STIPULATION AND SETTLEMENT AGREEMENT

Subject to final approval by the Court, this Settlement Agreement is between Matthew Correa, Alexander Hernandez, and John Martin Garcia ("Plaintiffs"), on behalf of themselves, similarly situated Class Members, and the State of California as representatives pursuant to the Private Attorneys General Act of 2004 ("PAGA"), on the one hand, and FedEx Supply Chain, Inc. ("Defendant"), on the other hand. Plaintiffs and Defendant collectively are referred to in this Agreement as the "Parties."

I. DEFINITIONS

In addition to the other terms defined in this Agreement, the terms below have the following meaning:

A. **Action**: The matter filed in San Bernardino County Superior Court as *Matthew Correa, et al. v. FedEx Supply Chain, Inc.* (Case no. CIVDS2023369), as alleged in the Second Amended Complaint attached as **Exhibit A**.

B. **Administration Costs**: The fees or costs of settlement administration services rendered by Settlement Administrator in administering this Settlement, which shall not exceed $20,000.00. All Administration Costs shall be paid from the Gross Settlement Amount. If the Court awards less than the amount requested for Administration Costs, any amount not awarded will become part of the Net Settlement Amount for distribution to Participating Class Members.

C. **Agreement, Settlement Agreement, Stipulation, or Settlement**: The settlement agreement reflected in this document, titled "Stipulation and Settlement Agreement."

D. **Attorney Fee Award**: The amount, not to exceed thirty-five percent (35%) of the Gross Settlement Amount ($490,000.00), finally approved by the Court and awarded to Class Counsel. The Attorney Fee Award shall be paid from the Gross Settlement Amount and will not be opposed by Defendants. If the Court awards less than the amount requested for the Attorney Fee Award, any amount not awarded will become part of the Net Settlement Amount for distribution to Participating Class Members.

E. **Classes**: The Parties stipulate to certification of the following classes for settlement purposes only:

1. **Sick Pay Class or Sick Pay Class Members:** All current and former non-exempt employees of FedEx Supply Chain, Inc. in the State of California who were paid sick pay in any workweek from August 14, 2018 to May 9, 2022 ("**Sick Pay Class Period**"), in which they earned non-discretionary incentives, shift differentials, or premium payments that increased their regular rate.

2. **Additional Hour Class or Additional Hour Class Members:** All current and former non-exempt employees of FedEx Supply Chain, Inc. in the State of California who were paid a meal or rest period premium for meal periods or rest periods in any

workweek from August 14, 2018, to May 9, 2022 ("**Additional Hour Class Period**"), in which they earned non-discretionary incentives, shift differentials, or premium payments that increased their regular rate.

3. **Moreno Valley Class or Moreno Valley Class Members:** All current and former non-exempt employees of FedEx Supply Chain, Inc. who performed work for FedEx Supply Chain, Inc. in the State of California at the Moreno Valley warehouse at any time from July 1, 2019, to May 9, 2022 ("**Moreno Valley Class Period**").

F. **Class Counsel**: Crosner Legal, PC and Diversity Law Group, APC.

G. **Class Member or Class Members**: Sick Pay Class Members, Additional Hour Class Members, and Moreno Valley Class Members, as defined above are collectively referred to as "Class Members."

H. **Class Notice or Notice**: The Notice of Class Action Settlement, substantially similar to the form attached hereto as **Exhibit B**, subject to Court approval.

I. **Class Representatives or Plaintiffs:** Matthew Correa, Alexander Hernandez, and John Martin Garcia.

J. **Class Representative Enhancement Payments**: The amount the Court awards to Plaintiffs, which will not exceed $10,000.00 to each Plaintiff. These payments shall be paid from the Gross Settlement Amount and will not be opposed by Defendant. If the Court awards less than the amount requested for the Class Representative Enhancement Payments,, any amount not awarded will become part of the Net Settlement Amount for distribution to Participating Class Members. These payments are in addition to Plaintiffs' shares of the Net Settlement Amount and PAGA Payment.

K. ***Correa* Matter**: *Matthew Correa v. FedEx Supply Chain, Inc.,* San Bernardino County Superior Court case no. CIVDS2023369.

L. **Cost Award**: The amount that the Court orders Defendants to pay Class Counsel for payment of actual litigation costs, which shall not exceed Twenty Five Thousand Dollars and Zero Cents ($25,000.00). The Cost Award will be paid from the Gross Settlement Amount and will not be opposed by Defendant. The Cost Award is subject to Court approval. If the Court awards less than the amount requested for the Cost Award, any amount not awarded will become part of the Net Settlement Amount for distribution to Participating Class Members.

M. **Counsel for Defendants:** Ballard Rosenberg Golper & Savitt, LLP and Tredway Lumsdaine & Doyle, LLP.

N. **Defendant**: FedEx Supply Chain, Inc.

O. **Disbursement of Settlement:** Within fourteen (14) calendar days of receipt of the Gross Settlement Amount, the Settlement Administrator shall disburse all payments required under the Settlement.

P. **Effective Final Settlement Date:** The effective date of this Settlement will be when the final approval of the settlement can no longer be appealed, or, if there are no objectors and no plaintiffs in intervention at the time the Court grants final approval of the Settlement, the date the Court enters judgment and grants final approval of the Settlement.

Q. **Funding of Settlement:** Defendants shall wire to the Settlement Administrator the Gross Settlement Amount within thirty (30) calendar days of the Effective Final Settlement Date.

R. **Final Judgment or Final Approval**: The final order entered by the Court finally approving this Agreement.

S. **Gross Settlement Amount or GSA**: The total maximum value of the Settlement is a non-reversionary One Million Four Hundred Thousand Dollars and Zero Cents ($1,400,000.00). This is the total and maximum amount Defendant can be required to pay under this Settlement Agreement, which includes, without limitation: (1) the Net Settlement Amount to be paid to Participating Class Members; (2) the Attorney Fee Award and Cost Award to Class Counsel for attorneys' fees and costs, as approved by the Court; (3) the Class Representative Enhancement Payments paid to the Class Representatives, as approved by the Court; (4) the Administration Costs, as approved by the Court; and (5) the PAGA Payment to the LWDA and to PAGA Members, as approved by the Court. No portion of the GSA will revert to Defendant for any reason.

T. ***Hernandez* Matter**: *Alexander Hernandez and John Martin Garcia v. FedEx Supply Chain, Inc.,* Riverside County Superior Court case no. CVRI2000402.

U. **Individual Settlement Share(s)**: The amount payable to each Participating Class Member and PAGA Member from the Net Settlement Amount under the terms of this Settlement Agreement. Participating Class Members will receive an Individual Settlement Share automatically, without the return of a claim form.

V. **LWDA**: California Labor and Workforce Development Agency.

W. **Net Settlement Amount or NSA**: The total amount of money available for payout to Participating Class Members and PAGA Members after the following deductions from the GSA: (1) the Attorney Fee Award, (2) Cost Award, (3) Class Representative Enhancement Payments, (4) the PAGA Payment, and (5) Administration Costs. The individual settlement shares shall be reduced by the employee's applicable tax liability for the wages portion of the share(s).

X. **PAGA**: The California Labor Code Private Attorneys General Act of 2004 (Cal. Labor Code §§ 2698 *et seq.*).

Y. **PAGA Members**: Sick Pay PAGA Members, Additional Hour PAGA Members, and Moreno Valley PAGA Members are collectively referred to as "PAGA Members." The Parties agree to the following definitions of aggrieved employees:

1. **<u>Sick Pay PAGA Members</u>:** All current and former non-exempt employees of FedEx Supply Chain, Inc. in the State of California who were paid sick pay in any workweek from May 2, 2019, to May 9, 2022 ("**Sick Pay PAGA Period**"), in which they earned non-discretionary incentives, shift differentials, or premium payments that increased their regular rate.

2. **<u>Additional Hour PAGA Members</u>:** All current and former non-exempt employees of FedEx Supply Chain, Inc. in the State of California who were paid a meal or rest period premium for meal periods or rest periods in any workweek from May 2, 2019, to May 9, 2022 ("**Additional Hour PAGA Period**"), in which they earned non-discretionary incentives, shift differentials, or premium payments that increased their regular rate.

3. **<u>Moreno Valley PAGA Members</u>:** All current and former non-exempt employees of FedEx Supply Chain, Inc., who performed work for FedEx Supply Chain, Inc. in the State of California at the Moreno Valley warehouse at any time between September 26, 2019, and May 9, 2022 ("**Moreno Valley PAGA Period**").

Z. **<u>PAGA Payment</u>**: The PAGA Payment consists of $50,000.00 of the GSA allocated to satisfy the PAGA penalties claim as alleged in the Action. Seventy-five percent (75% or $37,500.00) of the PAGA Payment shall be paid to the LWDA, and twenty-five percent (25% or $12,500.00) of the PAGA Payment shall be distributed to PAGA Members based upon their respective pay periods worked during the applicable PAGA Period, regardless of whether or not the PAGA Member has opted-out of the Class settlement. The PAGA Member can opt out of the applicable Class, but will still receive a share of the PAGA Payment, as there is no right to opt out of a PAGA lawsuit. If the Court awards less than the amount requested, any amount not awarded will become part of the NSA for distribution to Participating Class Members, and the Settlement Administration will distribute the amount, as approved by the Court.

AA. **<u>PAGA Released Claims</u>**: As of the Effective Final Settlement Date, the LWDA and PAGA Members will release the applicable claims as to the Released Parties:

1. **<u>Sick Pay PAGA Member Release</u>:** all claims seeking civil penalties under California Labor Code sections 2698, et seq. during the Sick Pay PAGA Period that each Sick Pay PAGA Member had, now has, or may hereafter claim to have against the Released Parties that were or could have been asserted in the Action, based on the facts and claims alleged in the Second Amended Complaint filed in the Action, including, but not limited to claims for civil penalties for alleged violation of California Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 233, 245.5-249, 1174, 1174.5, and 1198 (and any relevant provisions of applicable Wage Orders).

2. **<u>Additional Hour PAGA Member Release</u>:** all claims seeking civil penalties under California Labor Code sections 2698, et seq. during the Additional Hour PAGA Period that each Additional Hour PAGA Member had, now has, or may hereafter claim to have against the Released Parties that were or could have been asserted in the Action, based on the facts and claims alleged in the Second Amended Complaint filed in the Action, including, but not limited to, claims for civil penalties for alleged violations of

California Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 512, 1174, 1174.5, and 1198 (and any relevant provisions of applicable Wage Orders).

3. **Moreno Valley PAGA Member Release:** all claims seeking civil penalties under California Labor Code sections 2698, et seq. during the Moreno Valley PAGA Period that each Moreno Valley PAGA Member had, now has, or may hereafter claim to have against the Released Parties that were or could have been asserted in the Action, based on the facts and claims alleged in the Second Amended Complaint filed in the Action, including, but not limited to claims for civil penalties for alleged violations of California Labor Code sections 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 226, 226.3, 226.7, 233, 245.5-249, 256, 510, 512, 558, 558.1, 1174, 1174.5, 1182.12, et seq., 1194, 1194.2, 1197, 1198 (and any relevant provisions of applicable Wage Orders), 1199, 2800, 2802, 2810.5.

BB. **Participating Class Members**: All Class Members who do not submit a valid and timely request to exclude themselves from the applicable Class.

CC. **Parties**: Plaintiffs Matthew Correa, Alexander Hernandez, and John Martin Garcia, as individuals, Class and PAGA Representatives, and Defendant FedEx Supply Chain, Inc.

DD. **Preliminary Approval or Preliminary Approval Order**: The Court's order preliminarily approving the proposed Settlement.

EE. **Qualified Settlement Fund or QSF**: The Parties agree that the GSA is intended to be a "Qualified Settlement Fund" under Section 468B of the Code and Treasury Regulations § 1.4168B-1, 26 C.F.R. § 1.468B-1 *et seq.*, and will be administered by the Settlement Administrator as such.

FF. **Released Claims**: As of the Effective Final Settlement Date, Participating Class Members will release the applicable Released Claims:

1. **Sick Pay Class Member Release:** all claims or causes of action, known or unknown, that each Participating Sick Pay Class Member had, now has, or may hereafter claim to have during the Sick Pay Class Period against the Released Parties that were or could have been asserted in the Action, based on the sick pay-related facts and claims alleged in the Second Amended Complaint. This includes, but is not limited to, claims resulting from alleged (1) unpaid sick pay (Cal. Lab. Code §§ 201-204, 210, 233, 246 and relevant provisions of any applicable Wage Order); (2) inaccurate itemized wage statements (Cal. Lab. Code § 226(a) and relevant provisions of any applicable Wage Order); (3) claims brought under Business & Professions Code section 17200, et seq., including, but not limited to, claims for unfair, unlawful and harmful conduct to Sick Pay Class Members, the general public, and Defendant's competitors, and claims of unlawfully gaining an unfair advantage over other businesses arising out of the claims that were or that could have been asserted in the Action based on the sick pay-related facts and claims alleged; and (4) any claims for statutory penalties, interest, and attorneys' fees and costs arising out of the claims that were or that could have been asserted in the Action based on the sick pay-related facts and claims alleged.

2. **<u>Additional Hour Class Member Release</u>:** all claims or causes of action, known or unknown, that each Participating Additional Hour Class Member had, now has, or may hereafter claim to have during the Additional Hour Class Period against the Released Parties that were or could have been asserted in the Action, based on the additional hour-related facts and claims alleged in the Second Amended Complaint. This includes, but is not limited to, claims resulting from (1) instances where meal and rest period premiums were paid to Additional Hour Class Members, but were not paid at the Additional Hour Class Members' "regular rate of compensation" (Cal. Lab. Code §§ 226.7, 512, 201-204, 210 and relevant provisions of any applicable Wage Order); (2) inaccurate itemized wage statements (Cal. Lab. Code § 226(a) and relevant provisions of any applicable Wage Order); (3) claims brought under Business & Professions Code section 17200, et seq., including, but not limited to, claims for unfair, unlawful and harmful conduct to Additional Hour Class Members, the general public, and Defendant's competitors, and claims of unlawfully gaining an unfair advantage over other businesses arising out of the claims that were or that could have been asserted in the Action based on the additional hour-related facts and claims alleged; and (4) any claims for statutory penalties, interest, and attorneys' fees and costs arising out of the claims that were or that could have been asserted in the Action based on the additional hour-related facts and claims alleged.

3. **<u>Moreno Valley Class Member Release</u>:** all claims or causes of action, known or unknown, that each Participating Moreno Valley Class Member had, now has, or may hereafter claim to have during the Moreno Valley Class Period against the Released Parties that were or could have been asserted in the Action, based on the facts alleged in the Second Amended Complaint. This includes, but is not limited to: all of the following claims for relief: (1) failure to pay minimum, straight time, overtime, or double time wages, and failure to pay other wages of any kind during employment; (2) failure to pay sick time benefits; (3) failure to authorize and permit rest periods or pay all rest period premium pay; (4) failure to provide meal periods or pay all meal period premium pay; (5) failure to provide accurate and itemized wage statements; (6) failure to pay final wages at separation; (7) failure to pay all wages timely; (8) failure to reimburse or indemnify all necessary business expenses; (9) failure to maintain records in violation of Labor Code section 1174; (10) claims brought under Business & Professions Code section 17200, et seq., including, but not limited to all claims for unfair, unlawful and harmful conduct to Moreno Valley Class Members, the general public, and Defendant's competitors, and claims of unlawfully gaining an unfair advantage over other businesses; and (11) any claims for statutory penalties, interest, and attorneys' fees and costs arising out of the facts asserted in the Second Amended Complaint and the aforementioned causes of action.

GG. <u>**Released Parties**</u>: Defendant and its respective past, present and/or future, direct and/or indirect, officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, joint venturers and any individual or entity which could be jointly liable with any of the foregoing under contract, common law, or pursuant to California Labor Code section 558.1.

HH. <u>**Response Deadline**</u>: Forty-five (45) calendar days from the initial mailing of the Notice.

II. **<u>Settlement Administration</u>**: The Settlement Administrator will conduct a skip trace for the address of all former employee Class Members. The Settlement Administrator will mail the Notice by first class U.S. mail to all Class Members at the address Defendant has on file for those Class Members and to all former employee Class Members at the address resulting from the skip trace. The Notice will inform Class Members that they have until the Response Deadline to either object to the Settlement or to opt-out of the Settlement. Any Class Member who does not receive Notice after the steps outlined above have been taken will still be bound by the Settlement and/or judgment.

JJ. **<u>Second Amended Complaint</u>:** The complaint to be filed with the Motion for Preliminary Approval in the *Correa* Matter, incorporating all Plaintiffs as named class representatives and all claims, facts, and theories of liability asserted in the *Correa* Matter, the *Hernandez* Matter, and letters sent by Plaintiffs to the LWDA.

KK. **<u>Settlement Administrator</u>**: The third party administrator agreed upon by Parties to administer this Settlement is Phoenix Class Action Administration Solutions ("Phoenix").

LL. **<u>Superior Court</u>**: San Bernardino County Superior Court.

II. <u>RECITALS</u>

A. On October 27, 2020, Plaintiff Matthew Correa filed a class and PAGA representative action complaint in San Bernardino County Superior Court, Case No. CIVDS2023369 (the "*Correa* Matter") against Defendant FedEx Supply Chain, Inc. that asserted the following causes of action: (1) Violation of Lab. Code §§ 201-204, 246; (2) Violation of Lab. Code §§ 226.7, 512; (3) Violation of Lab. Code § 226; (4) Violation of Bus. & Prof. Code §§ 17200, et seq.; and (5) Violation of Lab. Code §§ 2698, et seq.

B. Plaintiff Correa filed a First Amended Complaint ("FAC") on April 7, 2021.

C. On November 30, 2020, Plaintiffs Alexander Hernandez and John Martin Garcia filed a class action in Riverside County Superior Court, Case No. CVRI2000402 (the "*Hernandez* Matter") against Defendant FedEx Supply Chain, Inc. that asserted the following causes of action: (1) Recovery of Unpaid Minimum Wages and Liquidated Damages - Labor Code §§ 510, 1194, and 1194.2; (2) Recovery of Unpaid Overtime – Labor Code § 510; (3) Failure to Provide Meal Periods or Compensation in Lieu Thereof – Labor Code § 226.7; (4) Failure to Provide Rest Periods or Compensation in Lieu Thereof – Labor Code § 226.7; (5) Failure to Pay Sick Time Benefits – Labor Code § 246; (6) Failure to Provide Accurate Wage Statements – Labor Code § 226; (7) Failure to Timely Pay Wages During Employment and Upon Separation of Employment; (8) Failure to Maintain Accurate Records; and (9) Violation of the Unfair Competition Law – Bus. & Prof. Code § 17200, et seq.

D. Plaintiffs in the *Hernandez* Matter filed a First Amended Complaint ("FAC") on March 16, 2021 adding a tenth cause of action for civil penalties under the Private Attorneys General Act ("PAGA").

E. Prior to mediation, Plaintiffs reviewed a substantial amount of data and documents relating to the size and scope of the class, time and payroll records, and Defendant's employer policies that permitted an analysis and evaluation of the class-wide claims. In addition, Plaintiffs hired an expert to analyze the sampling of class-wide data.

F. The Parties attended mediation with Michael J. Loeb on February 9, 2022. After a full day of arms-length mediation, the parties were able to reach a settlement in principle, the terms of which were negotiated until memorialized as reflected herein.

G. On June 2, 2022, the Court granted the Parties leave to file the Second Amended Complaint in the *Correa* Matter, which can be filed separately or together with the Preliminary Approval Motion.

H. **Benefits of Settlement to Class Members.** Plaintiffs and Class Counsel recognize the expense and length of continued proceedings necessary to continue the litigation against Defendant through trial and through any possible appeals. Plaintiffs and Class Counsel also have taken into account the uncertainty and risk of further litigation, the potential outcome, and the difficulties and delays inherent in such litigation. Plaintiffs and Class Counsel have conducted extensive settlement negotiations. Based on the foregoing, Plaintiffs and Class Counsel believe the Settlement set forth in this Agreement is a fair, adequate, and reasonable settlement, and is in the best interests of the Class Members.

I. **Defendant's Reasons for Settlement.** Defendant recognizes that the defense of this litigation will be protracted and expensive. Substantial amounts of time, energy, and resources of Defendant have been and, unless this Settlement is made, will continue to be devoted to the defense of the claims asserted by Plaintiffs. Despite continuing to contend that they are not liable for any of the claims set forth by Plaintiffs, Defendant has agreed to settle in the manner and upon the terms set forth in this Agreement to put to rest the Released Claims. This settlement is a compromise of disputed claims.

J. **Defendant's Denial of Wrongdoing and Non-Admission of Liability.** Defendant generally and specifically denies any and all liability or wrongdoing of any sort with regard to any of the claims alleged, makes no concessions or admissions of liability of any sort, and contends that for any purpose other than settlement, the Action is not appropriate for class treatment. Defendant asserts a number of defenses to the claims, and has denied any wrongdoing or liability arising out of any of the alleged facts or conduct in the Action. Neither this Agreement, nor any document referred to or contemplated herein, nor any action taken to carry out this Agreement, is or may be construed as, or may be used as an admission, concession, or indication by or against Defendant or any of the Released Parties of any fault, wrongdoing, or liability whatsoever. There has been no final determination by any court as to the merits of the claims asserted by Plaintiffs against Defendant or as to whether a class or classes should be certified, other than for settlement purposes only.

K. **Plaintiffs' Claims.** Plaintiffs assert that Defendant's defenses are without merit. Neither this Agreement nor any documents referred to or contemplated herein, nor any action taken to carry out this Agreement is, may be construed as, or may be used as an admission, concession or indication by or against Plaintiffs, Class Members, or Class Counsel as to the merits of any claims or defenses asserted, or lack thereof, in the Action. However, in the event that this Settlement is finally approved by the Court, the Plaintiffs, Class Members, and Class Counsel will not oppose Defendant's efforts to use this Agreement to prove that Plaintiffs and Class Members have resolved and are forever barred from re-litigating the Released Claims and/or the PAGA Released Claims.

III. SETTLEMENT TERMS AND CONDITIONS

A. **Gross Settlement Amount.** Subject to the terms and conditions of this Agreement, the maximum Gross Settlement Amount that Defendant is obligated to pay under this Settlement Agreement is One Million Four Hundred Thousand Dollars and Zero Cents ($1,400,000.00), with the exception of Defendant's share of payroll taxes, which will be paid separate and apart from the Gross Settlement Amount.

B. **Escalator Clause**. The Gross Settlement Amount was agreed upon based on Defendant's representations that (i) there were 26,819 relevant workweeks for Moreno Valley Class Members during the July 1, 2019 – September 30, 2021 time periods (37,464 extrapolated workweeks through January 24, 2022) and (ii) 527 Sick Pay Class Members and Additional Hour Class Members that were former employees between August 14, 2018 and November 5, 2021. If the number of workweeks worked by Moreno Valley Class Members exceeds 26,819 workweeks during the July 1, 2019 – September 30, 2021 time period by more than 10%, the Gross Settlement Amount shall be increased on a pro rata basis per workweek exceeding the 10% increase (i.e., if the number increases by 11%, the Gross Settlement Amount shall be increased by 1%). Likewise, if the number of Sick Pay Class Members and Additional Hour Class Members that are former employees exceeds 527 during the August 14, 2018 – November 5, 2021 time period by more than 10%, the Gross Settlement Amount shall be increased on a pro rata basis per former employee exceeding the 10% increase. In the event that both the number of workweeks worked by Moreno Valley Class Members and the number of Sick Pay Class Members and Additional Hour Class Members that are former employees exceeds 10%, the Gross Settlement Amount shall be increased on a pro rata basis by only the larger excess (either the excess of workweeks or former employees).

C. **Class Certification**. Solely for the purposes of this Settlement, the Parties stipulate and agree to certification of the claims asserted on behalf of Class Members. As such, the Parties stipulate and agree that in order for this Settlement to occur, the Court must certify the Classes as defined in this Agreement.

D. **Conditional Nature of Stipulation for Certification.** The Parties stipulate and agree to the certification of the claims asserted on behalf of Plaintiffs and Class Members for purposes of this Settlement only. If the Settlement does not become effective, the fact that the Parties were willing to stipulate to certification as part of the Settlement shall not be admissible or used in any way in connection with, the question of whether the Court should certify any claims in a non-settlement context in this Action or in any other lawsuit. If the Settlement does not become effective, Defendant reserves the right to contest any issues relating to class certification and liability.

E. Appointment of Class Representatives. Solely for the purposes of this Settlement, the Parties stipulate and agree Plaintiffs Matthew Correa, Alexander Hernandez, and John Martin Garcia shall be appointed as representatives for the Class.

F. Appointment of Class Counsel. Solely for the purpose of this Settlement, the Parties stipulate and agree that the Court shall appoint Class Counsel to represent the Classes.

G. Appointment of Settlement Administrator. After having reviewed competing bids from multiple third-party administrators, the Parties stipulate and agree to the appointment of Phoenix as the Settlement Administrator. Phoenix had the most competitive pricing for the administration of this Settlement.

H. Individual Settlement Share. Subject to the terms and conditions of this Agreement, the Settlement Administrator will pay an Individual Settlement Share from the NSA to each Participating Class Member and/or PAGA Member.

1. **Calculations**.
   a. **Individual Class Settlement Share Calculations.** The Net Settlement Amount will be allocated for payments to Moreno Valley Class Members, Sick Pay Class Members, and Additional Hour Class Members. Each Participating Class Member will receive a proportionate share of the Net Settlement Amount that is equal to (i) the Participating Class Member's number of workweeks based on the Class Data provided by Defendant, divided by (ii) the total number of workweeks of all Participating Class Members based on the same Class Data, which is then multiplied by the NSA. One day worked in a given week will be credited as a week for purposes of this calculation. Therefore, the value of each Class Member's Individual Settlement Share ties directly to the amount of weeks that he or she worked.

   b. **PAGA Payment to PAGA Members.** Each PAGA Member will receive a proportionate share of the 25% PAGA Payment payable to PAGA Members that is equal to (i) the PAGA Member's number of pay periods based on the Class Data provided by Defendant, divided by (ii) the total number of pay periods worked by all PAGA Members based on the same Class Data, which is then multiplied by the 25% PAGA Payment. Therefore, the value of each PAGA Member's share of the PAGA Payment ties directly to the amount of pay periods that he or she worked.

2. **Tax Treatment.**

   a. **Participating Class Member Taxes**: Each Class Member's gross settlement award will be apportioned as follows: 20% wages and 80% penalties and interest. The amounts paid as wages shall be subject to all tax withholdings customarily made from an employee's wages and all other authorized and required withholdings and shall be reported on IRS W-2 forms. The amounts paid as penalties and interest shall be subject to all authorized and required withholdings other than the tax withholdings customarily made from employees' wages and shall be reported on IRS 1099 forms.

b. **PAGA Member Taxes**. One hundred percent of the PAGA Payment to PAGA Members will be treated and paid as civil penalties and reported on IRS 1099 forms.

c. **Employer Taxes**: Defendant's portion of payroll taxes as the Class Members' current or former employer will be paid separate and apart from the Gross Settlement Amount.

I. Preliminary Approval.

1. **Preliminary Approval Motion.** The Parties agree to seek approval of the Settlement in San Bernardino County Superior Court. Plaintiffs will move for an order conditionally certifying the Classes for settlement purposes only, giving Preliminary Approval of the Settlement, setting a date for the Final Approval hearing, and approving the Class Notice.

2. **Second Amended Complaint Filing.** In conjunction with the filing of the Preliminary Approval Motion, the Plaintiffs will file the Second Amended Complaint. The Parties agree to the filing of the Second Amended Complaint in the *Correa* Matter, after good faith review, comment and approval by Defendant of the Second Amended Complaint. The Second Amended Complaint, as approved by Defendant, is attached hereto as **Exhibit A.**

3. **Requested Stay of *Hernandez* Matter.** No later than fourteen (14) days after the Parties' execution of this Agreement, the Parties will submit a stipulation advising the Court in the *Hernandez* Matter of the Settlement and stipulating that the *Hernandez* Matter be stayed pending final approval of the Settlement in the *Correa* Matter.

4. **LWDA.** Pursuant to California Labor Code § 2699(l), Class Counsel will provide a copy of this Settlement Agreement to the LWDA either before or concurrently with the filing of the Settlement documents with the Court.

5. **Preliminary Approval Hearing**. At the Preliminary Approval hearing, the Parties will appear to support the granting of the motion.

6. **Effect of Denial of Preliminary Approval.** Should the Court decline to conditionally certify the Classes or to Preliminarily Approve all material aspects of the Settlement, including the filing of the Second Amended Complaint, the Settlement will be null and void, and the Parties will have no further obligations under it. The amounts of the Attorney Fee Award, Cost Award, Administration Costs, and Class Representative Enhancement Payments shall be determined by the Court, and the Court's determination on these amounts shall be final and binding, and that the Court's approval or denial of any amount requested for these items are not conditions of this Settlement Agreement, and are to be considered separate and apart from the fairness, reasonableness, and adequacy of the Settlement. Any order or proceeding relating to an application for the Attorney Fee Award, Cost Award, Administration Costs, and Class Representative Enhancement Payments shall not operate to terminate or cancel

this Agreement. Nothing in this Agreement shall limit Plaintiffs' or Class Counsel's ability to appeal any decision by the Court to award less than the requested Attorney Fee Award, Cost Award, Administration Costs, and Class Representative Enhancement Payments.

J. Appointment of Settlement Administrator. Solely for the purposes of this Settlement, the Parties stipulate and agree that the Settlement Administrator shall be retained to serve as Settlement Administrator, subject to Court approval and appointment.

1. **Responsibilities of Settlement Administrator.** The Settlement Administrator shall be responsible for preparing, printing, and mailing the Notice to the Class Members; keeping track of any objections or requests for exclusion from Class Members; performing skip traces and remailing Notices and Individual Settlement Shares to Class Members; calculating any and all payroll tax deductions as required by law; calculating each Class Member's Individual Settlement Share; providing weekly status reports to Defendant's Counsel and Class Counsel, which is to include updates on any objections or requests for exclusion that have been received; providing a due diligence declaration for submission to the Court prior to the Final Approval hearing; mailing Individual Settlement Shares to Participating Class Members; calculating and mailing the PAGA Payment to the LWDA and PAGA Members; distributing the Attorney Fee Award and Cost Award to Class Counsel; printing and providing Class Members and Plaintiffs with W-2s and 1099 forms as required under this Agreement and applicable law; providing a due diligence declaration for submission to the Court upon the completion of the Settlement; providing any funds remaining in the QSF as a result of uncashed checks to the State of California Controller's Unpaid Property Fund, in the amounts directed per this Settlement, including the administration of related tax reimbursements; and for such other tasks as the Parties mutually agree.

2. **No Interest in Settlement Administrator.** The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

K. Notice to Class Members. After the Court enters its Preliminary Approval Order, every Class Member will be provided with the Class Notice in accordance with the following procedure:

1. **Class Data to Settlement Administrator.**

   a. **Timing of Delivery.** Within fourteen (14) calendar days after entry of the Preliminary Approval Order, Defendant shall deliver to the Settlement Administrator an electronic database (the "Class Data").

   b. **Contents of Class Data**. The Class Data will list for each Class Member: (1) first and last name; (2) last known mailing address; (3) social security number; (4) hire and termination dates; (5) the number of workweeks worked as (i) a Moreno Valley Class Member during the Moreno Valley Class Period, (ii) a Sick Pay Class Member during the Sick Pay Class Period, or (iii) an Additional Hour Class Member during the Additional Hour Class Period; (6) the number of pay periods worked as (i) a Moreno Valley PAGA Member during the Moreno Valley PAGA Period, (ii) a Sick Pay PAGA Member during the Sick Pay PAGA Period, or (iii) an Additional Hour PAGA Member during the Additional Hour PAGA Period; and (7) the number of workweeks in which the Moreno Valley Class Member was paid either sick pay wages or an additional hour of pay for meal periods or rest periods in any workweek in which they earned non-discretionary incentives, shift differentials, or premium payments that increased their regular rate ("Overlapping Workweeks").

c. **Treatment of Overlapping Workweeks.** Overlapping Workweeks where a Moreno Valley Class Member would also qualify as a Sick Pay Class Member or Additional Hour Class Member will be weighted as 1.5 workweeks for purposes of calculating the Moreno Valley Class Member's Individual Settlement Share.

d. **Class Data Derived From Defendant's Records.** The Class Data shall be based on Defendant's payroll, personnel, and other business records. If any or all of this information is unavailable to Defendant, Defendant will so inform Class Counsel and the Parties will make their best efforts to reconstruct or otherwise agree upon how to deal with the unavailable information. The Settlement Administrator will use the National Change of Address Database ("NCOA") on the addresses of all former employee Class Members. The Settlement Administrator shall maintain the Class Data as private and confidential, but Class Counsel will have access to the Class Data so that nothing shall impede Class Counsel from discharging their fiduciary duties to the Class.

2. **Notice Mailing.** Within twenty-one (21) calendar days after entry of the Preliminary Approval Order, the Settlement Administrator will mail the Class Notice to all identified Class Members via first-class regular U.S. Mail, using the mailing address information provided by Defendant and the NCOA search results.

3. **Returned Class Notices and Remailing.** If a Class Notice is returned because of an incorrect address, within five (5) calendar days from receipt of the returned Notice, the Settlement Administrator will conduct a search for a more current address for the Class Member and re-mail the Class Notice to the Class Member. The Settlement Administrator will use the NCOA and skip traces to attempt to find current addresses. The Settlement Administrator will note for its own records the date and address of each re-mailing and will extend that Class Member's deadline to respond to the Settlement by fourteen (14) calendar days. The Settlement Administrator will inform the Parties of any such extension provided.

4. **Undeliverable Class Notices.** The Settlement Administrator will be responsible for taking reasonable steps to trace the mailing address of any Class Member for whom a Class Notice is returned by U.S. Postal Service as undeliverable. These reasonable steps shall include, at a minimum, the tracking of all undelivered mail; performing address searches for all mail returned without a forwarding address; and promptly re-mailing to Class Members for whom new addresses are found. If the Settlement

Administrator is unable to locate a better address, the Class Notice will be deemed undeliverable.

5. **Weekly Reports.** The Settlement Administrator shall provide a weekly status report to the Parties. As part of its weekly status report, the Settlement Administrator will inform Class Counsel and Defendant's Counsel of the number of Class Notices mailed, the number of Class Notices returned as undeliverable, the number of Class Notices re-mailed, and the number of requests for exclusion or objections received.

6. **Final Report.** No later than five (5) calendar days after the Response Deadline, the Settlement Administrator will provide the Parties with a complete and accurate accounting of the number of Class Notices mailed to Class Members, the number of Class Notices returned as undeliverable, the number of Class Notices re-mailed to Class Members, the number of re-mailed Notices returned as undeliverable, the number of Class Members who objected to the Settlement, the number of Class Members who returned valid requests for exclusion, and the number of Class Members who returned invalid requests for exclusion.

7. **Declaration re: Administration.** No later than seven (7) calendar days after the Response Deadline, the Settlement Administrator will circulate to the Parties a declaration of administration setting forth its compliance with its obligations under this Stipulation. The declaration from the Settlement Administrator shall also be filed with the Court by Class Counsel with the Motion for Final Approval, or as soon as practicable. The Settlement Administrator will supplement its declaration if any material changes occur from the date of its prior declaration or upon request by the Parties.

L. Responses to Class Notice.

1. **Objections to Settlement.** The Class Notice will provide that the Class Members who do not exclude themselves from the Settlement and wish to object to the Settlement must do so in writing via mail or fax no later than the Response Deadline. The timeframe to submit an objection will not be increased for returned mailings.

    a. **Format.** Written objections should state: (a) the objecting person's full name and last four digits of his or her social security number; (b) the words "Notice of Objection" or "Formal Objection;" and (c) describe, in clear and concise terms, the arguments supporting the objection. Failure to follow this format will not render the objection invalid.

    b. **Appearance at Final Approval Hearing.** Class Members may (though are not required to) appear at the Final Approval Hearing, either in person or through his or her own counsel. The Court will hear from any Class Member who attends the final approval hearing and asks to speak regarding his or her objection.

    c. **Objections Received.** The Settlement Administrator will provide copies of any objection it receives to Class Counsel and Defendant's Counsel. Class

Counsel will file the objections with the Court prior to the Final Approval Hearing. Class Counsel and Defense Counsel will be permitted to file a response to any objections received at any time leading up to the Final Approval Hearing.

2. **Request for Exclusion from the Settlement ("Opt-Out").** The Class Notice will provide that Class Members who wish to exclude themselves from the Settlement must mail or fax to the Settlement Administrator a written request for exclusion.

   a. **Format.** The written request for exclusion must: (a) state the Class Member's name and last four digits of his or her social security number, address, telephone number; (b) state the Class Member's intention to exclude themselves from or opt-out of the Settlement; and (c) be postmarked or fax receipt dated no later than the Response Deadline.

   b. **Effect of Timely Request for Exclusion.** Any Class Member who returns a timely, valid request for exclusion will not be bound by the Agreement as to the Released Claims, will not receive an Individual Settlement Share (except that any Class Member who is also a PAGA Member will receive a pro rata portion of the PAGA Payment irrespective of whether they submit a valid and timely Request for Exclusion from the Settlement), and will not have the right to file any objection to the settlement.

   c. **Effect of Untimely Request for Exclusion**. A Class Member who does not complete and mail or fax a timely request for exclusion will automatically be included in the Settlement, will receive an Individual Settlement Share, and be bound by all terms and conditions of the Settlement, if the Settlement is finally approved by the Court, and by the subsequent Final Judgment.

   d. **Right to Revoke**. If five percent (5%) or more of the Class opts out of the Class, Defendant, in its sole discretion, may revoke its agreement to the Settlement. Defendant must exercise its right to revoke this Settlement within 10 calendar days of being informed by the Settlement Administrator in writing that five percent (5%) or more of the Class opted out of the Class.

3. **Workweek or Pay Period Disputes.** If a Class Member or PAGA Member disputes the number of weeks worked or pay periods allotted to them, as stated in his or her Class Notice, the Class Member or PAGA Member must contact the Settlement Administrator before the Response Deadline. Class Members and PAGA Members are encouraged to provide any documentation supporting his or her contention that his or her workweek or pay period allotment is incorrect. Such documentation must be postmarked by the Response Deadline. In the absence of such documentation, Defendants' records will be presumed correct. The Settlement Administrator will investigate the challenge, request further information from Defendants, and make all final decisions as to the outcome of the challenge. If the Class Member or PAGA Member's workweeks or pay periods are adjusted following the dispute, then the Settlement Administrator shall notify the Class Member or PAGA Member of the adjustment.

M. No Solicitation of Objection or Requests for Exclusion. Neither the Parties nor their respective counsel will solicit or otherwise encourage directly or indirectly any Class Member to object to the Settlement, request exclusion from the Settlement, or appeal from the Judgment.

N. Final Approval.

a. **Final Approval Motion**. Class Counsel will file unopposed motions and memorandums in support thereof for Final Approval of the Settlement and the following payments in accord with the terms of the Settlement: (1) the Attorney Fee Award; (2) the Cost Award; (3) Administrative Costs; (4) the Class Representative Enhancement Payments; and (5) PAGA Payment. Class Counsel will also move the Court for an order of Final Approval (and associated entry of Final Judgment) releasing and barring any Released Claims of the Participating Class Members.

b. **Effect of Denial of Final Approval.** If the Court does not grant Final Approval of the Settlement, or if the Court's Final Approval of the Settlement is reversed or materially modified on appellate review, then this Settlement will become null and void. If that occurs, the Parties will have no further obligations under the Settlement, including any obligation by Defendants to pay the GSA or any amounts that otherwise would have been owed under this Stipulation. Further, should this occur, the Parties agree they shall be equally responsible for the Settlement Administrator's Administration Costs through that date. An award by the Court of a lesser amount than sought by Plaintiffs and Class Counsel for the Class Representative Enhancement Payments, Attorney Fee Award, Cost Award, will not constitute a material modification to the Settlement within the meaning of this paragraph.

c. **Effect of Grant of Final Approval**. Upon Final Approval of the Settlement, the Parties shall present to the Court a proposed Final Approval Order, approving of the Settlement and entering Final Judgment in accordance therewith. After entry of Final Judgment, the Court shall have continuing jurisdiction over the Action for purposes of: (1) enforcing this Settlement Agreement; (2) addressing settlement administration matters, and (3) addressing such post-Judgment matters as may be appropriate under Court rules and applicable law.

d. **Notice of Final Judgment to the Class.** In compliance with California Rules of Court, Rule 3.771(b), the Final Approval Order and Judgment will be posted on the Settlement Administrator's website. The Class Notice will provide Class Members with the Settlement Administrator's website address, where Class Members will be able to download the Final Approval Order and Judgment.

O. Appeals.

1. **Waiver of Right to Appeal.** Provided that the Final Judgment is consistent with the terms and conditions of this Agreement, if Class Members do not timely object to the Settlement, then the Parties and their respective counsel waive any and all rights to appeal from the Final Judgment, including, but not limited to, all rights to any post-judgment proceeding and appellate proceeding, such as a motion to vacate or set aside judgment, and any extraordinary writ, and the Judgment will become non-appealable at the time it is entered. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceeding, or post-judgment proceeding.

2. **Vacating, Reversing, or Modifying Judgment on Appeal.** If, after a notice of appeal, the reviewing court vacates, reverses, or modifies the Final Judgment such that there is a material modification to the Settlement, and that court's decision is not completely reversed and the Final Judgment is not fully affirmed on review by a higher court, then this Settlement will become null and void and the Parties will have no further obligations under it. A material modification would include, but not necessarily be limited to, any alteration of the GSA, an alteration in the calculation of the Net Settlement Amount, and any change to the calculation of the Individual Settlement Share.

P. Funding the Settlement. Defendant shall fund the settlement pursuant to the terms of this Stipulation and the Court's Final Approval Order.

- **a. Timing**. Defendants shall wire to the Settlement Administrator the GSA within thirty (30) calendar days of the Effective Final Settlement Date.

- **b. QSF Treatment**. The Parties and Settlement Administrator shall treat the GSA as coming into existence as a QSF on the earliest date permitted as set forth in 26 C.F.R. § 1.468B-1, and such election statement shall be attached to the appropriate returns as required by law.

Q. Disbursement of the Settlement. The Settlement Administrator shall distribute funds pursuant to the terms of this Stipulation and the Court's Final Approval Order. The Settlement Administrator shall keep Defendant's Counsel and Class Counsel apprised of all distributions from the GSA. The Settlement Administrator shall respond to questions from Defendant's Counsel and Class Counsel. No person shall have any claim against Defendant, Defendant's Counsel, Plaintiffs, Class Counsel, or the Settlement Administrator based on the distributions and payments made in accordance with this Agreement.

1. **Timing.** Pursuant to the terms of this Settlement Agreement, within fourteen (14) calendar days of receipt of the GSA, the Settlement Administrator shall disburse the following:

    - **a. To the Class Representatives:** In addition to Plaintiffs' Individual Settlement Shares, and subject to the Court's approval, Plaintiffs will receive up to Ten Thousand Dollars and Zero Cents ($10,000.00). The Settlement Administrator will pay the Class Representative Enhancement Payments out of the GSA. Payroll tax withholdings and deductions will not be taken from the Class Representative Enhancement Payments. An IRS Form 1099 will be issued to the Plaintiffs for this payment. If the amount awarded is less than the amount requested for the Class Representative Enhancement Payments, the difference shall become part of the NSA and be available for distribution to Participating Class Members.

b. **To Class Counsel.** Class Counsel will apply to the Court for, and Defendant agrees not to oppose, a total Attorney Fee Award not to exceed 35% of the GSA ($490,000.00) and a Cost Award not to exceed Twenty Five Thousand Dollars and Zero Cents ($25,000.00). The Settlement Administrator will pay the court-approved amounts for the Attorney Fee Award and Cost Award out of the GSA. Payroll tax withholding and deductions will not be taken from the Attorney Fee Award or the Cost Award. IRS Forms 1099 will be issued to Class Counsel with respect to the Attorney Fee Award. In the event the Court does not approve the entirety of the application for the Attorney Fee Award and/or Cost Award, the Settlement Administrator shall pay whatever amount the Court awards, and neither Defendant nor the Settlement Administrator shall be responsible for paying the difference between the amount requested and the amount awarded. If the amount awarded is less than the amount requested for the Attorney Fee Award and/or Cost Award, the difference shall become part of the NSA and be available for distribution to Participating Class Members.

c. **To the Responsible Tax Authorities.** The Settlement Administrator will pay the amount of the Participating Class Members' portion of payroll withholding taxes out of each Participating Class Member's Individual Settlement Share. The Settlement Administrator will calculate the amount of the Participating Class Members' portion of payroll withholding taxes and forward those amounts to the appropriate taxing authorities.

d. **To the Settlement Administrator.** The Settlement Administrator will pay to itself Administration Costs (reasonable fees and expenses) approved by the Court not to exceed $20,000.00. This will be paid out of the GSA. If the actual amount of Administration Costs is less than the amount estimated and/or requested, the difference shall become part of the NSA and be available for distribution to Participating Class Members.

e. **To the LWDA.** The Settlement Administrator will pay $37,500.00 of the GSA allocated as the 75% portion of the PAGA Payment payable to the LWDA.

f. **To PAGA Members.** The Settlement Administrator will pay $12,500.00 of the GSA allocated as the 25% portion of the PAGA Payment payable to PAGA Members. PAGA Members will receive a share of the 25% PAGA Payment according to the calculations set forth above.

g. **To Participating Class Members.** The Settlement Administrator will pay Participating Class Members according to the Individual Settlement Share calculations set forth above. All payments to Participating Class Members shall be made from the NSA.

R. **Dismissal of *Hernandez* Matter.** Within fourteen (14) calendar days of the disbursement of the Settlement checks required pursuant to this Agreement, Plaintiffs will request that the putative class and PAGA representative claims in the *Hernandez* Matter be dismissed without prejudice, and Hernandez and Garcia's individual claims be dismissed with prejudice.

S. **Uncashed Checks.**

1. **Check Expiration**. Participating Class Members and PAGA Members must cash or deposit their Individual Settlement Share checks within one hundred and eighty (180) calendar days after the checks are mailed to them.

2. **Reminder Postcard**. If any checks are not redeemed or deposited within ninety (90) calendar days after mailing, the Settlement Administrator will send a reminder postcard indicating that unless the check is redeemed or deposited in the next ninety (90) days, it will expire and become non-negotiable, and offer to replace the check if it was lost or misplaced.

3. **Cancelled Checks**. If any checks remain uncashed or not deposited by the expiration of the 90-day period after mailing the reminder notice, the Settlement Administrator will, within two hundred (200) calendar days after the checks are mailed, cancel the checks.

4. **Uncashed Funds.** All checks not cashed within 180 days of issuance shall be sent to the State of California Unclaimed Property Fund pursuant to the applicable instructions of the California State Controller to be held by the Controller The Parties agree that this disposition results in no 'unpaid residue' under California Civil Procedure Code § 384, as the entire Net Settlement Fund will be paid out, regardless of whether or not all checks are cashed.

T. **Compliance Report by Settlement Administrator.** Within ten (10) business days after the Settlement Administrator cancels any checks remaining uncashed, the Settlement Administrator will serve on the Parties a declaration providing a final report on the disbursements of all funds.

U. **Release of Claims.**

1. **Effective Date of the PAGA Release.** As of the Effective Final Settlement Date, Plaintiffs and the State of California shall forever release the Released Parties for the PAGA Released Claims. The PAGA Released Claims shall be fully, finally, and forever released, relinquished and discharged for the PAGA Period.

2. **Participating Class Members' Release**. As of the Effective Final Settlement Date, Participating Class Members shall forever release the Released Parties for the Released

Claims for the Class Period. The Released Claims shall be fully, finally and forever released, relinquished and discharged for the Class Period.

3. **Binding Effect.** This Agreement shall be binding on all Participating Class Members and PAGA Members. This Settlement Agreement shall constitute, and may be pleaded as a complete and total defense to any Released Claims and PAGA Released Claims raised against the Released Parties in the future.

4. **Plaintiffs' General Release.** As of the Effective Final Settlement Date, Plaintiffs agree to the following general release of claims: In consideration of the monetary sum provided to them by Defendant, and subject to court approval, Plaintiffs and Plaintiffs' respective spouses, heirs, successors and assigns, forever release the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, penalties and expenses of any nature whatsoever, from the beginning of time through the date of his signature on this Stipulation, known or unknown, suspected or unsuspected, whether in tort, contract, equity, or otherwise, for violation of any federal, state or local statute, rule, ordinance or regulation, including but not limited to all claims arising out of, based upon, or relating to Plaintiffs' employment with Defendant or the remuneration for, or termination of, such employment. Plaintiffs' release includes a waiver of California Civil Code section 1542, which provides as follows:

   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.

   a. **Exclusions From Plaintiffs' Released Claims.** This release excludes any release of any claims not permitted to be released by law. Plaintiffs' John Martin Garcia's and Alexander Hernandez's general release expressly <u>excludes</u> any and all claims asserted in their individual lawsuits: *John Martin Garcia v. FedEx Supply Chain, Inc., et al* (Riverside County Superior Court Case No. RIC2003096); and *Alexander Hernandez v. FedEx Supply Chain, Inc., et al* (Riverside County Superior Court Case No. CVRI2000002).

V. Miscellaneous Terms

1. **Non-Publicity. P**laintiffs and Class Counsel agree not to disclose or publicize the settlement, including the fact of the settlement, its terms or contents, and the negotiations underlying the settlement, in any manner or form, directly or indirectly, to any person or entity, except to potential Class Members and as shall be contractually required to effectuate the terms of the settlement. For the avoidance of doubt, this section means Plaintiffs and Class Counsel agree not to issue press releases, communicate with, or respond to any media or publication entities, publish information in any manner or form, whether printed or electronic, on any medium or otherwise

communicate, whether by print, video, recording or any other medium, with any person or entity concerning the settlement, including the fact of the settlement, its terms or contents and the negotiations underlying the settlement, except as shall be contractually required to effectuate the terms of the settlement. If the Parties or their counsel are contacted by the press, media or any industry association, they will respond only that the case has been amicably resolved to the parties' mutual satisfaction. This provision will not prevent Plaintiffs or Class Counsel from discussing the allegations in the Action with Class Members. In the event of a proven breach of this no-publicity provision, the breaching party(ies) will be required to pay the prevailing party's reasonable attorneys' fees and costs incurred in enforcing this no-publicity provision (through an action for injunctive relief or otherwise). The Parties acknowledge their intention that the provisions of this no-publicity provision create no liability for disclosures made (i) by persons from information contained within Court filings and the public record or (ii) as otherwise compelled by operation of law. This provision does not preclude Class Counsel from referring to any information in the public record for purposes of proving their adequacy or seeking approval of unrelated settlements.

2. **Legal Fees and Costs.** Except as otherwise set forth in this Agreement, the Parties are responsible for paying for all of their own legal fees, costs, and expenses incurred in this Action outside of the GSA.

3. **Class Counsel Apportionment of Attorney Fee Award.** Diversity Law Group, APC and Crosner Legal, PC warrant and agree that they are solely responsible for the satisfaction of any assignment or agreement regarding the apportionment of any Attorney Fee Award awarded to Class Counsel in this Action, and will indemnify and hold Defendant harmless against any, damages, penalties, fines, fees, assessments, or attorneys' fees and costs that may be imposed against or incurred by Defendant in relation to any dispute related to the apportionment of any Attorney Fee Award between Class Counsel under this Agreement.

4. **No Admission of Liability.** Defendant makes no admission of liability or wrongdoing by virtue of entering into this Agreement. Additionally, Defendant reserves the right to contest any issues relating to class certification and liability if the Settlement is not approved. Defendant denies that they: (i) have engaged in any unlawful activity, (ii) have failed to comply with the law in any respect, (iii) have any liability to anyone under the claims asserted in the Action, or (iv) that but for the Settlement, a Class should be certified in the Action. This Stipulation is entered into solely for the purpose of compromising highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant of liability or wrongdoing. This Settlement and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with this Stipulation).

5. **No Effect on Employee Benefits.** The Class Representative Enhancement Payments and Individual Settlement Shares paid to Plaintiffs or Participating Class Members shall not be deemed to be pensionable earnings and shall not have any effect on the eligibility for, or calculation of, any of the employee benefits (*e.g.*, vacation, holiday pay, retirement plans, etc.) of Plaintiffs or the Participating Class Members. The Parties

agree that any Class Representative Enhancement Payments and/or Individual Settlement Shares paid to Plaintiffs or the Participating Class Members under the terms of this Agreement do not represent any modification of Plaintiffs' or Participating Class Members' previously credited hours of service or other eligibility criteria under any employee pension benefit plan or employee welfare benefit plan sponsored by Defendants. Further, any Class Representative Enhancement Payments shall not be considered "compensation" in any year for purposes of determining eligibility for, or benefit accrual within, an employee pension benefit plan or employee welfare benefit plan sponsored by Defendants.

6. **Integrated Agreement.** After this Agreement is signed and delivered by all Parties and their counsel, this Agreement and its exhibits will constitute the entire Agreement between the Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties, covenants, or inducements have been made to any party concerning this Agreement or its exhibits, other than the representations, warranties, covenants, and inducements expressly stated in this Agreement and its exhibits.

7. **Authorization to Enter Into Settlement Agreement.** Class Counsel and Defendant's Counsel warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties under this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Stipulation. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement this Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Agreement, the Parties will seek the assistance of the Court, and in all cases, all such documents, supplemental provisions, and assistance of the Court will be consistent with this Stipulation.

8. **Exhibits and Headings.** The terms of this Agreement include the terms set forth in the attached exhibits, which are incorporated by this reference as though fully set forth herein. Any exhibits to this Agreement are an integral part of the Settlement and must be approved substantially as written. The descriptive headings of any paragraphs or sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Stipulation.

9. **Interim Stay of Proceedings.** The Parties agree to stay and hold all proceedings in the Action in abeyance, except such proceedings necessary to implement and complete the Settlement, pending the Final Approval Hearing to be conducted by the Court.

10. **Amendment or Modification of Agreement.** This Agreement, and any and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by counsel for all Parties or their successors-in-interest.

11. **Agreement Binding on Successors and Assigns.** This Agreement will be binding upon, and inure to the benefit of, the successors and assigns of the Parties, as previously defined.

12. **No Prior Assignment.** Plaintiffs hereby represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged.

13. **Applicable Law.** All terms and conditions of this Stipulation 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 principles or choice of law principles.

14. **Fair, Adequate, and Reasonable Settlement.** The Parties and their respective counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Stipulation through arms-length negotiations, taking into account all relevant factors, current and potential.

15. **No Tax or Legal Advice.** The Parties understand and agree that the Parties are neither providing tax or legal advice, nor making representations regarding tax obligations or consequences, if any, related to this Stipulation, and that Class Members will assume any such tax obligations or consequences that may arise from this Stipulation, and that Class Members shall not seek any indemnification from the Parties or any of the Released Parties in this regard. The Parties agree that, in the event that any taxing body determines that additional taxes are due from any Participating Class Member, such Participating Class Member assumes all responsibility for the payment of such taxes.

16. **Jurisdiction of the Court.** The Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Stipulation and all orders and judgment entered in connection therewith, and the Parties and their counsel hereto submit to the jurisdiction of the Court for purposes of interpreting, implementing, and enforcing the Settlement embodied in this Stipulation and all orders and judgments in connection therewith.

17. **Invalidity of Any Provision; Severability.** Before declaring any provision of this Agreement invalid, the Parties request that the Court first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents, so as to define all provisions of this Stipulation valid and enforceable. In the event any provision of this Stipulation shall be found unenforceable, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

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

19. **Execution in Counterpart.** This Agreement may be executed in one or more counterparts. All executed counterparts, and each of them, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange between themselves original signed counterparts. Facsimile, PDF, DocuSign (or similar e-

signature) signatures will be accepted. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

[Signatures on Next Page]

IV. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel execute this Agreement.

AS TO CONTENT:

Dated: 7/20/2022 **PLAINTIFF**

DocuSigned by:
MATTHEW CORREA
B8250310067A4BB...
Matthew Correa

Dated: ______________ **PLAINTIFF**

____
Alexander Hernandez

Dated: ______________ **PLAINTIFF**

____
John Martin Garcia

Dated: ______________ **DEFENDANT**

____
Name:

On behalf of FedEx Supply Chain, Inc.

IV. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel execute this Agreement.

AS TO CONTENT:

Dated: ______________ **PLAINTIFF**

____

Matthew Correa

Dated: 07 / 20 / 2022 **PLAINTIFF**

Alexander Hernandez

____

Alexander Hernandez

Dated: ______________ **PLAINTIFF**

____

John Martin Garcia

Dated: ______________ **DEFENDANT**

____

Name:

On behalf of FedEx Supply Chain, Inc.

IV. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel execute this Agreement.

AS TO CONTENT:

Dated: ______________ **PLAINTIFF**

____
Matthew Correa

Dated: ______________ **PLAINTIFF**

____
Alexander Hernandez

Dated: 07 / 20 / 2022 **PLAINTIFF**

____
John Martin Garcia

Dated: ______________ **DEFENDANT**

____
Name:

On behalf of FedEx Supply Chain, Inc.

IV. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel execute this Agreement.

AS TO CONTENT:

Dated: ____________ **PLAINTIFF**

____
Matthew Correa

Dated: ____________ **PLAINTIFF**

____
Alexander Hernandez

Dated: ____________ **PLAINTIFF**

____
John Martin Garcia

Dated: 07/21/22 **DEFENDANT**

S Temple
____
Name:

On behalf of FedEx Supply Chain, Inc.

AS TO FORM:

Dated: 7/20/2022

CROSNER LEGAL, PC

Michael Crosner, Esq.
Zachary M. Crosner, Esq.
Blake Jones, Esq.
Jamie Serb, Esq.
Attorneys for Plaintiffs and the Class

Dated: July 20, 2022

DIVERSITY LAW GROUP, APC

Larry W. Lee, Esq.
Simon Yang, Esq.
Attorneys for Plaintiffs and the Class

Dated: ______________

BALLARD ROSENBERG GOLPER & SAVITT, LLP

Matthew B. Golper, Esq.
Attorneys for Defendant

Dated: ______________

TREDWAY LUMSDAINE & DOYLE LLP

Shannon M. Jenkins, Esq.
Attorneys for Defendant

AS TO FORM:

Dated: ____________

CROSNER LEGAL, PC

____
Michael Crosner, Esq.
Zachary M. Crosner, Esq.
Blake Jones, Esq.
Jamie Serb, Esq.
Attorneys for Plaintiffs and the Class

Dated: ____________

DIVERSITY LAW GROUP, APC

____
Larry W. Lee, Esq.
Simon Yang, Esq.
Attorneys for Plaintiffs and the Class

Dated: July 21, 2022

BALLARD ROSENBERG GOLPER & SAVITT, LLP

____
Matthew B. Golper, Esq.
Attorneys for Defendant

Dated: July 21, 2022

TREDWAY LUMSDAINE & DOYLE LLP

Shannon Marie Jenkins, Esq.
____
Shannon M. Jenkins, Esq.
Attorneys for Defendant

EXHIBIT A

NOTICE OF CLASS ACTION SETTLEMENT

Matthew Correa, et al. v. FedEx Supply Chain, Inc.
San Bernardino County Superior Court Case No. CIVDS2023369

YOU HAVE RECEIVED THIS NOTICE BECAUSE FEDEX SUPPLY CHAIN, INC.'S ("DEFENDANT") RECORDS INDICATE THAT YOU ARE ELIGIBLE TO RECEIVE A SETTLEMENT PAYMENT FROM THE CLASS AND REPRESENTATIVE ACTION SETTLEMENT REACHED IN THIS CASE.

A court approved this notice. This is not an advertisement or a solicitation by a lawyer.
You are not being sued. However, your legal rights are affected whether you act or not.
PLEASE READ THIS NOTICE.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT INCLUDE THE FOLLOWING:	
DO NOTHING	If you do nothing, you will automatically receive a payment from the Settlement. No action is required for you to receive a share of this Settlement.
EXCLUDE YOURSELF	If you exclude yourself from the Settlement, you will not receive a payment from the Settlement. This is the only option that allows you to pursue separate legal action against Defendant for claims released in this Settlement. However, if you exclude yourself and you are a PAGA Member, you will still receive a portion of the monies allocated to settle the claims under the Private Attorneys General Act of 2004 ("PAGA").
OBJECT	If you have not requested exclusion from the Settlement, you may object to this Settlement. The Court may or may not agree with your objection. Objecting to the Settlement will not exclude you from receiving a portion of the Settlement.

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1. *Why Should You Read This Notice?*

A proposed settlement (the "Settlement") has been reached in a class action lawsuit entitled *Matthew Correa, et al. v. FedEx Supply Chain, Inc.*, San Bernardino Superior Court Case No. CIVDS2023369 (the "Action"). The purpose of this Notice of Class Action Settlement ("Notice") is to briefly describe the Action and to inform you of your rights and options in connection with the Action and the proposed Settlement. The proposed Settlement will resolve all claims in the Action.

You have received this Notice because Defendant's records indicate that your employment with Defendant fits within one of the following Classes (members of the Classes are collectively referred to as "Class Members"):

A. **Sick Pay Class:** All current and former non-exempt employees of FedEx Supply Chain, Inc. in the State of California who were paid sick pay in any workweek from August 14, 2018 to May 9, 2022 ("Sick Pay Class Period"), in which they earned non-discretionary incentives, shift differentials, or premium payments that increased their regular rate. All individuals fitting this description are called "Sick Pay Class Members";

B. **Additional Hour Class:** All current and former non-exempt employees of FedEx Supply Chain, Inc. in the State of California who were paid a meal or rest period premium for meal periods or rest periods in any workweek from August 14, 2018, to May 9, 2022 ("Additional Hour Class Period"), in which they earned non-discretionary incentives, shift differentials, or premium payments that increased their regular rate. All individuals fitting this description are called "Additional Hour Class Members";

C. **Moreno Valley Class**: All current and former non-exempt employees of FedEx Supply Chain, Inc. who performed work for FedEx Supply Chain, Inc. in the State of California at the Moreno Valley warehouse at any time from July 1, 2019, to May 9, 2022 ("Moreno Valley Class Period"). All individuals fitting this description are called "Moreno Valley Class Members."

If you were a Sick Pay Class Member and/or an Additional Hour Class Member between May 2, 2019 to May 9, 2022, then you are also a PAGA Member. If you were a Moreno Valley Class Member between September 26, 2019 and May 9, 2022, then you are also a PAGA Member. PAGA Members will automatically receive a portion of the PAGA Payment under this Settlement.

The Court preliminarily approved the Settlement on <<date>> in Department S26 in the San Bernardino County Superior Court, State of California. At this hearing, the Court determined that there is sufficient evidence to suggest that the proposed settlement might be fair, adequate, and reasonable and ordered that you receive this Notice.

The Court will hold a Final Approval Hearing concerning the proposed Settlement on <<date>> at <<time>>a.m./p.m. in Department S26 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. The Final Approval Hearing may be continued to another date without further notice.

A. How Will I Know If The Court Changes The Date Or Location Of The Final Approval Hearing?

If the Court changes the date of the Final Approval Hearing, **you will not receive notice of the change**. It is suggested that, prior to the scheduled Final Approval hearing, you: (1) contact the Settlement Administrator to find out if the Final Approval hearing is still scheduled for [Date] at [Time] a.m./p.m. in Department S26; (2) contact Class Counsel; or (3) check the Court's docket for this Class Action to see if the hearing is still scheduled on [Date] at [Time] a.m. in Department S26.

To check the Court's docket, go to www.sb-court.org. Click on "Online Services," then click on the "Learn More" button under "Access Case Information & Documents." Click "Accept" at the bottom of the screen. In the Court Access Portal, click on "Search," then click on "Case Information." In the Case Number Search box, type in the

Case Number “CIVDS2023369,” and click on “Search.” The date, time, and location of the Final Approval Hearing will be listed under “Hearings.” This process is free.

B. I Want To Attend The Hearing. What Are The Court’s COVID-19 Procedures?

If you wish to attend the Final Approval Hearing, please check the Court’s website (www.sb-court.org) for the Court’s current social distancing procedures for attendance at hearings – these procedures can change at any time. If you need further instructions on how to attend this hearing, please contact the Settlement Administrator or Class Counsel.

C. If I Do Not Go To The Final Approval Hearing, How Will I Know If The Court Granted Final Approval Of The Settlement And Entered Final Judgment?

You may review the Court's docket by following the instructions explained in Section 1(A) of this Notice. at www.sb-court.org. You may also contact the Settlement Administrator or Class Counsel to find out if the Court granted Final Approval of the Settlement and entered Judgment. If you wish to obtain a copy of the Judgment, it will be posted on the Settlement Administrator’s website at [website address] and is also available on the Court’s docket (directions on how to access the Court’s docket are explained in Section 1(A) of this Notice).

2. What Is this Case About?

On October 28, 2020, Plaintiff Matthew Correa filed a class and representative complaint in San Bernardino County Superior Court on behalf of himself and all other similarly situated persons employed by FedEx Supply Chain, Inc. The *Correa* lawsuit was assigned case number CIVDS2023369 and alleged the following claims for: (1) violation of Lab. Code §§201-204, 246; (2) violation of Lab. Code §§ 226.7, 512; (3) violation of Lab. Code § 226; and (4) violation of Bus. & Prof. Code §§ 17200, et seq.; and (4) violation of Lab. Code §§ 2698, *et seq*.

On November 30, 2020, Plaintiffs Alexander Hernandez and John Martin Garcia filed their class and representative complaint in Riverside County Superior Court on behalf of themselves and all other similarly situated persons employed by FedEx Supply Chain, Inc. The *Hernandez/Garcia* lawsuit was assigned case number CVRI2000402. Plaintiffs Hernandez and Garcia later amended their complaint on March 16, 2021. The *Hernandez/Garcia* lawsuit alleged claims for (1) recovery of unpaid minimum wages and liquidated damages; (2) recovery of unpaid overtime; (3) failure to provide meal periods or compensation in lieu thereof; (4) failure to provide rest periods or compensation in lieu thereof; (5) failure to pay sick time benefits; (6) failure to provide accurate wage statements; (7) failure to timely pay wages during employment and upon separation of employment; (8) failure to maintain accurate records; (9) violation of Unfair Competition Law; and (10) violation of Private Attorneys General Act of 2004.

Both lawsuits seek recovery of unpaid wages, restitution, damages, statutory penalties, civil penalties, interest, attorney’s fees and costs.

On <<date>>, the *Correa* lawsuit was amended to include Plaintiffs Hernandez and Garcia and the claims alleged in the *Hernandez/Garcia* lawsuit. Following the disbursement of the Settlement checks, the *Hernandez/Garcia* lawsuit will be dismissed.

FedEx Supply Chain, Inc. denies all allegations and is confident it has strong legal and factual defenses to the alleged claims. FedEx Supply Chain, Inc. denies all liability raised in both lawsuits for any of Plaintiffs’ or the

Class Members' claims under any statute, wage order, common law, or equitable theory. This Settlement is a compromise reached after good faith, arm's length negotiations between Plaintiffs and Defendant (the "Parties"), through their attorneys, and is not an admission of liability on the part of Defendant. The Court has not expressed any opinion as to the validity of the claims raised in these lawsuits and has not ruled on any of the causes of action prior to the parties' agreement to settle.

The Parties reached a settlement subject to Court approval as represented in the Stipulation and Settlement Agreement (the "Settlement"). Class Counsel believes that the Settlement is fair, reasonable, and adequate, and that it is in the best interests of Class Members. While Defendant denies liability, it has concluded that the Settlement is favorable because it avoids the time, disruption, risk, and expense of a lengthy lawsuit, and settlement immediately resolves, finally and completely, the pending and potential claims. Defendant does not admit, concede or imply that it has done anything wrong or legally actionable by settling this lawsuit.

3. How Will Payments Be Made and How Much Can I Expect to Receive?

FedEx Supply Chain, Inc. will pay a total sum of $1,400,000.00 ("Gross Settlement Amount"). The following payments will be deducted from the Gross Settlement Amount: (1) the Class Representative Enhancement Payments, in an amount estimated not to exceed $10,000.00 to each Plaintiff; (2) the Settlement Administrator's costs and fees incurred to administer this settlement, in an amount estimated not to exceed $20,000.00; (3) the PAGA Payment of $50,000.00 (75% or $37,500.00 of which will be sent to the California Labor and Workforce Development Agency ("LWDA") and 25% or $12,500.00 of which will be distributed proportionately to PAGA Members); (4) attorney's fees, in an amount not to exceed $490,000.00 (35% of the Gross Settlement Amount); and (5) litigation costs, in an amount not to exceed $25,000.00. All of these payments are subject to Court approval and the Court has the discretion to award less than the amounts listed above. Defendant's portion of payroll taxes, as the Class Members' current or former employer, will be paid separately from the Gross Settlement Amount.

A. When Will Payments Be Made?

The Gross Settlement Amount will be funded by Defendant within 30 calendar days of the Effective Final Settlement Date[1]. The Settlement Administrator will disburse all payments under the Settlement within 14 calendar days of receipt of the Gross Settlement Amount.

B. How Are Payments to Class Members Calculated?

After deducting the above-referenced items, the remaining Net Settlement Amount will be allocated for payments to all Class Members who have not requested exclusion from the Settlement. Each Class Member's proportionate share of the Net Settlement Amount will be calculated as follows: the number of weeks each Class Member worked for Defendant in California during the applicable time period, divided by the total number of weeks worked by all Class Members during the applicable time period, multiplied by the Net Settlement Amount. The number of weeks worked by each Class Member will be derived from Defendant's records.

[1] The "Effective Final Settlement Date" will be when the final approval of the settlement can no longer be appealed, or, if there are no objectors and no plaintiffs in intervention at the time the Court grants final approval of the Settlement, the date the Court enters judgment and grants final approval of the Settlement.

Overlapping Workweeks where a Moreno Valley Class Member would also qualify as a Sick Pay Class Member and/or Additional Hour Class Member will be weighted as 1.5 workweeks for purposes of calculating Individual Settlement Shares,

C. How Are Payments to PAGA Members Calculated?

Each PAGA Member will receive a proportionate share of the $12,500.00 PAGA Payment earmarked for distribution to PAGA Members. This payment will be calculated by dividing the number of pay periods an individual PAGA Member worked for Defendant in California during the applicable time period, by the total number of pay periods worked by all PAGA Members during the applicable time period and multiplied by $12,500.00. The number of pay periods worked by all PAGA Members will be derived from Defendant's records.

D. What Is My Estimated Payment?

Although your exact individual settlement payment cannot be precisely calculated until after the time during which Class Members may request to exclude themselves from the Settlement concludes, based upon the calculations above, your estimated individual settlement payments are as follows:

Defendant's records indicate your employment in California with Defendant in the following Class(es):

(1) **Sick Pay Class**: You were employed in California for approximately ___ workweeks between August 14, 2018 through May 9, 2022 when you were paid sick pay in the same workweek that you earned a non-discretionary incentive, shift differential, or premium payment that increased your regular rate of pay. Defendant's records indicate that you were employed approximately ___ pay periods between May 2, 2019 through May 9, 2022 when you were paid sick pay in the same pay period that you earned a non-discretionary incentive, shift differential, or premium payment that increased your regular rate of pay.

(2) **Additional Hour Class**: You were employed in California for approximately ___ workweeks between August 14, 2018 through May 9, 2022 when you were paid a meal or rest period premium in the same workweek that you earned a non-discretionary incentive, shift differential, or premium payment that increased your regular rate of pay. Defendant's records indicate that you were employed approximately ___ pay periods between May 2, 2019 through May 9, 2022 when you were paid a meal or rest period premium in the same pay period that you earned a non-discretionary incentive, shift differential, or premium payment that increased your regular rate of pay.

(3) **Moreno Valley Class**: You were employed in California approximately ___ workweeks between July 1, 2019 through May 9, 2022 at Defendant's Moreno Valley warehouse. Defendant's records indicate that you were employed approximately ___ pay periods between September 26, 2019 through May 9, 2022.

Based on these records, your total estimated payment as a Class Member would be $__________, less applicable taxes. Based on these records, your total estimated payment as a PAGA Member would be $__________.

E. My Work Week/Pay Period Count Is Incorrect. How Do I Dispute It?

If you think the calculations of your workweeks and pay periods indicated above are incorrect, you may contact the Settlement Administrator to dispute your work week/pay period allotment and provide any documentation supporting your dispute. This documentation must be returned by mail to the Settlement Administrator and postmarked on or before the [Response Deadline]. The postmark date will be the exclusive means to determine whether a dispute was submitted on time.

The Settlement Administrator will investigate your dispute, request additional information from Defendant, and make a final decision as to the number of eligible work weeks/pay periods that should be used to determine your individual settlement payment. Absent evidence demonstrating Defendant's records are incorrect, Defendant's records will be presumed correct.

F. How Will My Settlement Payment Be Taxed?

Each Class Member's gross settlement award will be apportioned as follows: 20% wages and 80% penalties and interest. The portion allocated to wages will be reported on an IRS Form W-2 and the portion allocated to non-wages will be reported on an IRS Form-1099 by the Settlement Administrator. No tax withholdings shall be made from the non-wages portion of the individual settlement payment. The Settlement Administrator will issue the checks and IRS Forms to each Class Member. 100% of the PAGA Payments to PAGA Members will be treated as civil penalties and reported on IRS 1099 forms.

G. What Happens If I Do Not Cash My Settlement Check?

Any checks issued by the Settlement Administrator must be cashed or deposited within 180 calendar days. After 180 calendar days from the date of mailing, the checks shall become null and void, cancelled, and the uncashed funds shall be sent to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, in the name of those individuals who did not cash their checks to claim at a future date.

H. Moving? Update Your Address With The Settlement Administrator.

It is your responsibility to keep a current address on file with the Settlement Administrator to ensure receipt of your payment under the Settlement.

4. What Are My Rights? How Will My Rights Be Affected?

The purpose of this Notice is to inform you of the proposed Settlement and of your options. Each option has its consequences, which you should understand before making your decision. Your rights regarding each option, and the steps you must take to select each option, are explained below.

<u>Important Note</u>*: *Defendant will not retaliate against you in any way for either participating or not participating in this Settlement. California law protects Class Members from retaliation based on their decision to participate in a class action settlement.

DO NOTHING:	If you do nothing and the Court grants final approval of the Settlement, you will become part of this Class Action and **<u>automatically</u>** receive an individual settlement payment. You will be bound to the release of the applicable Released Claims as defined in the Settlement and the Judgment. You will also give up your right to pursue the applicable Released Claims as defined below.

REQUEST EXCLUSION ("OPT OUT"):	If you do **not** want to take part in the Settlement, you must mail or fax a written request for exclusion to the Settlement Administrator. The written request for exclusion must: (a) include your full name, last four digits of your Social Security Number, address, and telephone number; and (b) include a statement demonstrating your intention to exclude yourself from the Settlement, in sum or substance, as the following statement: "I request to be excluded from this class action settlement." **The Request for Exclusion must be postmarked or faxed on or before [the Response Deadline].** The postmark or fax receipt date will be the exclusive means to determine whether the request for exclusion was submitted on time. Following Final Approval of the Settlement, the Court will enter Judgment. The Judgment will bind all Class Members who do not request exclusion from the Settlement on time. If you request exclusion from the Settlement, you retain your rights to sue the Released Parties for the applicable Released Claims and will not receive an individual settlement payment. However, if you request exclusion from the Settlement and are also a PAGA Member, you will still receive your proportionate payment of the PAGA Payment.
OBJECT:	If you have not requested exclusion from (i.e. opted out of) the Settlement, you may object to the Settlement, personally or through an attorney, by mailing your written objection to the Settlement Administrator at [Settlement Administrator's address] or faxing your written objection to the Settlement Administrator at [Settlement Administrator's fax number]. The written objection should state: (a) your full name and last four numbers of your Social Security Number; (b) the words "Notice of Objection" or "Formal Objection"; and (c) describe, in clear and concise terms, the arguments supporting your objection. You may appear (but are not required) at the Final Approval Hearing, in person or through an attorney. The Court will hear from any Class Member who attends the Final Approval Haring and asks to speak regarding his or her objection. **The written objection must be postmarked or faxed on or before [the Response Deadline].** The postmark or fax receipt date will be the exclusive means to determine whether the written objection was submitted on time. If the Court rejects or overrules your objection, you will receive your individual settlement payment and be bound by the terms of the Settlement.

Effect of the Settlement on Your Rights:

A. Released Class Claims

The Judgment entered by the Court upon Final Approval of the Settlement shall have *res judicata* effect and be final and binding upon Plaintiffs and all Class Members who have not expressly requested to be excluded from the Settlement. As of the Effective Final Settlement Date, Class Members who do not request to be excluded from the Settlement will release the Released Parties[2] from the applicable Released Claims for the applicable time period:

[2] "Released Parties" means Defendant FedEx Supply Chain, Inc. and its respective past, present and/or future, direct and/or indirect, officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors,

1. **<u>Sick Pay Class Member Release (August 14, 2018 – May 9, 2022)</u>:** all claims or causes of action, known or unknown, that each Participating Sick Pay Class Member had, now has, or may hereafter claim to have during the Sick Pay Class Period against the Released Parties that were or could have been asserted in the Action, based on the sick pay-related facts and claims alleged in the Second Amended Complaint. This includes, but is not limited to, claims resulting from alleged (1) unpaid sick pay (Cal. Lab. Code §§ 201-204, 210, 233, 246 and relevant provisions of any applicable Wage Order); (2) inaccurate itemized wage statements (Cal. Lab. Code § 226(a) and relevant provisions of any applicable Wage Order); (3) claims brought under Business & Professions Code section 17200, et seq., including, but not limited to, claims for unfair, unlawful and harmful conduct to Sick Pay Class Members, the general public, and Defendant's competitors, and claims of unlawfully gaining an unfair advantage over other businesses arising out of the claims that were or that could have been asserted in the Action based on the sick pay-related facts and claims alleged; and (4) any claims for statutory penalties, interest, and attorneys' fees and costs arising out of the claims that were or that could have been asserted in the Action based on the sick pay-related facts and claims alleged.

2. **<u>Additional Hour Class Member Release (August 14, 2018 – May 9, 2022)</u>:** all claims or causes of action, known or unknown, that each Participating Additional Hour Class Member had, now has, or may hereafter claim to have during the Additional Hour Class Period against the Released Parties that were or could have been asserted in the Action, based on the additional hour-related facts and claims alleged in the Second Amended Complaint. This includes, but is not limited to, claims resulting from (1) instances where meal and rest period premiums were paid to Additional Hour Class Members, but were not paid at the Additional Hour Class Members' "regular rate of compensation" (Cal. Lab. Code §§ 226.7, 512, 201-204, 210 and relevant provisions of any applicable Wage Order); (2) inaccurate itemized wage statements (Cal. Lab. Code § 226(a) and relevant provisions of any applicable Wage Order); (3) claims brought under Business & Professions Code section 17200, et seq., including, but not limited to, claims for unfair, unlawful and harmful conduct to Additional Hour Class Members, the general public, and Defendant's competitors, and claims of unlawfully gaining an unfair advantage over other businesses arising out of the claims that were or that could have been asserted in the Action based on the additional hour-related facts and claims alleged; and (4) any claims for statutory penalties, interest, and attorneys' fees and costs arising out of the claims that were or that could have been asserted in the Action based on the additional hour-related facts and claims alleged.

3. **<u>Moreno Valley Class Member Release (July 1, 2019 – May 9, 2022)</u>:** all claims or causes of action, known or unknown, that each Participating Moreno Valley Class Member had, now has, or may hereafter claim to have during the Moreno Valley Class Period against the Released Parties that were or could have been asserted in the Action, based on the facts alleged in the Second Amended Complaint. This includes, but is not limited to: all of the following claims for relief: (1) failure to pay minimum, straight time, overtime, or double time wages, and failure to pay other wages of any kind during employment; (2) failure to pay sick time benefits; (3) failure to authorize and permit rest periods or pay all rest period premium pay; (4) failure to provide meal periods or pay all meal period premium pay; (5) failure to provide accurate and itemized wage statements; (6) failure to pay final wages at separation; (7) failure to pay all wages timely; (8) failure to reimburse or indemnify all necessary business expenses; (9) failure to maintain records in violation of Labor Code section 1174; (10) claims brought under Business & Professions Code section 17200, et seq., including, but not limited to all claims for unfair,

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successors, assigns, joint venturers and any individual or entity which could be jointly liable with any of the foregoing under contract, common law, or pursuant to California Labor Code section 558.1.

unlawful and harmful conduct to Moreno Valley Class Members, the general public, and Defendant's competitors, and claims of unlawfully gaining an unfair advantage over other businesses; and (11) any claims for statutory penalties, interest, and attorneys' fees and costs arising out of the facts asserted in the Second Amended Complaint and the aforementioned causes of action.

B. <u>PAGA Released Claims</u>

The Judgment entered by the Court upon Final Approval of the Settlement shall also have *res judicata* effect and be final and binding upon Plaintiffs, PAGA Members, and the California Labor and Workforce Development Agency. If you are a PAGA Member, this Settlement will release the following applicable PAGA Released Claims, regardless of whether or not you requested exclusion from the Settlement. Upon the Effective Final Settlement Date, Plaintiffs, PAGA Members, and the California Labor and Workforce Development Agency shall forever release the Released Parties from the following applicable PAGA Released Claims for the applicable time period:

1. **<u>Sick Pay PAGA Member Release (May 2, 2019 – May 9, 2022)</u>:** all claims seeking civil penalties under California Labor Code sections 2698, et seq. during the Sick Pay PAGA Period that each Sick Pay PAGA Member had, now has, or may hereafter claim to have against the Released Parties that were or could have been asserted in the Action, based on the facts and claims alleged in the Second Amended Complaint filed in the Action, including, but not limited to claims for civil penalties for alleged violation of California Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 233, 245.5-249, 1174, 1174.5, and 1198 (and any relevant provisions of applicable Wage Orders).

2. **<u>Additional Hour PAGA Member Release (May 2, 2019 – May 9, 2022)</u>:** all claims seeking civil penalties under California Labor Code sections 2698, et seq. during the Additional Hour PAGA Period that each Additional Hour PAGA Member had, now has, or may hereafter claim to have against the Released Parties that were or could have been asserted in the Action, based on the facts and claims alleged in the Second Amended Complaint filed in the Action, including, but not limited to, claims for civil penalties for alleged violations of California Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 512, 1174, 1174.5, and 1198 (and any relevant provisions of applicable Wage Orders).

3. **<u>Moreno Valley PAGA Member Release (September 26, 2019 – May 9, 2022)</u>:** all claims seeking civil penalties under California Labor Code sections 2698, et seq. during the Moreno Valley PAGA Period that each Moreno Valley PAGA Member had, now has, or may hereafter claim to have against the Released Parties that were or could have been asserted in the Action, based on the facts and claims alleged in the Second Amended Complaint filed in the Action, including, but not limited to claims for civil penalties for alleged violations of California Labor Code sections 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 226, 226.3, 226.7, 233, 245.5-249, 256, 510, 512, 558, 558.1, 1174, 1174.5, 1182.12, et seq., 1194, 1194.2, 1197, 1198 (and any relevant provisions of applicable Wage Orders), 1199, 2800, 2802, 2810.5.

5. Who Are the Attorneys Representing the Parties?

<u>Class Counsel / Plaintiffs' Counsel:</u>

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You do not need to hire your own attorney because Class Counsel are working on your behalf. But, if you want your own attorney, you may hire one at your own cost.

6. How Do I Obtain More Information?

This Notice does not contain all of the terms of the proposed Settlement or all of the details of these proceedings. For more detailed information, you can request copies of documents filed with the Court, free of charge, from Class Counsel or the Settlement Administrator.

IF YOU NEED MORE INFORMATION OR HAVE ANY QUESTIONS, contact the Settlement Administrator or call Class Counsel using the information listed above or at [phone number]. Please refer to the FedEx Supply Class Action Settlement.

You may also obtain documents filed in these lawsuits from the Court's website for a fee. To check the Court's docket, go to www.sb-court.org. Click on "Online Services," then click on the "Learn More" button under "Access Case Information & Documents." Click "Accept" at the bottom of the screen. In the Court Access Portal, click on "Search," then click on "Case Information." In the Case Number Search box, type in the Case Number "CIVDS2023369," and click on "Search." You can preview the documents listed on this page or purchase them for a fee.

PLEASE DO NOT TELEPHONE THE COURT OR COURT'S CLERK FOR INFORMATION ABOUT THIS SETTLEMENT.