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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

CHRISTIAN PLUMEDA, as an aggrieved
employee pursuant to the Private Attorneys
General Act ("PAGA"), on behalf of the State of
California and other aggrieved employees,

Plaintiff,

v.

SAN DIEGO COMPOSITES, INC., a
California corporation; APPLIED COMPOSITE
STRUCTURES, INC., a Delaware corporation;
ALLIANCE SPACESYSTEMS, LLC, a
California limited liability company; APPLIED
COMPOSITES HOLDINGS, LLC, a Delaware
limited liability company and DOES 1 through
10, inclusive,

Defendants.

Case No. 37-2021-00040002-CU-OE-CTL

Assigned for all purposes to the Hon. Loren G.
Freestone, Dept. C-64

PAGA SETTLEMENT AGREEMENT

PAGA SETTLEMENT AGREEMENT

Subject to Court approval by the Superior Court of the State of California for the County of San Diego (“Court”), Plaintiff Christian Plumeda (“Plaintiff”) and Defendants San Diego Composites, Inc., Alliance SpaceSystems, LLC, Applied Composite Structures, Inc., and Applied Composites Holdings, LLC (“Defendants”) (collectively with Plaintiff, the “Parties”) hereby agree to the following binding settlement (“Settlement” or “Settlement Agreement”) of the action entitled *Plumeda v. San Diego Composites, Inc. et al.*, No. 37-2021-00040002-CU-OE-CTL (San Diego County Superior Court) (the “Action”).

DEFINITIONS

The following definitions are applicable to this Settlement Agreement. Definitions contained elsewhere in this Settlement Agreement will also be effective:

1. “Action” means *Plumeda v. San Diego Composites, Inc. et al.*, No. 37-2021-00040002-CU-OE-CTL (San Diego County Superior Court).
2. “Aggrieved Employees” means all persons who were employed by Defendants in the State of California in non-exempt, hourly paid positions and who received at least one wage statement at any time during the period from July 15, 2020 through April 30, 2023.
3. “Court” means the Superior Court for the State of California, County of San Diego.
4. “Gross Settlement Amount” means the settlement amount of Six Hundred Fifty Thousand Dollars (\$650,000) to be paid by Defendants in full satisfaction of all Settled Claims arising from the Action.
5. “LWDA” means the California Labor and Workforce Development Agency.
6. “PAGA Penalties Fund” means the Gross Settlement Amount less the Attorneys’ Fees and Costs, Service Award, and Settlement Administrator Costs.
7. “Plaintiff’s Counsel” means Capstone Law APC.
8. “Service Award” means the amount to be paid to Plaintiff as payment for his service on behalf of the LWDA and Aggrieved Employees and for a general release of all claims arising out of his employment with Defendants.
9. “Settled Claims” means any and all Plaintiff Released Claims and PAGA Released

Claims defined in section 17 of this Agreement.

10. “Settlement Period” means the period from July 15, 2020 through April 30, 2023.

11. “Effective Date” means the date the Court approves the settlement described in this Agreement and dismisses the Action with prejudice.

TERMS

12. Gross Settlement Amount. In consideration for Plaintiff’s promises and representations described in this Settlement Agreement, and subject to all of the conditions of the Settlement being met, Defendants will pay Six Hundred Fifty Thousand Dollars (\$650,000) (“Gross Settlement Amount”) to settle the Action. The Gross Settlement Amount includes Plaintiff’s attorneys’ fees, litigation costs and expenses, consideration for Plaintiff’s service on behalf of the LWDA and Aggrieved Employees, Settlement Administration Costs, and payments to Aggrieved Employees and the LWDA for their share of the PAGA Penalties Fund. No portion of the Gross Settlement Amount will be retained by, or revert to, Defendants. The Parties agree that there are no circumstances that would require Defendants to pay any amount greater than the Gross Settlement Amount in connection with this Agreement unless the escalator clause in 13(c) herein is invoked.

13. PAGA Penalties Fund. The PAGA Penalties Fund will be paid to Aggrieved Employees and the LWDA in full satisfaction of all Settled Claims. Pursuant to PAGA, Seventy-Five Percent (75%) of the PAGA Penalties Fund will be paid to the LWDA, and the remaining Twenty-Five Percent (25%) will be paid to all Aggrieved Employees according to the following formula:

13(a) Defendants will calculate: (i) the total number of pay periods worked by each Aggrieved Employee during the Settlement Period, and (ii) the total number of pay periods worked by all Aggrieved Employees during the Settlement Period.

13(b) To determine each Aggrieved Employee’s payment from the PAGA Penalties Fund, Defendants will use the following formula: Settlement Payment = 25% of PAGA Penalties Fund × [Pay Periods Worked by Individual Aggrieved Employee During the Settlement Period ÷ Total Pay Periods Worked by All Aggrieved Employees during the Settlement

Period].

13(c) Escalator Clause. This settlement is based on Defendants' representation that there are approximately 28,294 pay periods worked by the Aggrieved Employees from July 15, 2020 through April 30, 2023. If the number of pay periods exceeds this amount by 10% or more (i.e. more than 31,124 pay periods) for that same period, Defendants shall pay an increased Gross Settlement Amount proportionate to the increase over the 10% threshold. For example, if the final number of pay periods is 15% greater than 28,294, the Gross Settlement Amount will increase by 5%.

14. Attorneys' Fees and Costs. Defendants agree not to oppose or impede any application or motion by Plaintiff's Counsel for Attorneys' Fees and Costs of not more than Two Hundred Sixteen Thousand Six Hundred Sixty Seven Dollars (\$216,667), plus the reimbursement of all out-of-pocket costs and expenses associated with Plaintiff's Counsel's litigation and settlement of the Action (including expert/consultant fees, investigations costs, etc.), not to exceed Fifteen Thousand Dollars (\$15,000), both of which will be paid from the Gross Settlement Amount. Any portion of the Attorneys' Fees and Costs not awarded to Plaintiff's Counsel will be added to the PAGA Penalties Fund.

15. Settlement Administration Costs. The Parties will retain CPT Group, Inc. as the third-party settlement administrator ("Settlement Administrator"). The Settlement Administrator will be responsible for establishing a qualified settlement fund ("QSF") and issuing payments and appropriate tax forms to Aggrieved Employees, the LWDA, Plaintiff, and Plaintiff's Counsel. The Settlement Administration Costs will be paid from the Gross Settlement Amount. Based on the estimate that there are approximately 838 Aggrieved Employees, Settlement Administration Costs are estimated at Five Thousand Five Hundred Dollars (\$5,500).

16. Service Award. For the general release of all claims set forth in 17(b) below, and for his service on behalf of the LWDA and Aggrieved Employees, Defendants agree not to oppose or impede any application or motion by Plaintiff for a service award of up to Ten Thousand Dollars (\$10,000) ("Service Award").

1 17. Release and Waiver of Settled Claims

2 17(a) Limited Release by Aggrieved Employees. Upon the Effective Date and
3 subject to Defendants' full payment of the Gross Settlement Amount,
4 Plaintiff, on behalf of himself, his heirs, executors, and assigns, the
5 Aggrieved Employees, and the State of California, fully releases and
6 discharges Defendants, and each of their present and former affiliates, parent
7 companies, subsidiaries, divisions, successors, predecessors, and assigns,
8 and each of its respective past and present shareholders, officers, partners,
9 directors, members, current and former employees, agents, attorneys,
10 insurers, successors, assigns, representatives, accountants, and all persons
11 acting on their behalf (collectively, "Released Parties") from any and all
12 claims, rights, demands, liabilities, and causes of action of every nature and
13 description under PAGA, which were alleged or which could have been
14 alleged based on the facts asserted in the operative complaint in the Action
15 and/or in Plaintiff's PAGA notice to the LWDA dated July 15, 2021
16 ("PAGA Released Claims") that accrued during the Settlement Period,
17 including without limitation, claims for failure to pay all wages due,
18 including overtime, due and owing during employment, provide all meal
19 periods or premium compensation in lieu thereof, authorize and permit all
20 rest breaks or premium compensation in lieu thereof, provide one day's rest
21 in seven, pay reporting time pay, reimburse all necessary business expenses,
22 pay for costs incurred in having to obtain mandatory physical examinations
23 and/or drug testing, timely pay all wages during employment and due upon
24 separation of employment, issue complete and accurate wage statements,
25 private written notice of information material to employment, and provide
26 safety devices and safeguards, and for violation and/or based on California
27 Labor Code §§ 201, 202, 203, 204, 222.5, 226(a), 226.7, 510, 512(a), 516,
28 551, 552, 1174(d), 1182.12, 1194, 1197, 1198, 2802, 2810.5, 6401, 6403,

1 the corresponding provisions of the applicable IWC Wage Order, and all
2 claims for attorneys' fees and costs in connection therewith. The Aggrieved
3 Employees' PAGA Released Claims include all such claims, whether
4 known or unknown by the releasing party. Thus, even if an Aggrieved
5 Employee discovers facts in addition to or different from those that they
6 now know or believe to be true with respect to the subject matter of the
7 Aggrieved Employees' PAGA Released Claims, e.g. the claims brought in
8 Plaintiff's operative complaint in the Action or that could have been brought
9 based on the facts therein, those claims will remain released and forever
10 barred. Therefore, solely with respect to those PAGA Released Claims,
11 Plaintiff, the Aggrieved Employees, and the State of California expressly
12 waive and relinquish the provisions, rights and benefits of California Civil
13 Code section 1542, which provides: **A GENERAL RELEASE DOES**
14 **NOT EXTEND TO CLAIMS THAT THE CREDITOR OR**
15 **RELEASING PARTY DOES NOT KNOW OR SUSPECT TO**
16 **EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING**
17 **THE RELEASE AND THAT, IF KNOWN BY HIM OR HER,**
18 **WOULD HAVE MATERIALLY AFFECTED HIS OR HER**
19 **SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

20 17(b) General Release by Plaintiff Plumeda. Upon the Effective Date and subject
21 to Defendants' full payment of the Gross Settlement Amount, Plaintiff
22 Plumeda shall be deemed to have fully, finally, and forever released the
23 Released Parties from any and all claims, obligations, demands, actions,
24 rights, causes of action, and liabilities against the Released Parties, of
25 whatever kind and nature, character, and description, whether in law or
26 equity, whether sounding in tort, contract, federal, state and/or local law,
27 statute, ordinance, regulation, common law, or other source of law, whether
28 known or unknown, and whether anticipated or unanticipated, including

1 unknown claims covered by Civil Code Section 1542, arising through the
2 date of his signature hereon, for any type of relief, including, without
3 limitation, claims for wages, damages, unpaid costs, penalties, liquidated
4 damages, punitive damages, interest, attorneys' fees, litigation costs,
5 restitution, or equitable relief. These claims include, but are not limited to,
6 the PAGA Released Claims, as well as any other claims under any provision
7 of the California Labor Code or any applicable California Industrial Welfare
8 Commission Wage Orders, and claims under local, state, or federal
9 discrimination statutes, including, without limitation, the California Fair
10 Employment and Housing Act, California Government Code §§ 12940 *et*
11 *seq.*; the Unruh Civil Rights Act, California Civil Code §§ 51 *et seq.*; the
12 California Constitution; Title VII of the Civil Rights Act of 1964, 42 U.S.C.
13 §§ 2000 *et seq.*; the Americans with Disabilities Act, 42 U.S.C. §§ 12101 *et*
14 *seq.*; the Employee Retirement Income Security Act of 1974, 29 U.S.C.
15 §§ 1001 *et seq.*; and all of their implementing regulations and interpretive
16 guidelines ("Plaintiff Released Claims"). With respect to these Plaintiff
17 Released Claims as described in this Section, Plaintiff Plumeda shall be
18 deemed to have expressly waived and relinquished, to the fullest extent
19 permitted by law, the provisions, rights, and benefits he may otherwise have
20 had pursuant to Section 1542 of the California Civil Code, which provides
21 as follows:

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

27 Notwithstanding Section 1542, Plaintiff understands and agrees that this
28 Agreement shall act as a release of all future claims that may arise from

1 Plaintiff Plumedá's employment or separation from employment with
2 Defendants, or any other matters that existed between Plaintiff Plumedá and
3 the Released Parties up to the date of this Agreement, whether such claims
4 are currently known or unknown, and that Plaintiff intentionally waives any
5 rights he may have under the provisions of Section 1542, as well as under
6 any other statutes or common law principles of similar effect in the State of
7 California or in any other state.

8 18. Plaintiff understand and agrees that this Settlement Agreement and the general release
9 set forth in 17(b) above shall remain in full force and effect even if the full amount of Service Award
10 sought by Plaintiff is not ultimately awarded by the Court.

11 19. Court Approval of the Settlement and Distribution of Settlement Payments. The Parties
12 will present this Settlement Agreement to the Court and the LWDA. The Parties will request that the
13 Court issue an order and judgment approving and incorporating by reference the terms and conditions of
14 the Settlement Agreement (the "Order and Judgment").

15 20. Funding of the Settlement. Within fifteen (15) business days after entry of the Order and
16 Judgment, Defendant will deposit half of the Gross Settlement Amount (\$325,000) into the QSF to be
17 established by the Settlement Administrator. Within one hundred and eighty (180) days after entry of the
18 Order and Judgment, Defendant will deposit the remaining half of the Gross Settlement Amount
19 (\$325,000) into the QSF established by the Settlement Administrator. Within, fourteen (14) calendar
20 days after the full funding of the Settlement, the Settlement Administrator will issue payments to: (a)
21 Aggrieved Employees; (b) the Labor and Workforce Development Agency; (c) Plaintiff; (d) Plaintiff's
22 Counsel; and (e) itself. The Settlement Administrator, and not Defendants, will issue the appropriate tax
23 forms for all payments issued under this Settlement.

24 21. List of Aggrieved Employees. Within fifteen (15) business days after entry of the Order
25 and Judgment, Defendants will provide the Settlement Administrator a complete list of all Aggrieved
26 Employees ("Aggrieved Employee List"). The Aggrieved Employee List will be formatted in Microsoft
27 Office Excel and will include each Aggrieved Employees full name; last known mailing address and
28 telephone number; Social Security number; the respective number of pay periods during which each

1 Aggrieved Employee worked during the Settlement Period; and any other relevant information needed to
2 calculate settlement payments.

3 22. Settlement Payments to Aggrieved Employees. The Settlement Administrator will issue
4 each Aggrieved Employee one check for his or her share of the PAGA Penalties Fund along with an
5 explanatory letter, attached as Exhibit A. Prior to mailing, the Settlement Administrator will perform a
6 search based on the National Change of Address Database for information to update and correct for any
7 known or identifiable address changes. Any checks returned as non-deliverable on or before the check
8 cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address
9 affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt
10 to determine the correct address using a skip-trace, or other search using the name, address or Social
11 Security number of the Aggrieved Employee involved, and will then perform a single re-mailing.
12 Checks will remain negotiable for 180 days. Those funds represented by un-cashed checks which remain
13 outstanding 180 days after the mailing of the Settlement checks by the Settlement Administrator will be
14 tendered to the LWDA. All settlement payments to Aggrieved Employees will be treated as
15 miscellaneous income for which a 1099 will be issued.

16 23. Settled Claims. Upon entry of the Order and Judgment, Plaintiff and all Aggrieved
17 Employees will be forever barred from pursuing against Defendants any and all Settled Claims during
18 the Settlement Period. Aggrieved Employees, other than Plaintiff, will not be deemed to have released
19 any individual wage and hour claims by virtue of this Settlement.

20 24. No Right to Exclusion or Objections by Representative Action Members. Because this
21 settlement resolves claims and actions brought pursuant to PAGA by Plaintiff acting as a proxy and as a
22 Private Attorney General of, and for, the State of California and the LWDA, the Parties agree that no
23 Aggrieved Employee has the right to exclude himself or herself from the Settlement. Aggrieved
24 Employees will be bound by the terms of the Settlement Agreement, upon its approval by the Court,
25 regardless of whether he or she cashes any payment received as a result of this Settlement. The Parties
26 also agree that no Aggrieved Employee has the right to object to the terms of the Settlement Agreement.

27 25. No Credit Toward Benefit Plans. Payments to Aggrieved Employees as referenced
28 herein will not be utilized to calculate any additional benefits under any benefit plans to which any

1 Aggrieved Employee may be eligible, including, but not limited to profit-sharing plans, bonus plans,
2 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit
3 plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights,
4 contributions, or amounts to which any Aggrieved Employee may be entitled under any benefit plans.

5 26. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant
6 that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign,
7 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of
8 action or right herein released and discharged.

9 27. Nullification of Settlement Agreement. In the event that: (i) the Court does not approve
10 the Settlement as provided herein; or (ii) the Settlement does not become final for any other reason, then
11 this Settlement Agreement, and any documents generated to bring it into effect, will be null and void,
12 and the Parties will be returned to their original respective positions and Defendants shall have no
13 obligation to pay any of the Gross Settlement Amount.

14 28. Judgment and Continued Jurisdiction. After entry of the Order and Judgment, the Court
15 will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement
16 of the terms of the Settlement, (ii) settlement administration matters, and (iii) such post-Judgment matters
17 as may be appropriate under court rules or as set forth in this Settlement.

18 29. Entire Agreement. This Settlement Agreement constitutes the entirety of the Parties'
19 settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding
20 on the Parties.

21 30. Amendment or Modification. This Settlement Agreement may be amended or modified
22 only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all
23 Parties, and approved by the Court.

24 31. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and
25 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
26 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
27 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
28 effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each

1 other and use their best efforts to affect the implementation of the Settlement. If the Parties are unable to
2 reach agreement on the form or content of any document needed to implement the Settlement, or on any
3 supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties
4 may seek the assistance of the Court to resolve such disagreement.

5 32. Binding on Successors and Assigns. This Settlement Agreement will be binding upon,
6 and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

7 33. California Law Governs. All terms of this Settlement Agreement will be governed by
8 and interpreted according to the laws of the State of California.

9 34. Execution and Counterparts. This Settlement Agreement is subject only to the execution
10 of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All
11 executed counterparts and each of them, including electronic signatures (e.g., DocuSign), facsimiles, and
12 scanned copies of the signature pages, will be deemed to be one and the same instrument.

13 35. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this
14 Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this
15 Settlement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that
16 they are each represented by competent counsel and that they have had an opportunity to consult with
17 their counsel regarding the fairness and reasonableness of this Settlement.

18 36. Waiver of Certain Appeals. The Parties agree to waive appeals; except, however, that
19 Plaintiff may appeal any reduction to the Attorneys' Fees and Costs below the amount they request from
20 the Court, and either party may appeal any court order that materially alters the Settlement's terms.

21 37. Invalidity of Any Provision. Before declaring any provision of this Settlement
22 Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent
23 possible consistent with applicable precedents so as to define all provisions of this Settlement Agreement
24 valid and enforceable.

25 38. Captions. The captions and section numbers in this Settlement Agreement are inserted
26 for the reader's convenience, and in no way define, limit, construe or describe the scope or intent of the
27 provisions of this Settlement Agreement.

28 39. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement

1 or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or
2 constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

3 40. Enforcement Action. In the event that one or more of the Parties institutes any legal
4 action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement
5 or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be
6 entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including
7 expert witness fees incurred in connection with any enforcement actions.

8 41. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and
9 conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed
10 more strictly against one party merely by virtue of the fact that it may have been prepared by counsel for
11 one of the Parties, it being recognized that, because of the arm's-length negotiations between the Parties,
12 all Parties have contributed to the preparation of this Settlement Agreement.

13 42. Representation By Counsel. The Parties acknowledge that they have been represented
14 by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and
15 that this Settlement Agreement has been executed with the consent and advice of counsel, and reviewed
16 in full.

17 43. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good
18 faith and execute all documents to the extent reasonably necessary to effectuate the terms of this
19 Settlement Agreement.

20 44. Binding Agreement. The Parties warrant that they understand and have full authority to
21 enter into this Settlement, and further intend that this Settlement Agreement will be fully enforceable and
22 binding on all parties, and agree that it will be admissible and subject to disclosure in any proceeding to
23 enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply
24 under federal or state law.

25 45. Denial of Liability. The Parties expressly recognize that the making of this agreement
26 does not in any way constitute an admission or concession of wrongdoing on the part of Defendants.
27 Nothing in this Settlement, nor any action taken in implementation thereof, nor any statements,
28 discussions or communications, nor any materials prepared, exchanged, issued or used during the

pendency of the Action, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this agreement may be used in any proceeding in the Court that has as its purpose the interpretation, implementation, or enforcement of the Settlement or any orders or judgments of the Court entered into in connection therewith.

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: 3/26/2024

DocuSigned by:

Christian Plumed

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DEFENDANTS

Dated: 6/5/2024

Paul Garcia

Name of Authorized Signatory
San Diego Composites, Inc., Alliance SpaceSystems, LLC, Applied Composite Structures, Inc., and Applied Composites Holdings, Inc.

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: March 26, 2024

Raul Perez

Raul Perez

JEFFER MANGELS BUTLER & MITCHELL LLP

Dated: June 12, 2024

B. Arnold

Barbra A. Arnold

Exhibit A

<<DATE>>

<<FIRST_NAME>> <<LAST_NAME>>

<<ADDRESS 1>>

<<ADDRESS 2>>

**Re: Payment From *Plumeda v. San Diego Composites, Inc. et al.*,
No. 37-2021-00040002-CU-OE-CTL (San Diego County Superior Court)**

Dear <<FIRST_NAME>> <<LAST_NAME>>:

Enclosed you will find a check made payable to you. This is your payment from the settlement of the lawsuit entitled *Plumeda v. San Diego Composites, Inc. et al.*, No. 37-2021-00040002-CU-OE-CTL (San Diego County Superior Court) (the “Action”).

The Action was filed against Defendants San Diego Composites, Inc., Alliance SpaceSystems, LLC, Applied Composite Structures, Inc., and Applied Composites Holdings, Inc. (“Defendants”) pursuant to the California Private Attorneys General Act of 2004, Cal. Lab. Code § 2698 *et seq.* (called “PAGA”). The Action was brought by a former employee of Defendant San Diego Composites, Inc. on behalf of the State of California and all allegedly “aggrieved employees” of Defendants. You have been identified as one of the “Aggrieved Employees” under the settlement, which is defined as all persons who were employed by Defendants in the State of California in non-exempt, hourly paid positions and who received at least one wage statement at any time during the period from July 15, 2020 through April 30, 2023.

The Plaintiff in the Action claimed that Defendants owed civil penalties recoverable under PAGA for alleged violations of the California Labor Code and California Wage Orders. Defendants deny that they violated the Labor Code or California Wage Orders. Moreover, in agreeing to this settlement, Defendants do not admit that they are liable in any way for any penalties and deny any wrongdoing of any kind associated with these allegations.

The Court has not ruled on the merits of the Action but it has approved the settlement of PAGA civil penalties, of which 75% will be paid to the California Labor and Workforce Development Agency, and the remaining 25% will be paid to aggrieved employees. Pursuant to the settlement, enclosed is a check for your share of a portion of the civil penalties. Your Settlement Payment is based on the total number of pay periods that you worked as an Aggrieved Employee. Your Settlement Payment is considered to be 100% penalties, which will be reported on an IRS Form 1099. You are responsible for paying any and all taxes that may be due as a result of your Settlement Payment and should consult a tax advisor regarding the tax consequences of such payment.

Aggrieved employees, other than Plaintiff, will not be deemed to have released any individual wage and hour claims based on alleged violations of the Labor Code or of a California Wage Order, for which they have a private right of action, by virtue of the Settlement.

You are not a party to this lawsuit, but you and the government will be bound by the settlement in this matter as to civil penalties. By way of the settlement, you are deemed to fully release and forever discharge the Released Parties from the PAGA Released Claims. The “Released Parties” means Defendants and each of their present and former affiliates, parent companies, subsidiaries, divisions, successors, predecessors, and assigns, and each of its respective past and present shareholders, officers, partners, directors, members, current and former employees, agents, attorneys, insurers, successors, assigns, representatives, accountants, and all persons acting on their behalf. The “PAGA Released Claims” means and refers to all claims, whether known or unknown, for civil penalties under the PAGA, California Labor Code § 2698, et seq., that were alleged or which could have been alleged based facts asserted in the operative complaint in the Action and/or Plaintiff’s PAGA notice to the California Labor and Workforce Development Agency that accrued during the Settlement Period, including, without limitation, claims for the failure to properly pay all wages, including overtime, due and owing during employment, provide all meal periods or premium compensation in lieu thereof, authorize and permit all rest breaks or premium compensation in lieu thereof, provide one day’s rest in seven, pay reporting time pay, reimburse all necessary business expenses, pay for costs incurred in having to obtain mandatory physical examinations and/or drug testing, timely pay all wages during employment and due upon separation of employment, issue complete and accurate wage statements, private written notice of information material to employment, and provide safety devices and safeguards, and for violation and/or based on California Labor Code §§ 201, 202, 203, 204, 222.5, 226(a), 226.7, 510, 512(a), 516, 551, 552, 1174(d), 1182.12, 1194, 1197, 1198, 2802, 2810.5, 6401, 6403, the corresponding provisions of the applicable IWC Wage Order, and all claims for attorneys’ fees and costs in connection therewith.

The check for your Settlement Payment is valid for 180 calendar days from the date of issuance, and if you do not cash, deposit, or otherwise negotiate the check within the 180-day timeframe, the check will be cancelled and the funds will be tendered to the California Labor and Workforce Development Agency.

Do not call or write the Court or Office of the Clerk of the Court to ask questions about this settlement. If you have any questions, you can contact the settlement administrator (whose contact information is at the top of this letter).

Very Truly Yours,

[Administrator]