffs' Class Representative Incentive Awards, and the Settlement Administrator's administration costs. The remaining amount shall be known as the "Net Settlement Amount" or "NSA."
- B. Payments from the Net Settlement Amount: Of the Net Settlement Amount, 15% shall be allocated to the Settlement Class only ("Settlement Class Amount"). The Settlement Administrator will calculate each participating Settlement Class member's payment from the NSA based on the following formula:
 - i. Payments to all Settlement Class members: Each Settlement Class Member who worked for Harbor Freight during the Class Period shall receive a portion of the Settlement Class Amount proportionate to the number of

workweeks worked by that Settlement Class Member during the Class Period, and which will be calculated by multiplying the Net Settlement Amount by a fraction, the numerator of which is the participating Settlement Class member's number of workweeks worked during the Class Period, and the denominator of which is the total workweeks worked by all participating Settlement Class members during the Class Period.

- C. PAGA Payment from the Net Settlement Amount: Of the Net Settlement Amount, 85% (the "PAGA Amount") shall be allocated for violations of the PAGA, which shall be paid (i) 75% to the California Labor and Workforce Development Agency (LWDA) and (ii) 25% to Aggrieved Employees, pursuant to Labor Code § 2699(i), divided amongst Aggrieved Employees.
- i. Payments to all PAGA Employees: Each PAGA Employee who worked for Harbor Freight during the PAGA Period shall receive a portion of the PAGA Amount proportionate to the number of pay periods worked by that PAGA Employee during the PAGA Period, and which will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the PAGA Employees' number of pay periods worked as a non-exempt employee for Harbor Freight in California during the PAGA period, and the denominator of which is the total number of pay periods worked by all participating PAGA Employees as non-exempt employees for Harbor Freight in California during the PAGA Period.
- D. Within seven (7) business days following Harbor Freight' deposit of the Gross Settlement Amount with the Settlement Administrator, the Settlement Administrator will calculate Settlement Shares (including the Defendant's share of payroll taxes from the Settlement Class payments) and provide the same to Class Counsel and Defense Counsel for review and approval. Within five (5) business days of approval by counsel, the Settlement Administrator will prepare and mail Settlement Shares, less applicable taxes and withholdings for payments to the Settlement Class, to participating Settlement Class members, to the PAGA Employees, as well as the Plaintiffs' Incentive Awards to Plaintiffs and the PAGA payment to the LWDA. The Settlement Administrator shall simultaneously pay all applicable withholdings to the applicable authorities with the necessary reports, submitting copies to Defense Counsel. Harbor Freight shall also remit the employer's share of payroll taxes within this time frame to the Settlement Administrator, who shall promptly transmit such sum to the appropriate taxing authorities.
- E. For purposes of calculating applicable taxes and withholdings for payments to Settlement Class members, each Settlement Share shall be allocated as follows: one-third (1/3) as wages; one-third (1/3) as penalties; and one-third (1/3) as interest. For purposes of calculating applicable taxes and withholdings for PAGA Employees, each Settlement Share shall be allocated one hundred percent (100%) as penalties, which shall be reported on an IRS Form 1099. The Settlement Administrator will be responsible for issuing to participating Settlement Class Members an IRS Form W-2 for amounts deemed "wages" and an IRS Form 1099 for the portions allocated as penalties and interest. As stated above, Harbor Freight

is responsible for its share of the payroll taxes on the wages portion of the Settlement Shares, and these taxes will not be deducted from the Gross Settlement Amount. Notwithstanding the treatment of the payments to each participating Settlement Class member above, none of the payments called for by this Settlement Agreement are to be treated as earnings, wages, pay, or compensation for any purpose of any applicable bonus, benefit or retirement plan, unless required by such plans.

- F. Each participating Settlement Class member and PAGA Employee who is mailed a Settlement Share must cash his/her Settlement Share check within 180 days from the date the Settlement Administrator mails it. The Settlement Administrator will send a reminder postcard to those Settlement Class Members and PAGA employees who have not cashed the check after ninety (90) days. Any funds payable to participating Settlement Class members and PAGA Employees whose checks were not cashed within 180 days after mailing will be deposited by the Settlement Administrator with Casa Pacifica. Casa Pacifica is a nonprofit organization assisting children and young adults overcome difficult circumstances including abuse and neglect, complex emotional and behavioral issues, and family crisis. The Parties and/or Counsel for the Parties do not have any interests or involvement with the governance or work of Casa Pacifica. After 240 days from mailing of checks, the Settlement Administrator will provide a declaration to counsel confirming the status of uncashed checks and deposits made with Casa Pacifica.
- G. Neither Plaintiffs nor Harbor Freight nor their respective counsel shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

5. **Attorneys' Fees and Costs.** Class Counsel will request a total award of attorneys' fees of 35% of the Gross Settlement Amount (currently estimated at \$1,225,000.00), plus actual costs and expenses as supported by declaration in an amount not to exceed \$122,500. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. The Settlement Administrator will send by mail, or wire Class Counsel the attorneys' fees and cost award when it mails the Settlement Shares. The Settlement Administrator will issue Class Counsel IRS Forms 1099 when the Settlement Administrator pays the fee and cost award allowed by the Court.

6. **Class Representative Incentive Award.** Plaintiffs will request Class/PAGA Representative Incentive Awards of \$10,000.00 to each Plaintiff (\$50,000.00 total) from the Gross Settlement Amount for Plaintiffs' general release of claims, their time and risks in prosecuting this Lawsuit, and their service to the Settlement Class. This award will be in addition to Plaintiffs' Settlement Share as a Settlement Class member and shall be reported on an IRS Form 1099 by the Settlement Administrator. The Settlement Administrator will mail Plaintiffs the Class/PAGA Representative Incentive Awards and issue Plaintiffs IRS Forms 1099 when it mails the Settlement Shares.

7. **Settlement Administrator.** The parties will request the appointment of ILYM as Settlement Administrator. Harbor Freight will not object to Plaintiffs' seeking permission to pay up to \$21,500.00 from the Gross Settlement Amount for the Settlement Administrator's services. The Settlement Administrator shall be responsible for sending notices and for calculating Settlement Shares and preparing all checks and mailings, and other duties as described in this Settlement Agreement. The Settlement Administrator shall be authorized to pay itself from the Gross Settlement Amount only after Settlement Shares have been mailed to all participating Settlement Class members.

8. **Preliminary Approval.** Within a reasonable time after execution of this Settlement Agreement by the Parties, Plaintiffs' counsel shall submit this Settlement Agreement and the Preliminary Approval Motion to the LWDA as required by PAGA. Plaintiffs shall apply to the Court for the entry of an Order:

- A. Conditionally certifying the Settlement Class for purposes of this Settlement Agreement;
- B. Appointing Christina Humphrey of Christina Humphrey Law, P.C. Larry W. Lee of Diversity Law Group, P.C., Dennis Hyun of Hyun Legal, William Marder of Polaris Law Group, Paul K. Haines of Haines Law Group, APC, and Aparajit Bhowmik of Blumenthal Nordrehaug Bhowmik De Blouw LLP as Class Counsel;
- C. Appointing Plaintiffs as Class Representatives for the Settlement Class;
- D. Approving as ILYM Group as the Settlement Administrator;
- E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;
- F. Approving the form and content of the Class Notice Packet (which is comprised of the Class Notice and the Notice of Estimated Settlement Award, attached hereto as Exhibit 1-A and 1-B), and directing the mailing of same after the Order Granting Preliminary Approval; and
- G. Scheduling a Final Approval hearing.

9. **Employee Data.** Within ten (10) business days after entry of an order preliminarily approving this Agreement, Harbor Freight will provide the Settlement Administrator with the name, last known address, last known phone number, social security number, dates of employment for the Class Period and PAGA Period (if applicable), plus the number of workweeks worked in California during the Class Period and the number of pay periods worked during the PAGA Period, for each Settlement Class member and PAGA Employee (the "Employee Data"). The Employee Data shall be provided to the Settlement Administrator in an electronic format satisfactory to the Settlement Administrator.

10. **Notice to Settlement Class and PAGA employees.**

- A. Within ten (10) business days from receipt of the Class Data, the Settlement Administrator shall (i) run the names of all Settlement Class members and PAGA Employees through the National Change of Address ("NCOA") database to determine any updated addresses for Settlement Class members and PAGA Employees; (ii) update the addresses of any Settlement Class member and PAGA

Employees for whom an updated address was found through the NCOA search; (iii) calculate the estimated Settlement Share for each Settlement Class member; (iv) provide Class Counsel and Defense Counsel with (a) the number of Settlement Class members as well as the Settlement Administrator's estimated Settlement Shares for each Settlement Class member (with the names of Settlement Class members anonymized) and (b) formatted versions of the Notice Packets to be sent to Settlement Class members; and (v) after receiving approval from all counsel, mail a Notice Packet (in English and Spanish) to each Settlement Class member at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing. The Notice packet for Settlement Class Members is attached hereto as Exhibit "1." The proposed notice for PAGA employees to be enclosed with payment upon final approval is attached hereto as Exhibit "2."

- B. Requests for Exclusion. Any Settlement Class member who wishes to opt-out of the class settlement must complete and mail an Exclusion Letter (defined below) to the Settlement Administrator on or before forty-five (45) calendar days after the date of the initial mailing of the Notice Packets (the "Response Deadline").
- i. The Notice Packet shall state that Settlement Class members who wish to exclude themselves from the settlement must submit an Exclusion Letter by the Response Deadline. The Exclusion Letter is a document prepared by the Settlement Class member that must: (1) contain the Settlement Class member's name, address, telephone number, and last four digits of his/her Social Security number; (2) contain a statement that the Settlement Class member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class member; and (4) be postmarked or emailed or faxed by the Response Deadline and mailed, emailed, or faxed to the Settlement Administrator at the address/contact information specified in the Class Notice. If the Exclusion Letter does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from this settlement, except an Exclusion Letter not containing either a Settlement Class member's telephone number and/or last four digits of the Social Security number will be deemed valid. The date of the postmark on the Exclusion Letter, or fax or email received by the Settlement Administrator, shall be the exclusive means used to determine whether an Exclusion Letter has been timely submitted. Any Settlement Class member who requests to be excluded from the Settlement Class will not be entitled to any recovery of class payments under this Settlement Agreement, will not be bound by the terms of the Settlement Agreement as to the Settlement Class, and will not have any right to object, appeal, or comment thereon. However, any Settlement Class member who requests exclusion from the Class Settlement will not be excluded from the PAGA Settlement and will still receive his/her share of the PAGA payment (if applicable). The Settlement Administrator will notify the Parties of the total number of Exclusion Letters received within seven (7) calendar days after the Response Deadline.
 - ii. The Parties and their counsel agree not to take any action to encourage any Settlement Class member to opt out of or object to the settlement.

- C. Objections. Members of the Settlement Class who do not request exclusion may object to the class settlement, but not the PAGA settlement, in this Settlement Agreement either by submitting a written objection to the Settlement Administrator as explained in the Class Notice or appearing at the hearing on Final Approval via CourtCall or in person, depending on the protocols of the Court at the time of Final Approval. The Settlement Administrator shall, within two (2) business days of receipt, serve any written objection(s) as received on Class Counsel and Defense Counsel, who shall then promptly file all such objections with the Court. Defense Counsel and Class Counsel shall file and serve any responses to written objections no later than five (5) calendar days prior to the Final Approval hearing.
- D. Notice of Estimated Settlement Award / Disputes. Each Notice Packet mailed to Settlement Class members shall contain a Notice of Estimated Settlement Award, in which shall be disclosed the amount of the Settlement Class member's estimated Settlement Share as well as all of the information that was used from Defendant's records in order to calculate the Settlement Share, including the number of workweeks and pay periods worked in California during the Class Period. Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in their Notice of Estimated Settlement Award, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with counsel for the Parties to determine whether an adjustment to the Settlement Class member's Settlement Share is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Share under the terms of this Settlement. The Settlement Administrator's determination of the eligibility for and amount of any Settlement Share shall be binding upon the Settlement Class member and the Parties.
- E. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a "skip trace," to obtain an updated mailing address within three (3) business days of receiving the returned Notice Packet. Efforts to locate updated addresses for returned notices should continue throughout the 45-day notice period. If an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member within two (2) business days of obtaining the updated address. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Settlement Class member. It will be conclusively presumed that, if an envelope so mailed has not been returned within thirty (30) days of the mailing, the Settlement Class member received the Notice Packet. Settlement Class members to whom Notice Packets are re-mailed after having been returned as undeliverable to the Settlement Administrator shall have fourteen (14) calendar days from the date of re-mailing, or until the Response Deadline, whichever is later, to submit an

Exclusion Letter, Objection, or dispute, as applicable. In no event can a Settlement Class Member submit an Exclusion Letter, Objection, or dispute beyond sixty (60) days from the date of the initial mailing. Notice Packets that are re-mailed shall inform the recipient of this adjusted deadline, if applicable. If a Settlement Class member's Notice Packet is returned to the Settlement Administrator more than once as non-deliverable, then an additional Notice Packet need not be mailed. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defense Counsel to provide notice of the proposed settlement.

10. **Final Approval.** Following preliminary approval and the close of the period for submitting Exclusion Letters, Objections, or disputes under this Settlement Agreement, Plaintiffs shall apply to the Court for entry of an Order:

- A. Granting final approval of the Settlement Agreement and adjudging its terms to be fair, reasonable, and adequate;
- B. Approving Plaintiffs' and Class Counsel's application for attorneys' fees, costs, Class Representative Incentive Awards, and settlement administration costs; and
- C. Entering judgment pursuant to California Rule of Court 3.769.

11. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this settlement. Each of the Parties has entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code § 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is void, but remains protected by California Evidence Code § 1152.

12. **Nondisclosure and Nonpublication.** Plaintiffs and Class Counsel agree not to disclose or publicize the Settlement Agreement contemplated herein, the fact of the Settlement Agreement, its terms or contents, or the negotiations underlying the Settlement Agreement to any person or entity, except to Settlement Class members and as shall be contractually required to effectuate the terms of the Settlement Agreement as set forth herein, and except to Plaintiffs' spouses or to their attorneys or tax preparers as necessary for those professionals to provide their professional services to Plaintiffs. Further, Class Counsel may disclose this Agreement and any supporting briefing to the appropriate governmental agencies, including the Labor Workforce Development Agency. Moreover, for the limited purpose of allowing Class Counsel to prove adequacy as class counsel in other actions, Class Counsel may disclose the names of the Parties in this Action, the venue/case number of this Lawsuit, and a general description of the Lawsuit and amount of settlement, to a court in a declaration by Class Counsel.

13. **Continuing Jurisdiction.** Except as otherwise specifically provided for herein, the Court shall retain jurisdiction to construe, interpret and enforce this Settlement, to supervise all notices, the administration of the Settlement, and to hear and adjudicate any dispute arising from or related to the Settlement. The Parties agree that the Court has jurisdiction over the Settlement pursuant to California Code of Civil Procedure, Section 664.6. If any party brings an action to enforce this Agreement, the prevailing party shall be entitled to its/her/his reasonable attorneys' fees and costs.

14. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by counsel for all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

15. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Harbor Freight: Warren J. Higgins, Elissa Gysi, Hill, Farrer & Burrill, LLP
One California Plaza
300 S. Grand Avenue, 37th Floor
Los Angeles, California 90071
whiggins@hfbllp.com, egysi@hfbllp.com

if to Plaintiffs: Christina Humphrey, Christina Humphrey Law, P.C.,
591 Telegraph Canyon Rd, #376 Chula Vista, CA 91910
christina@chumphreylaw.com

Larry W. Lee, Diversity Law Group, P.C.,
515 S Figueroa St Suite 1250, Los Angeles, CA 90071
lwlee@diversitylaw.com

Paul K. Haines, Haines Law Group, APC,
2155 Campus Drive, Suite 180, El Segundo, CA 90245
phaines@haineslawgroup.com

Aparajit Bhowmit, Blumenthal Nordrehaug Bhowmik De Blouw LLP,
2255 Calle Clara, La Jolla, CA 92037
aj@bamlawlj.com

16. **Applicable Law.** All terms and conditions of this Settlement Agreement and its exhibits will be governed by and interpreted according to the laws of the State of California, without giving effect to any conflict of law or choice of law principles.

17. **Captions and Interpretations.** Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement or any provision hereof. Each term of this Agreement is contractual and not merely a recital.

18. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.

19. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts, by DocuSign, and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

20. **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Settlement. This Settlement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

SIGNATURES

DATED: _____, 2021

HARBOR FREIGHT TOOLS USA, INC.

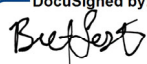
By: _____

Name: Marc Friedman

Its: Executive Vice President, Legal and Human Resources

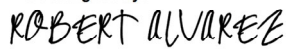
DATED: September 25, 2021

Bret Lester

DocuSigned by:
By: 
2C44A9806885451
Plaintiff and PAGA Representative

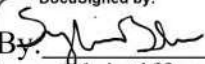
DATED: 9/27, 2021

Robert Alvarez

DocuSigned by:
By: 
17D3B026A4584CA
Plaintiff and Class Representative

DATED: 9/24/2021, 2021

Sylvia Blanco

DocuSigned by:
By: 
F4A288E81
Plaintiff and PAGA Representative

DATED: _____, 2021

Francisco Arechiga

By: _____
Plaintiff and PAGA Representative

20. **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Settlement. This Settlement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

SIGNATURES

DATED: September 26, 2021

HARBOR FREIGHT TOOLS USA, INC.

By:  _____

Name: Marc Friedman

Its: Executive Vice President, Legal and Human Resources

DATED: _____, 2021

Bret Lester

By: _____
Plaintiff and PAGA Representative

DATED: _____, 2021

Robert Alvarez

By: _____
Plaintiff and Class Representative

DATED: _____, 2021

Sylvia Blanco

By: _____
Plaintiff and PAGA Representative

DATED: Sep 28, 2021, 2021

Francisco Arechiga

By:  _____
Francisco Arechiga (Sep 28, 2021 12:23 PDT)
Plaintiff and PAGA Representative

DATED: 9/29/21, 2021

Angela Kyler

By: Angela Kyler
Angela Kyler (Sep 29, 2021 22:05 PDT)
Plaintiff and PAGA Representative

APPROVED AS TO FORM:

Dated: September 24, 2021

DIVERSITY LAW GROUP, P.C.

By: [Signature]
Larry W. Lee
Attorneys for Plaintiff Sylvia Blanco

Dated: 09/28/, 2021

CHRISTINA HUMPHREY LAW, P.C.

By: Christina A. Humphrey
DocuSigned by: Christina A. Humphrey
ABF5A032827A422...
Christina A. Humphrey
Attorneys for Plaintiffs Lester and Alvarez

Dated: September 28, 2021

LAW OFFICES OF DAVID S. SECREST, APC

By: David S. Secrest
DocuSigned by: David S. Secrest
87D6D980399846C...
David S. Secrest
Attorneys for Plaintiffs Lester and Alvarez

Dated: _____, 2021

HAINES LAW GROUP, APC

By: _____
Paul K. Haines
Attorneys for Plaintiff Francisco Arechiga

Dated: 9/29, 2021

**BLUMENTHAL NORDREHAUG BHOWMIK
DE BLOUW LLP**

By: [Signature]
Aparajit Bhowmik
Attorneys for Plaintiff Angela Kyler

DATED: _____, 2021

Angela Kyler

By: _____
Plaintiff and PAGA Representative

APPROVED AS TO FORM:

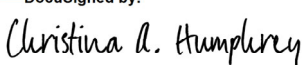
Dated: September 24, 2021

DIVERSITY LAW GROUP, P.C.

By: 
Larry W. Lee
Attorneys for Plaintiff Sylvia Blanco

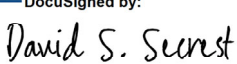
Dated: 09/28/, 2021

CHRISTINA HUMPHREY LAW, P.C.

DocuSigned by:
By: 
Christina A. Humphrey
Attorneys for Plaintiffs Lester and Alvarez

Dated: September 28, 2021

LAW OFFICES OF DAVID S. SECREST, APC

DocuSigned by:
By: 
David S. Secrest
Attorneys for Plaintiffs Lester and Alvarez

Dated: September 28, 2021

HAINES LAW GROUP, APC

By: 
Paul K. Haines
Attorneys for Plaintiff Francisco Arechiga

Dated: _____, 2021

**BLUMENTHAL NORDREHAUG BHOWMIK
DE BLOUW LLP**

By: _____
Aparajit Bhowmik
Attorneys for Plaintiff Angela Kyler

Dated: September 24, 2021

HYUN LEGAL, APC

By: 
Dennis S. Hyun
Attorneys for Plaintiff Sylvia Blanco

Dated: September 24, 2021

POLARIS LAW GROUP LLP

By: 
William L. Marder
Attorneys for Plaintiff Sylvia Blanco

Dated: _____, 2021

HILL, FARRER & BURRILL LLP

By: _____
Warren J. Higgins
Attorneys for Harbor Freight Tools USA, Inc.

Dated: _____, 2021

HYUN LEGAL, APC

By: _____
Dennis S. Hyun
Attorneys for Plaintiff Sylvia Blanco

Dated: _____, 2021

POLARIS LAW GROUP LLP

By: _____
William L. Marder
Attorneys for Plaintiff Sylvia Blanco

Dated: Sept 27, 2021

HILL, FARRER & BURRILL LLP

By:  _____
Warren J. Higgins
Attorneys for Harbor Freight Tools USA, Inc.