

MORGAN & MORGAN, P.A.
Angeli Murthy, Esq. (*Pro Hac Vice*)
8151 Peters Road, 4th Floor
Plantation, Florida 33324
Tel.: (954) 318-0268
Fax.: (954) 327-016
AMurthy@forthepeople.com

MORGAN & MORGAN, P.A.
Kimberly De Arcangelis, Esq. (*Pro Hac Vice*)
20 N. Orange Avenue
Orlando, Florida 32801
Tel.: (407) 420-1414
Fax: (407) 245-3383
KimD@forthepeople.com
Attorneys for Plaintiffs
(Additional Plaintiffs' Counsel on following page)

MORGAN, LEWIS & BOCKIUS LLP
Max C. Fisher, Esq.
Sarah Zenewicz
Eva Nofri, Esq.
300 S. Grand Avenue, 22nd Floor
Los Angeles, California 90071-3132
Tel.: (213) 612-2500
Fax.: (213) 612-2501
max.fischer@morganlewis.com
sarah.zenewicz@morganlewis.com
eva.nofri@morganlewis.com
Attorneys for Defendants

SUPERIOR COURT FOR THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE

CRAIG CLARK and HENRY NELSON,
on behalf of himself and all others
similarly situated,

Plaintiffs,

v.

QUEST DIAGNOSTICS CLINICAL
LABORATORIES, INC., et al., a New
Jersey Corporation, QUEST
DIAGNOSTICS INC., a New Jersey
Corporation, and DOES 1 through 10,
inclusive

Defendants.

CASE NO. BC594022
*[Consolidated with Case Nos. BC660722
and BC594129]*

Assigned to Hon. Laura A. Seigle, Dept.
SS-17

**STIPULATION OF CLASS AND
PAGA REPRESENTATIVE ACTION
SETTLEMENT**

Additional Plaintiffs' Counsel

LAW OFFICES OF THOMAS W. FALVEY

Thomas W. Falvey, Esq. (SBN 65744)
550 North Brand Boulevard, Suite 1500
Glendale, California 91203-1922
Tel.: (818) 547-5200
Fax: (818) 500-9307
thomaswfalvey@gmail.com

BOYAMIAN LAW, INC.

Michael H. Boyamian, Esq. (SBN 256107)
Armand Kizirian, Esq.
550 North Brand Boulevard, Suite 1500
Glendale, California 91203-1922
Tel.: (818) 547-5200
Fax: (818) 500-9307
michael@boyamianlaw.com
armand@boyamianlaw.com

AEGIS LAW FIRM, PC

Kashif Haque, Esq. (SBN 218672)
Samuel A. Wong, Esq. (SBN 217104)
Jessica L. Campbell, Esq. (SBN 280626)
9811 Irvine Center Dr., Suite 100
Irvine, California 92618
Tel.: (949) 379-6250
Fax: (949) 379-6251

CUNEO GILBERT FLANNERY & LADUCA, LLP

Charles J. LaDuca, Esq. (*Pro Hac Vice*)
Brendan Thompson, Esq. (*Pro Hac Vice*)
2445 M Street NW
Suite 740
Washington, D.C. 20037
Tel.: (202) 789-3960
charlesl@cuneolaw.com
brendant@cuneolaw.com

CUNEO GILBERT FLANNERY & LADUCA, LLP

Christian Hudson, Esq. (*Pro Hac Vice*)
222 Livingston St. Unit 2
Brooklyn, NY 11201
Tel.: (202) 789-3960
christian@cuneolaw.com

1 This Stipulation of Settlement (“Stipulation” or “Settlement”) is made and
2 entered into, as of the date set forth below, between Plaintiffs Craig Clark and
3 Henry Nelson, as individuals and as representatives of the proposed Class described
4 herein and as representatives of the State of California (“Plaintiffs”), and
5 Defendants Quest Diagnostic Incorporated (QD) and Quest Diagnostics Clinical
6 Laboratories (QDCL) (“Defendants”), who are parties to the above-captioned
7 litigation (together, the “Parties”).

8 **1. DEFINITIONS**

9 1.1 “Action” means the above-captioned action, *Craig Clark and Henry*
10 *Nelson v. Quest Diagnostics Clinical Laboratories, Inc.*, et al., Los Angeles
11 Superior Court Case No. BC 594022 (Consolidated With Case Nos. BC660722 &
12 BC594129)

13
14 1.2 “Class Counsel” means Angeli Murthy and Kimberly De Arcangelis of
15 Morgan & Morgan, P.A.; Christian Hudson, Charles J. LaDuca, and Brendan
16 Thompson of Cuneo, Gilbert, Flannery & LaDuca, LLP; Michael H. Boyamian and
17 Armand Kizirian of Boyamian Law, Inc.; Kashif Haque, Samuel A Wong, and
18 Jessica L Campbell of Aegis Law Firm, PC; and Thomas W. Falvey of Law offices
19 of Thomas W. Falvey.

20 1.3 “Class Data” means a confidential spreadsheet that includes, for each
21 Settlement Class Member, their name, last known address, social security number,
22 and number of Eligible Workweeks and Eligible Pay Periods or data sufficient for
23 the Settlement Administrator to determine Eligible Workweeks and Eligible Pay
24 Periods. The Class Data shall be based on Defendants’ personnel and payroll
25 records and provided in a format acceptable to the Settlement Administrator.

26 1.4 “Class Settlement Period” means the time period from September 9,
27 2011, to the earlier of the following: (1) March 02, 2026; or (3) the date upon which
28

1 the total number of workweeks from September 9, 2011, forward equals 367,400
2 workweeks, subject to Section 3.2.2.

3 1.5 “Class Representatives” or “Plaintiffs” means Plaintiffs Craig Clark
4 and Henry Nelson.

5 1.6 “Class Representatives’ Released Claims” means any and all claims,
6 obligations, demands, actions, rights, causes of action, and liabilities against the
7 Released Parties, of whatever kind and nature, character, and description, whether
8 in law or equity, whether sounding in tort, contract, federal, state and/or local law,
9 statute, ordinance, regulation, common law, or other source of law or contract,
10 whether known or unknown, and whether anticipated or unanticipated, including all
11 unknown claims covered by California Civil Code Section 1542, by the Class
12 Representatives, arising at any time up to and including the date on which the Court
13 enters the Order of Final Approval, for any type of relief, including without
14 limitation claims for wages, premium and other forms of pay, unpaid/unreimbursed
15 costs, penalties (including waiting time penalties), general damages, compensatory
16 damages, liquidated damages, punitive damages, interest, attorneys’ fees, litigation
17 and other costs, expenses, restitution, and equitable and declaratory relief. The
18 Class Representatives’ Released Claims also include, but are not limited to, the
19 Released Claims as well as any other claims under any provision of the Fair Labor
20 Standards Act (“FLSA”), the California Labor Code, any applicable California
21 Industrial Welfare Commission Wage Orders, any city or county Living Wage
22 Ordinances, and claims under state or federal discrimination statutes, including,
23 without limitation, the California Government Code; the Unruh Civil Rights Act,
24 California Civil Code; the California Constitution; the California Business and
25 Professions Code, including but not limited to Sections 17200 *et seq.*; the United
26 States Constitution; the Age Discrimination in Employment Act (“ADEA”) and the
27 Older Workers Benefit Protection Act; the Uniformed Services Employment and
28 Reemployment Rights Act, Title VII of the Civil Rights Act of 1964, 42 U.S.C.

§ 2000 *et seq.*; the Civil Rights Act of 1991; the Family and Medical Leave Act, to the extent not prohibited by law; the Americans with Disabilities Act, 42 U.S.C. § 12101 *et seq.*; the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 *et seq.*; the Equal Pay Act; the Fair Credit Reporting Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Sarbanes-Oxley Act of 2002; the California Family Rights Act; and all of their implementing regulations and interpretive guidelines; any and all claims for monetary recovery and personal or individual relief, except as prohibited by law; and any premiums, penalties, interest, punitive damages, costs, attorneys’ fees, injunctive relief, declaratory relief, or accounting based on any of the foregoing claims. For the avoidance of doubt, this is a complete and general release to the maximum extent by law. Notwithstanding the foregoing, the release of the Class Representatives’ Released Claims does not include any claim or right that is not waivable as a matter of law.

1.7 “Court” means the Superior Court of California, County of Los Angeles.

1.8 “Defendants’ Counsel” means Max Fischer, Sarah Zenewicz, and Eva M. Nofri of Morgan, Lewis & Bockius LLP.

1.9 “Effective Date” means the latest of: (i) the day after the deadline for any appeals expires; (ii) if an appeal from the Final Approval Order is filed, and the appeal is finally disposed of by ruling, dismissal, denial, or otherwise, the day after the last date for filing a request for further review of the Court of Appeal’s decision passes, and no further review is requested; and (iii) if an appeal of the Final Approval Order is filed and there is a final disposition by ruling, dismissal, denial, or otherwise by the Court of Appeal, and review of the Court of Appeal’s decision is requested, the day after the request for review is denied with prejudice and/or no further review of the Final Approval Order can be requested.

1 1.10 “Eligible Workweeks” shall mean the workweeks that each Settlement
2 Class Member worked for Quest Diagnostics Incorporated in California during the
3 Class Settlement Period.

4 1.11 “Eligible Pay Periods” shall mean the pay periods that each PAGA
5 Member worked for Quest Diagnostics Incorporated in California during the PAGA
6 Settlement Period.

7 1.12 “Incentive Award” means the amount approved by the Court to be paid
8 to the Class Representatives, in recognition of each of their efforts in coming
9 forward as a Class Representative and as consideration for a full, general, and
10 comprehensive release of the Class Representatives’ Released Claims, which shall
11 be in addition to their portion of the Net Settlement Amount.

12 1.13 “Final Approval Date” means the date on which the Court enters the
13 Order of Final Approval.

14 1.14 “Final Approval Hearing” means a hearing set by the Court, to take
15 place on a date established by the Court, for the purpose of (i) determining the
16 fairness, adequacy, and reasonableness of the Stipulation terms and associated
17 Settlement pursuant to class action procedures and requirements; (ii) determining
18 the amount of the award of attorneys’ fees and costs to Class Counsel;
19 (iii) determining the amounts of the Incentive Award to the Class Representative;
20 and (iv) entering the Judgment.

21 1.15 “Gross Settlement Amount” shall mean the amount that Defendants
22 will pay in settlement of this matter, subject to section 3.2.2 below. The Gross
23 Settlement Amount includes all awards of attorneys’ fees and costs to Class
24 Counsel, Settlement Administration Costs, Incentive Awards, the PAGA Settlement
25 Payment (paid to the PAGA Members and the LWDA), and payments to the
26 Participating Class Members.

1 1.16 “Individual PAGA Payment” means the individual amounts paid from
2 the PAGA Payment to the individual PAGA Members for settlement of claims for
3 civil penalties under PAGA.

4 1.17 “Individual Settlement Payment” means the settlement amount due
5 each Participating Class Member from the Net Settlement Amount.

6 1.18 “LWDA” means the California Labor and Workforce Development
7 Agency.

8 1.19 “LWDA PAGA Payment” means the payment to the LWDA from the
9 PAGA Payment for settlement of claims for civil penalties under PAGA.

10 1.20 “Net Settlement Amount” is the portion of the Gross Settlement
11 Amount available for distribution to the Participating Class Members, which shall
12 equal the Gross Settlement Amount less PAGA Payment, Court-approved
13 attorneys’ fees and costs award to Class Counsel, Settlement Administration Costs,
14 and the Incentive Award.

15 1.21 “Notice of Settlement” means the document provided to Settlement
16 Class Members to notify them of the settlement, a copy of which is attached hereto
17 as **Exhibit 1**.

18 1.22 “PAGA Members” means Settlement Class Members who worked in
19 any pay period during the PAGA Settlement Period.

20 1.23 “PAGA Payment” means the payment in settlement of all claims for
21 PAGA penalties, 75% of which will be distributed as the LWDA PAGA Payment
22 and 25% of which will be distributed as Individual PAGA Payments to the PAGA
23 Members.

24 1.24 “PAGA Settlement Period” means the period from September 9, 2014
25 through the end of the Class Settlement Period.

26 1.25 “Participating Class Members” means the Settlement Class Members
27 who do not timely request to be excluded from the class portion of the settlement.

1 No claim form is required for a Settlement Class Member to become a Participating
2 Class Member.

3 1.26 “Preliminary Approval Date” means the date the Court enters the
4 Order preliminary approving the Stipulation of Settlement and setting the Final
5 Approval Hearing.

6 1.27 “Qualified Settlement Fund” means the Qualified Settlement Fund
7 (“QSF”) created under Internal Revenue Code Section 468B, to be overseen by the
8 Settlement Administrator.

9 1.28 “Released Class Claims” shall mean all federal, state and local law
10 claims, rights, demands, liabilities, and causes of action that were alleged in the
11 operative Consolidated Class Action and PAGA Complaint (“Consolidated
12 Complaint” or “CC”) in the Action, or any of the other complaints in the Action, or
13 that reasonably could have been alleged based on the facts and legal theories
14 contained in the CC or any other complaints in the Action, including causes of
15 action for: (a) failure to pay minimum wages; (b) failure to pay wages at the agreed
16 upon rate; (c) failure to pay overtime wages; (d) failure to provide proper meal
17 periods, and to properly provide premium pay in lieu thereof; (e) failure to provide
18 proper rest periods, and to properly provide premium pay in lieu thereof; (e) failure
19 to pay timely wages upon termination of employment; (f) failure to provide
20 accurate itemized wage statements; (g) failure to reimburse necessary business
21 expenses; and unfair business practices that could have been premised on the
22 claims, causes of action, or legal theories of relief described above or on any of the
23 claims, causes of action, or legal theories of relief pleaded in the CC, or any of the
24 complaints in the Action (collectively, the “Released Claims”). The period of the
25 Released Class Claims shall extend to the limits of the Class Settlement Period.

26 1.29 “Released PAGA Claims” The Released PAGA Claims shall mean all
27 claims for civil penalties under PAGA asserted in in the CC in the Action or any of
28 the other complaints filed in the Action, and all claims that could have been

1 asserted in the Action based on the same alleged facts in the CC or any other
2 complaints or in any PAGA letter sent by Plaintiffs to the LWDA, including, but
3 not limited to claims for violations of the California Labor Code for unpaid
4 minimum wages, failure to pay wages at the agreed upon rate, unpaid overtime
5 wages, unpaid meal period premiums, unpaid rest period premiums, inaccurate
6 wage statements, failure to reimburse business expenses, and failure to timely pay
7 wages during employment or at termination, for violations of Labor Code sections
8 201-204, 210, 216, 221, 223, 225.5, 226, 226.3, 226.7, 510-512, 551 552, 553, 558,
9 1174, 1194-1197.1, 1198, 2802, and 2698, et seq. and IWC Wage Order, Number
10 4, sections 4 and 7, Number 4-2001, and Number 9, sections 4, 7 and 12. The
11 period of the Released PAGA Claims shall extend to the limits of the PAGA
12 Period.

13 1.30 “Released Parties” means Quest Diagnostics Incorporated and Quest
14 Diagnostics Clinical Laboratories, Inc. (“Quest”) and all of Quest’s current, future,
15 and former parents, subsidiaries, divisions, affiliates, affiliates and subsidiaries
16 under common ownership, owners, shareholders, members, directors, officers,
17 employees, attorneys, insurers, benefit plans, agents and independent contractors,
18 and the predecessors, successors, and assigns of each of them.

19 1.31 “Response Deadline” means forty-five (45) days after the Settlement
20 Administrator mails the Notice of Settlement to the Settlement Class Members. It
21 shall be the last date on which Settlement Class Members may: (a) postmark any
22 Opt Out Request; (b) postmark any written objection to the Settlement, and (c)
23 postmark any Eligible Workweek or Eligible Pay Period Dispute. The Response
24 Deadline for Settlement Class Members to whom the Notice of Settlement is
25 remailed after having been returned as undeliverable to the Settlement
26 Administrator shall be fifty-five (55) calendar days after the Settlement
27 Administrator’s initial mailing of the Notice of Settlement to Settlement Class
28 Members, or fourteen (14) days after the re-mailing, whichever is later.

1 1.32 “Settlement Administration Costs” means the costs payable from the
2 Gross Settlement Amount to the Settlement Administrator for administering this
3 Settlement in accordance with the Settlement Administrator’s responsibilities
4 outlined in this Stipulation.

5 1.33 “Settlement Administrator” means CPT Group, who shall be
6 responsible for the administration of the Settlement, distribution of any amounts
7 owed under this Settlement, and matters necessarily related thereto, pursuant to the
8 terms of this Settlement, and subject to appointment by the Court.

9 1.34 “Settlement Class” or “Settlement Class Members” means all of
10 Defendants’ non-exempt California-based Route Service Representatives, or
11 similarly titled employees, who worked for Defendants during the Class Settlement
12 Period.

13 2. **RECITALS**

14 2.1 **Background and Procedural History**

15 2.1.1 On September 9, 2015, Plaintiff Craig Clark filed a class action
16 and PAGA complaint in Los Angeles Superior Court. On May 4, 2016, Plaintiff
17 Henry Nelson filed class action complaint in the Orange County Superior Court,
18 which Defendants removed to the United States District Court for the Southern
19 District of California on June 15, 2016 under the Class Action Fairness Act. On
20 January 6, 2017, Plaintiff Henry Nelson and Defendants stipulated to the filing of a
21 narrowed First Amended Complaint and remanding the case to the Orange County
22 Superior Court, and thereafter stipulated to change venues to Los Angeles Superior
23 Court. On July 7, 2017, Plaintiff Craig Clark and Henry Nelson filed a
24 Consolidated Class Action Complaint (“Complaint”) in Los Angeles Superior
25 Court, asserting claims on behalf of all current and former Route Service
26 Representatives (“RSRs”) in California for: (1) failure to pay minimum wages; (2)
27 failure to pay wages at the agreed upon rate; (3) failure to properly calculate
28 overtime compensation; (4) failure to provide meal periods; (5) failure to provide

rest periods; (6) failure to provide accurate itemized wage statements; (7) failure to pay wages upon termination; (8) unfair competition; and (9) penalties under the Private Attorneys General Act (“PAGA”) (Labor Code § 2699).

2.1.2 On May 31, 2019, the Court certified the following California class:

All of Defendants’ California-based Route Service Representatives, or similarly titled employees, who worked for Defendants from September 9, 2011, to the time of trial in this action.

2.1.3 The Court certified Plaintiffs’ claims for (1) failure to pay minimum wages; (2) failure to pay wages at the agreed upon rate; (3) failure to properly calculate overtime compensation; (4) failure to provide accurate itemized wage statements; (5) failure to pay wages upon termination; (6) unfair competition;

2.1.4 On August 11, 2025, the Parties participated in a private mediation with experienced wage and hour mediator Eve Wagner and after engaging in further settlement communications facilitated by Ms. Wagner, reached an agreement on a settlement on December 2, 2025. All of the terms of the settlement are contained within this Stipulation of Settlement. At all times, the Parties’ settlement negotiations have been non-collusive, adversarial, and at arm’s length.

2.2 Benefits of Settlement

2.2.1 Based on their own independent investigations and evaluations, Class Counsel is of the opinion that the Settlement with Defendants for the consideration and terms set forth herein, considering the representative and class claims, and the risk of loss, is fair, reasonable, and adequate in light of all known facts and circumstances, and is in the best interests of the Settlement Class. Class Counsel is also of the opinion that the total consideration and payment set forth in this Stipulation of Settlement is adequate in light of the uncertainties surrounding

1 the risk of further litigation, the possibility of losing further planned dispositive
2 motions brought by Defendants, including a motion for decertification, and the
3 defenses that Defendants have asserted and/or could assert as to the substantive
4 merit of the claims.

5 2.2.2 Class Counsel has weighed the monetary benefit under the
6 Settlement to the Settlement Class against the expenses and length of continued
7 proceedings that would be necessary to prosecute the Action against Defendants
8 through, additional dispositive motions, trial and possible appeals. Class Counsel
9 has also taken into account the uncertain outcome and risk of any litigation,
10 especially in complex actions such as class and representative actions, as well as the
11 difficulties and delay inherent in such litigation. As a result, Class Counsel has
12 determined that the settlement set forth in this Stipulation of Settlement is in the
13 best interests of the Settlement Class.

14 2.2.3 Defendants and the Released Parties specifically and generally
15 deny any and all liability or wrongdoing of any sort with regard to the claims
16 alleged, make no concessions or admissions of liability of any sort, and contend
17 that for any purpose other than Settlement, the Action is not appropriate for class or
18 representative action treatment. Nonetheless, Defendants have concluded that
19 further conduct of the Action would be protracted, distracting, and expensive, and
20 that it is desirable that the Action be fully and finally settled in the manner and
21 upon the terms and conditions set forth in this Stipulation. Defendants have also
22 taken into account the uncertainty and risks inherent in any litigation. Defendants
23 have therefore determined that it is desirable and beneficial to it to settle the Action
24 in the manner and upon the terms and conditions set forth in this Stipulation.

25 2.2.4 Neither this Stipulation of Settlement, nor any document
26 referred to in it, nor any actions taken pursuant to this Stipulation of Settlement, is
27 or should be construed as an admission by Defendants of any fault, wrongdoing, or
28 liability whatsoever. Nor should the Stipulation of Settlement be construed as an

admission that Plaintiffs meet any of the class action requirements or that any
PAGA claim would be able to be tried effectively. There has been no final
determination by any court as to the merits of the claims asserted by Plaintiffs
against Defendants.

3. SETTLEMENT TERMS

3.1 Amendment of the Pleadings.

3.1.1 In connection with approval of this Settlement, and following
execution of this Stipulation, Plaintiffs will file a First Amended Consolidated
Complaint that adds a claim for failure to reimburse business expenses under Labor
Code section 2802 to align the causes of action alleged in the operative complaint
with those Plaintiff Craig Clark alleged in his PAGA notice dated September 8,
2015. The Parties have stipulated to request the Court grant Plaintiffs' leave to file
the First Amended Consolidated Complaint.

3.1.2 If the Court denies the stipulation for amendment of the
Complaint, the remainder of the Settlement shall not be affected and the Parties will
make their best efforts for settlement approval based on the operative pleadings.

3.2 Gross Settlement Amount

3.2.1 Gross Settlement Amount: Defendants shall pay a non-
reversionary amount not to exceed Six Million Dollars and No Cents (\$6,000,000)
as the Gross Settlement Amount to resolve the Action on a class and representative
basis, subject to section 3.2.2. The Gross Settlement Amount shall be used to pay,
as approved by the Court, Class Counsel's attorneys' fees and costs, Incentive
Awards, Settlement Administration Costs; the PAGA Payment to the LWDA and
the PAGA Members, and the Individual Settlement Payments to the Participating
Class Members. Notwithstanding the foregoing, in addition to the Gross Settlement
Amount, Defendants will pay the employer's portion of payroll taxes, including
FICA and FUTA, on the portion of each Individual Settlement Payment allocated
as unpaid wages.

1 3.2.2 Escalation of Gross Settlement Amount or Truncation of Class
2 Settlement Period: It is estimated that Settlement Class Members worked
3 approximately 334,000 workweeks through November 24, 2025. Should the
4 Settlement Class Members' workweeks, during the Class Settlement Period,
5 increase beyond ten percent (10%) greater than 334,000 (i.e. 367,400) then either
6 (a) the Gross Settlement Amount will be increased by the same number of
7 percentage points above 10% the actual number of workweeks exceeds the 367,400
8 estimate (e.g., if the actual workweeks during the Class Settlement Period are
9 374,080, which is 12% greater than the estimated number of workweeks, then the
10 Gross Settlement Amount increases by 2% to \$6,120,000) or (b) Defendants, at
11 their sole discretion, may elect to cut off the Class Settlement Period and PAGA
12 Period on the last day on which the workweeks do not exceed 367,400 workweeks.
13 Defendants will make reasonable efforts to provide an accurate estimate of the
14 workweeks at issue in advance of the preliminary approval hearing.

15 3.3 **Allocation of Gross Settlement Amount**

16 3.3.1 Class Representative Incentive Awards: The Class
17 Representatives' Incentive Awards, which are in addition to the Class
18 Representatives' Individual Settlement Payment from the Net Settlement Amount
19 and Individual PAGA Payments as PAGA Members, will, subject to Court
20 approval, be paid out of the Gross Settlement Amount and will not exceed \$45,000
21 to each Class Representative, less taxes and withholdings, for their services and
22 assistance to the Class. Any amount of the Class Representatives' Incentive
23 Awards that is not awarded by the Court shall be added to the Net Settlement
24 Amount. The actual amount of incentive awards will be subject to the discretion of
25 the Court and will be subject to Court approval.

26 3.3.2 Attorneys' Fees and Costs: Subject to Court approval, Class
27 Counsel may apply to the Court for an award of reasonable attorneys' fees for 35%
28 of the Gross Settlement Amount (\$2,100,000.00) or actual attorneys' fees,

1 whichever is higher, and will seek an award of costs for reimbursement of Class
2 Counsels' out-of-pocket costs incurred up to an additional \$225,000.00 to be paid
3 out of the Gross Settlement Amount. Defendants reserve the right to challenge
4 Class Counsels' request for fees and costs if the requests exceed the parameters
5 established by this Stipulation. The Settlement Administrator shall issue IRS
6 Forms 1099 to Class Counsel for the payments made pursuant to this section. Class
7 Counsel shall be solely and legally responsible for paying any and all applicable
8 taxes on their fees and costs award. Any amount of Class Counsels' requested fees
9 and costs that is not awarded by the Court shall be added to the Net Settlement
10 Amount. Neither Class Counsel nor any other attorneys acting for, or purporting to
11 act for, the Settlement Class, Settlement Class Members, or Plaintiffs, may recover
12 or seek to recover any amounts for fees, costs, or disbursements from the
13 Defendants or the Released Parties except as expressly provided herein. The actual
14 amount of attorneys' fees and costs to be awarded will be subject to the discretion
15 of the Court and will be subject to Court approval.

16 3.3.3 Settlement Administrator Costs: The Settlement Administration
17 Costs incurred by the Settlement Administrator as a result of the procedures and
18 processes expressly required by this Stipulation shall be paid out of the Gross
19 Settlement Amount and are estimated not to exceed \$30,000.00. Under no
20 circumstances will Defendants be required to contribute additional funds, above and
21 in addition to the Gross Settlement Amount, to cover any unexpected Settlement
22 Administration Costs. The Settlement Administration Costs shall include: all costs
23 of administering the Settlement, tax document preparation, custodial fees, and
24 accounting fees incurred by the Settlement Administrator; all costs and fees
25 associated with establishing and maintaining a Qualified Settlement Fund; all costs
26 and fees associated with preparing, issuing and mailing the Notice of Settlement
27 and other correspondence to Settlement Class Members; all costs and fees
28 associated with communicating with Settlement Class Members, Class Counsel,

1 and Defendants' Counsel; all costs and fees associated with computing, processing,
2 reviewing, and paying the payments due under this Stipulation, and resolving
3 disputed claims; all costs and fees associated with calculating tax withholdings and
4 payroll taxes, making related payment to federal and state tax authorities, and
5 issuing tax forms relating to payments made under the Settlement; all costs and fees
6 associated with preparing any tax returns and any other filings required by any
7 governmental taxing authority or agency; all costs and fees associated with
8 preparing any other notices, reports, or filings to be prepared in the course of
9 administering payments due under this Stipulation; and any other costs and fees
10 incurred and/or charged by the Settlement Administrator in connection with the
11 execution of its duties under this Stipulation. Any amount of Settlement
12 Administration Costs that is not awarded by the Court shall be added to the Net
13 Settlement Amount.

14 3.3.4 Individual Settlement Payments to Participating Class Members:

15 Each Participating Class Member will be entitled to receive an Individual
16 Settlement Payment, which will be paid out of the Net Settlement Amount. The
17 amount of each Individual Settlement Payment will be calculated on a pro rata
18 basis, based on the Eligible Workweeks each Participating Class Member worked
19 during the Class Settlement Period, provided that every Settlement Class Member
20 will be credited at least one workweek. There is no need for a Participating
21 Settlement Class Member to submit a claim form in order to be eligible for and to
22 receive an Individual Settlement Payment. To determine each Settlement Class
23 Member's estimated "Individual Settlement Payment," the Settlement
24 Administrator will use the following formula: estimated Individual Settlement
25 Payment = individual Eligible Workweeks ÷ all Settlement Class Member Eligible
26 Workweeks × Net Settlement Amount. The Parties recognize that the Individual
27 Settlement Payments to be paid to Participating Class Members reflect settlement
28 of a dispute over claimed wages, interest, penalties, and other alleged damages.

1 3.3.5 PAGA Payment: A total amount of \$300,000.00 (or another
2 reasonable amount as determined and approved by the Court) from the Gross
3 Settlement Amount will be allocated as the PAGA Payment to be paid as penalties
4 under PAGA, seventy-five percent (75%) of this amount (\$225,000.00) will be the
5 LWDA PAGA Payment to be paid to the LWDA and the remaining twenty-five
6 (25%) of this amount (\$75,000.00) shall be distributed to the PAGA Members as
7 Individual PAGA Payments. Any portion of the PAGA Payment not approved by
8 the Court shall be added to the Net Settlement Amount and any additional amount
9 ordered by the Court shall be paid from the Gross Settlement Amount. The 25% of
10 the PAGA Payment to be distributed to the PAGA Members as Individual PAGA
11 Payments shall be distributed based on a pro rata share based on the number of
12 Eligible Pay Periods each PAGA Member worked during the PAGA Settlement
13 Period.

14 **3.3.6 Court Approval of Allocation and Distribution Formulas.**

15 The allocation of Net Settlement Amount and formulas used to calculate individual
16 settlement payments shall remain within the sole discretion of the Court. The Court
17 shall have the power to make revisions to any settlement allocations and
18 distribution formulas proposed by the Parties, require the Parties to submit alternate
19 allocation/distribution proposals, and/or make any further changes in the interest of
20 justice which may be necessary for purposes of settlement approval.

21 **3.4 Taxation**

22 3.4.1 Tax Treatment of Individual Settlement Payments. All
23 Individual Settlement Payments to Participating Class Members shall be allocated
24 as follows for tax purposes: 33% of each Individual Settlement Payment reflects
25 compromise of claims for alleged unpaid wages; and; 67% of each Individual
26 Settlement Payment reflects compromise of a claim for penalties and interest. The
27 portion of the Individual Settlement Payment attributable to unpaid wages will be
28 subject to regular and/or applicable payroll and income tax withholdings (for the

1 employee portion only), and will be reported on an IRS Form W-2. Defendants
2 shall remain responsible for their portion of any employer-side payroll taxes. The
3 Settlement Administrator shall make appropriate tax withholdings from the portion
4 of each Individual Settlement Payment designated as unpaid wages, and shall pay
5 the employer portion of payroll taxes with funds separate from the Gross Settlement
6 Amount to be furnished by Defendants. All amounts not designated as wages will
7 be reported on an IRS Form 1099-MISC, if by law, as “other income.”

8 Participating Class Members will be responsible for paying all other taxes due on
9 their Individual Settlement Payments. Other than as set forth above, the Settlement
10 Administrator will not make any deductions, withholdings, or additional payments,
11 including without limitation, medical or other insurance payments or premiums,
12 employee 401(k) contributions or matching employer contributions, wage
13 garnishments to the extent permitted by law, or charity withholdings, from or with
14 respect to the Individual Settlement Payments, and entry of the Order of Final
15 Approval by the Court shall be deemed authority not to make any such deductions,
16 withholdings, or additional payments.

17 3.4.2 Tax Treatment of Individual PAGA Payments: All Individual
18 PAGA Payments shall be allocated as 100% penalties, for which an IRS Form
19 1099-MISC will be issued as “other income,” if required by law. PAGA Members
20 will be responsible for paying all other taxes due on their Individual PAGA
21 Payments. The Settlement Administrator will not make any deductions,
22 withholdings, or additional payments, including without limitation, medical or other
23 insurance payments or premiums, employee 401(k) contributions or matching
24 employer contributions, wage garnishments to the extent permitted by law, or
25 charity withholdings, from or with respect to the Individual PAGA Payments.

26 3.4.3 Circular 230 Disclaimer: Each Party to this Stipulation (for
27 purposes of this section, the “acknowledging party” and each Party to this
28 Stipulation other than the acknowledging party, an “other party”) acknowledges and

1 agrees that (1) no provision of this Stipulation, and no written communication or
2 disclosure between or among the Parties or their attorneys and other advisers, is or
3 was intended to be, nor shall any such communication or disclosure constitute or be
4 construed or be relied upon as, tax advice within the meaning of United States
5 Treasury Department Circular 230 (31 CFR Part 10, as amended); (2) the
6 acknowledging party (a) has relied exclusively upon his, her, or its own,
7 independent legal and tax counsel for advice (including tax advice) in connection
8 with this Stipulation, (b) has not entered into this Stipulation based upon the
9 recommendation of any other party or any attorney or advisor to any other party,
10 and (c) is not entitled to rely upon any communication or disclosure by any attorney
11 or adviser to any other party to avoid any tax penalty that may be imposed on the
12 acknowledging party; and (3) no attorney or adviser to any other party has imposed
13 any limitation that protects the confidentiality of any such attorney's or adviser's
14 tax strategies (regardless of whether such limitation is legally binding) upon
15 disclosure by the acknowledging party of the tax treatment or tax structure of any
16 transaction, including any transaction contemplated by this Stipulation.

17 **3.5 No Effect on Employee Benefits.** Neither the Settlement nor any
18 amounts paid under the Settlement will modify any previously credited hours or
19 service under any employee benefit plan, policy, or bonus program sponsored by
20 the Released Parties. Such amounts will not form the basis for additional
21 contributions to, benefits under, or any other monetary entitlement under the
22 Released Parties' sponsored benefit plans, policies, or bonus programs. The
23 payments made under the terms of this Stipulation shall not be applied
24 retroactively, currently, or on a going forward basis, as salary, earnings, wages, or
25 any other form of compensation for the purposes of the Released Parties' benefit
26 plans, policies, or bonus programs. The Released Parties retain the right to modify
27 the language of their benefit plans, policies and bonus programs to effectuate this
28 intent, and to make clear that any amounts paid pursuant to this Stipulation of

Settlement are not for “hours worked,” “hours paid,” “hours of service,” or any similar measuring term as defined by applicable plans, policies and bonus programs for purposes of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits are not required by this Stipulation of Settlement.

3.6 Releases

3.6.1 Class Representatives’ Release. As of the date the full Gross Settlement Amount is fully funded and deposited with the Settlement Administrator, the Class Representatives fully and finally release the Released Parties from any and all Class Representatives’ Released Claims. Even if the Class Representatives discover facts in addition to or different from those that the Class Representatives now know or believe to be true with respect to the subject matter of the Class Representatives’ Released Claims, those claims will remain released and forever barred. Thus, the Class Representatives expressly waive and relinquish the provisions, rights and benefits of section 1542 of the California Civil Code, which reads:

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.

Notwithstanding the foregoing, the Class Representatives do not waive or release any claim which cannot be waived or released by private agreement. Further, nothing in this Agreement shall prevent the Class Representatives from filing a charge or complaint with, or from participating in, an investigation or proceeding conducted by the SEC, OSHA, EEOC, CRD, NLRB or any other

1 federal, state or local agency charged with the enforcement of any employment or
2 other applicable laws. The Class Representatives, however, understand that by
3 signing this Agreement, they waive the right to recover any damages or to receive
4 other relief in any claim or suit brought by or through the EEOC, the CRD or any
5 other state or local deferral agency on their behalf to the fullest extent permitted by
6 law, but expressly excluding any monetary award or other relief available from the
7 SEC/OSHA, including an SEC/OSHA whistleblower award, or other awards or
8 relief that may not lawfully be waived.

9 3.6.2 Participating Class Member Release. As of the date the full
10 Gross Settlement Amount is fully funded and deposited with the Settlement
11 Administrator, all Participating Class Members fully and finally release the
12 Released Parties from the Released Claims that arose during the Class Settlement
13 Period.

14 3.6.3 PAGA Member Release. As of the date the full Gross
15 Settlement Amount is fully funded and deposited with the Settlement
16 Administrator, Plaintiffs, as representatives of the State of California and on behalf
17 of the LWDA and as representatives of the PAGA Members, fully and finally
18 release the Released Parties from the PAGA Released Claims for the PAGA
19 Settlement Period.

20 **4. APPROVAL OF SETTLEMENT, NOTICE TO CLASS AND** 21 **ADMINISTRATION**

22 **4.1 Preliminary Approval**

23 4.1.1 Class Counsel shall submit to the Court this Stipulation of
24 Settlement and exhibits thereto for preliminary approval by the Court. Class
25 Counsel will prepare and file the motion for preliminary approval and supporting
26 papers for the Court, subject to Defendants' prior review and approval. Plaintiffs
27 will provide the motion for preliminary approval to Defendants for their review and
28 approval at least seven days before filing.

1 4.1.2 Pursuant to California Labor Code § 2699(l), concurrently with
2 the filing of the motion for preliminary approval, Plaintiffs will provide notice of
3 the proposed Settlement to the LWDA.

4 4.1.3 The Court's preliminary approval of this Settlement shall be
5 embodied in an order preliminarily approving the Settlement and providing for
6 Notice of Settlement to be mailed to the Class in materially the same format
7 attached hereto as Exhibit 1, and which will also set the date for the Final Approval
8 Hearing. The Notice of Settlement shall advise Settlement Class Members of their
9 options, which include excluding themselves (opting-out) from the class portion of
10 the Settlement; filing an objection to the Settlement and receiving an Individual
11 Settlement Payment and an Individual PAGA Payment (if applicable); or taking no
12 action and receiving an Individual Settlement Payment and an Individual PAGA
13 Payment (if applicable).

14 4.2 **Notice**

15 4.2.1 Delivery of Class Data: No later than twenty-one (21) calendar
16 days after the Preliminary Approval Date, Defendants shall provide the Class Data
17 to the Settlement Administrator. The Settlement Administrator shall maintain the
18 Class Data, and all data contained within the Class Data, as private and confidential
19 and shall not disclose such data to any persons or entities, unless otherwise required
20 by law. The information in the Class Data is being supplied solely for purposes of
21 the administration of the settlement and cannot be used by the Settlement
22 Administrator or any agent or representative of the Settlement Administrator for
23 any other purpose. Upon receipt of the Class Data, the Settlement Administrator
24 shall check with the U.S. Postal Service National Change of Address Database and
25 update any addresses for the Settlement Class Members.

26 4.2.2 Notice By First-Class Mail. Within twenty-one (21) calendar
27 days of the receipt of the Class Data, the Settlement Administrator will send via
28 United States first class mail the Notice of Settlement to the Settlement Class

1 Members. If any Notice of Settlement is returned to the Settlement Administrator
2 as undeliverable, the Settlement Administrator shall run a skip-trace using that
3 Settlement Class Member's social security number in an effort to attempt to
4 ascertain the current address of the Settlement Class Member. If such an
5 address(es) is ascertained, the Settlement Administrator shall re-mail the Notice of
6 Settlement within two (2) business days. If alternative addresses are obtained for a
7 Settlement Class Member, the Settlement Administrator shall promptly re-send the
8 Notice of Settlement to the alternative addresses.

9 4.3 Opt-Out Requests

10 4.3.1 Settlement Class Members, except for the Class Representatives,
11 will have until the Response Deadline within which to exclude themselves (i.e. "opt
12 out") of the class portion of this Settlement; however, exercising this option has no
13 effect on the PAGA portion of this settlement, PAGA Members will be mailed an
14 Individual PAGA Payment and be bound by the release of the Released PAGA
15 Claims regardless of whether they opt out of the class settlement. Settlement Class
16 Members who want to opt out must timely submit a valid, signed and dated written
17 request to be excluded from the class portion of the Settlement to the Settlement
18 Administrator ("Opt-Out Request"). To be valid, the Opt-Out Request must be
19 timely faxed, emailed, or postmarked on or before the Response Deadline, must
20 include the Settlement Class Member's name, address, and email address or phone
21 number, must be signed and dated by the Settlement Class Member, and must
22 reasonably communicate the Settlement Class Member's election to be excluded
23 from the class Settlement.

24 4.3.2 Settlement Class Members who do not timely submit an
25 executed and valid Opt-Out Request shall be deemed a Participating Class Member
26 and bound by this Settlement including the Participating Class Member Release.
27 Settlement Class Members who timely submit an executed and valid Opt-Out
28 Request will not be bound by the Participating Class Member Release and will not

1 receive an Individual Settlement Payment. The Notice of Settlement shall advise
2 Settlement Class Members of their ability to opt-out of the class portion of the
3 Settlement and of the consequences thereof, and further inform them that they
4 cannot opt-out of the PAGA settlement. Neither the Parties nor any of their counsel
5 will solicit any Settlement Class Member to submit an Opt-Out Request.

6 4.3.3 If a Settlement Class Member submits both an Opt-Out Request
7 and an Objection within the Response Deadline, then the Opt-Out Request will be
8 deemed valid and the Objection invalid and the individual will not be deemed a
9 Participating Class Member.

10 4.4 **Objections.** Participating Class Members, except for the Class
11 Representatives, may object to the Settlement in person at the Final Approval
12 Hearing and/or in writing. Participating Class Members, except for the Class
13 Representatives, will have until the Response Deadline to send a written objection
14 to the Settlement Administrator by fax, email, or mail. Only Settlement Class
15 Members who have not filed an Opt-Out Request (Participating Class Members)
16 may object to the Settlement. The written objection should be mailed or filed with
17 the Court, include the case number and name of this case, should state the
18 Participating Class Member's name and address and describe the reason(s) why the
19 Participating Class Member objects to the Settlement and include or attach any
20 documents upon which the objection is based. The Parties and their counsel agree
21 that they will not solicit, encourage, counsel or advise any individual to object to
22 the Settlement.

23 4.5 **Eligible Workweek and Eligible Pay Period Disputes.** Participating
24 Class Members and PAGA Members may dispute their Eligible Workweeks and
25 Eligible Pay Periods if they believe they worked for more Eligible Workweeks or
26 Eligible Pay Periods in the Class Settlement Period or PAGA Settlement Period
27 than stated on their Notice of Settlement. Participating Class Members and PAGA
28 Members may do this by submitting information to the Settlement Administrator in

1 writing no later than the Response Deadline. The Settlement Administrator will
2 jointly work with Class Counsel and Defendants' Counsel to resolve the dispute in
3 good faith. If the Parties cannot agree on the Eligible Workweeks or Eligible Pay
4 Periods to be credited to that Participating Class Member or PAGA Member, the
5 Court shall make the final decision based on the information presented by the
6 individual and the Parties.

7 **4.6 Certification Reports by the Settlement Administrator.** The
8 Settlement Administrator will, on a weekly basis during and for a reasonable period
9 following distribution of the Notice of Settlement, provide updates to Class Counsel
10 and Defendants' Counsel as to the number of persons in the Settlement Class who
11 submitted (i) timely and valid Opt-Out Requests; (ii) written Objections, and (iii)
12 Eligible Workweeks or Eligible Pay Period disputes. All written objections shall be
13 provided to the Parties' counsel within two (2) days of receipt by the Settlement
14 Administrator. To the extent practicable, the weekly updates shall also provide
15 updated data on the extent of Notices of Settlement that are returned undeliverable
16 and any re-mailing efforts.

17 **4.7 Nullification of Settlement.** The Parties shall have the right to void
18 and withdraw from this Settlement if at any time prior to the Final Approval Date:
19 more than three percent (3%) of all Settlement Class Members submit timely and
20 valid Opt-Out Requests, so long as the Party does so within ten (10) days after
21 receiving from the administrator identification of the opt-outs. Defendants shall
22 have the sole right to void and withdraw from this Settlement if (a) at any time prior
23 to the Final Approval Date if the Settlement is construed in such a fashion that
24 Defendants would be required to pay more than the Gross Settlement Amount,
25 exclusive of Defendants' share of the employer payroll taxes, subject to section
26 3.2.2; or (b) the Court does not certify a class releasing all of the Released Class
27 Claims defined in this Stipulation (with the exception of claims for unpaid
28 reimbursed expenses in the event that the Court does not allow for the filing of a

1 First Amended Complaint), or does not approve the PAGA settlement including the
2 release of the Released PAGA Claims , or otherwise makes an order inconsistent
3 with any of the material terms (as determined by Defendants) of this Settlement; (c)
4 any pending litigation or litigation filed prior to the Final Approval Date in any way
5 prevents the Settlement from being preliminarily or finally approved by the Court;
6 or (d) Plaintiffs or Class Counsel materially breach the Settlement. However, if a
7 Settlement Class Member opting out the class portion of the settlement has
8 contractually released all the Released Class Claims as a result of a prior settlement,
9 said employee will not count toward the 3% threshold under this section.
10 Notwithstanding the foregoing, the Parties agree to work together and use best
11 efforts to oppose any attempts to prevent preliminary or final approval and to
12 effectuate the terms of this Settlement.

13 4.8 Final Approval and Entry of Final Judgment

14 4.8.1 Prior to the Final Approval Hearing, Plaintiffs will move the
15 Court for entry of an “Order of Final Approval” and associated entry of Judgment:
16 (a) finding the Settlement fair, reasonable, adequate, and in the best interests of the
17 Participating Class Members, (b) approving the PAGA Payment to the LWDA and
18 the PAGA Members; (c) approving Class Counsels’ application for an award of
19 attorneys’ fees and costs, (d) approving the Class Representatives’ application for
20 an Incentive Award, (e) approving the payment of reasonable Settlement
21 Administration Costs, and (f) releasing and barring any further Released Class
22 Claims by Participating Class Members and Released PAGA Claims by or on
23 behalf of the PAGA Members. Plaintiffs will provide the motion for final approval
24 to Defendants for their review and approval at least seven days before filing. The
25 proposed Order of Final Approval and the associated proposed Judgment shall be
26 filed with the Court with the motion for final approval, or as otherwise directed by
27 the Court. The Parties and their respective counsel shall make all reasonable efforts
28 to secure entry of the Order of Final Approval.

1 4.8.2 Class Representatives and Class Counsel shall be responsible for
2 justifying the amount of the Incentive Awards and attorneys' fees and costs to the
3 Court, and they agree to submit, as appropriate, the necessary materials to justify
4 these payments. If the Court (or any appellate court) awards less than the amount
5 requested for attorneys' fees and/or costs, or less than the amount requested for the
6 Incentive Awards for the Class Representatives, only the awarded amounts shall be
7 paid and shall constitute satisfaction of the obligations of Defendants under this
8 Stipulation.

9 4.8.3 If an appeal results in an order materially modifying, setting
10 aside, or vacating any portion of the Stipulation, with the exception of any
11 modification of the amount of attorneys' fees or costs to be paid to Class Counsel,
12 or the amount of the Incentive Awards paid to the Class Representatives, each party
13 adversely impacted by the order shall have the right to treat such order as an event
14 preventing Final Approval. To exercise this right, the party must inform the other
15 party and the Settlement Administrator, in writing, of the exercise of this right,
16 within ten (10) calendar days of receiving notice of any order modifying, setting
17 aside, or vacating any portion of the Stipulation. Before any Party elects to exercise
18 its right to treat such order as an event permanently preventing Final Approval, that
19 Party must meet and confer in good faith with the other Party to determine if an
20 agreement can be reached modifying this Settlement to the mutual satisfaction of
21 the Parties.

22 4.8.4 If the Final Approval does not occur, or if this Stipulation is
23 terminated or canceled pursuant to its terms, the Parties to this Stipulation shall be
24 deemed to have reverted to their respective status as of the date and time
25 immediately prior to the execution of this Stipulation. In such an event, if the
26 Stipulation is not approved by the Court substantially in the form agreed to by the
27 Parties, or if the Settlement set forth in the Stipulation is terminated, cancelled,
28 declared void, or fails to become effective in accordance with its terms, or if the

Judgment does not become a Final Judgment, or if the Final Approval Date does not occur, this Stipulation (except for those provisions relating to non-admission, denial of liability set forth herein, and the confidentiality agreements entered into by the Parties) shall be deemed null and void, its terms and provisions shall have no further force and effect and shall not be used in this Action or in any other proceeding for any purpose, and any Judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. Notwithstanding any other provision of this Stipulation, no order of the Court, or modification or reversal on appeal of any order of the Court, reducing the amount of any attorneys' fees or costs to be paid by Defendants to Class Counsel, or reducing the amount of the Incentive Awards paid to the Class Representatives, shall constitute grounds for cancellation or termination of the Stipulation, or grounds for limiting any other provision of the Judgment.

4.9 Funding and Distribution of the Settlement Proceeds

4.9.1 Within fourteen (14) calendar days after the Effective Date or within seven (7) days of the Settlement Administrator providing all information necessary for Defendants to transfer funds to the Qualified Settlement Fund, whichever is later, Defendants shall pay via wire transfer the Gross Settlement Amount into the Qualified Settlement Fund set up, held, and controlled by the Settlement Administrator.

4.9.2 Within fifteen (15) calendar days after Defendants fund the Qualified Settlement Fund, the Settlement Administrator shall issue Individual Settlement Payments to Participating Class Members, Individual PAGA Payments to the PAGA Members, the LWDA PAGA Payment to the LWDA, the Court-approved attorneys' fees and costs to Class Counsel, and the court-approved Incentive Awards to the Class Representatives. The approved attorneys' fees and costs to Class Counsel may be paid via wire transfer so long as the Settlement Administrator is provided with all necessary wiring instructions.

1 4.9.3 The Settlement Administrator shall keep counsel for the Parties
2 apprised of all distributions from the Qualified Settlement Account and upon
3 completion of administration of that portion of the Settlement, the Settlement
4 Administrator shall provide written certification, under penalty of perjury, of such
5 completion to the Court and counsel for all Parties.

6 4.9.4 Upon completion of administration of the Settlement, but no
7 later than fourteen (14) calendar days prior to a final disposition hearing, the
8 Settlement Administrator shall provide written certification, under penalty of
9 perjury, of such completion to the Court, Class Counsel and Defendants' Counsel.

10 4.10 **Uncashed Checks.** After one-hundred and eighty (180) calendar days
11 of issuance, funds from undeposited Individual Settlement Payment and Individual
12 PAGA Payment checks will be held by the Settlement Administrator. Even if a
13 Participating Class Member or PAGA Member does not cash or deposit his or her
14 settlement payment check(s) within one-hundred eighty (180) calendar days of
15 issuance, the Stipulation of Settlement, including its release, will be binding on that
16 Participating Class Member or PAGA Member. After the 180 days has expired, the
17 Settlement Administrator shall void the uncashed settlement checks and the amount
18 of the uncashed settlement payments shall be transmitted to the State of California,
19 to be held and disposed of by the Controller in accordance with California's
20 Unclaimed Property Law for the benefit of the Participating Class Members and
21 PAGA Members who did not cash the settlement checks until such time that they
22 claim their property. The Parties agree that this disposition results in no "unpaid
23 residue," as the entire Net Settlement Amount will be paid out to Participating
24 Class Members, whether or not they timely cash their Individual Settlement
25 Payments. However, the Court will maintain ultimate discretion to determine the
26 manner of the disposition and distribution of unclaimed funds and may require that
27 the Parties distribute such funds in another way (e.g. cy pres).

28 **5. MISCELLANEOUS PROVISIONS**

1 **5.1 This Settlement is Fair, Adequate and Reasonable.** The Parties
2 believe this Settlement is a fair, adequate and reasonable settlement of the Action
3 and have arrived at this Settlement in arms-length negotiations, taking into account
4 all relevant factors, present and potential.

5 **5.2 Invalidity of Any Provision.** Before declaring any provision of this
6 Stipulation invalid, the Court shall first attempt to construe the provisions valid to
7 the fullest extent possible consistent with applicable precedents so as to define all
8 provisions of this Stipulation valid and enforceable. Should the Court deem any
9 clause or provision of this Stipulation be invalid, illegal, or unenforceable, it shall
10 first attempt to modify or reform it as minimally necessary to be valid, lawful, and
11 enforceable.

12 **5.3 No Admission.** Neither the acceptance nor the performance by
13 Defendants of the terms of this Stipulation, nor any of the related negotiations or
14 proceedings, is or shall be claimed to be, construed as, or deemed to be, an
15 admission by Defendants of the truth of any of the allegations in the Complaint, the
16 representative character of the Action, the validity of any of the claims that were or
17 could have been asserted by Plaintiffs, Settlement Class Members and/or PAGA
18 Members in the Action, or of any liability or guilt of Defendants or the Released
19 Parties in the Action. Nothing in this Stipulation shall be construed to be or
20 deemed an admission by Defendants of any liability, culpability, negligence, or
21 wrongdoing toward Plaintiffs, the Settlement Class Members, or any other person,
22 and Defendants specifically disclaim any liability, culpability, negligence, or
23 wrongdoing toward Plaintiffs, the Settlement Class Members, PAGA Members and
24 any other person. Each of the Parties has entered into this Stipulation with the
25 intention to avoid further disputes and litigation with the attendant inconvenience,
26 expenses, and contingencies.

27 **5.3.1 Cooperation.** The Parties agree to cooperate fully with one
28 another to accomplish and implement the terms of this Settlement. Such

1 cooperation shall include, but not be limited to, execution of such other documents
2 and the taking of such other action as may reasonably be necessary to fulfill the
3 terms of this Settlement. The Parties to this Settlement shall exercise reasonable
4 efforts, including all efforts contemplated by this Settlement and any other efforts
5 that may become necessary by Court order, or otherwise, to effectuate this
6 Settlement and the terms set forth herein. The Parties agree to stipulate to a stay of
7 the Action pending final court approval of the Settlement.

8 **5.3.2 Mediator:** Eve Wagner will act as the mediator on any disputes
9 that arise during the process of finalizing the settlement documents, at her own
10 discretion.

11 **5.4 Continued Jurisdiction.** Upon approval of the Stipulation of
12 Settlement and after payment of the Gross Settlement Amount by Defendants, the
13 Court shall retain jurisdiction, as provided by Code of Civil Procedure section
14 664.6, for purposes of enforcing the Stipulation of Settlement and shall dismiss the
15 Action with prejudice, subject only to the filing of the Stipulated Judgment.

16 **5.5 Privacy of Documents and Information.** Plaintiffs and Class
17 Counsel agree that none of the documents and information provided to them by
18 Defendants in connection with the Action and this Settlement shall be used for any
19 purpose (including in any other litigation) other than this Settlement of the Action.

20 **5.6 Notices.** Unless otherwise specifically provided herein, all notices,
21 demands, or other communications given hereunder shall be in writing and shall be
22 deemed to have been duly given as of the emailing and mailing by United States
23 certified mail, return receipt requested, addressed as follows:

24 **To the Class Counsel:**

25 Charles J. LaDuca, Esq. (*Pro Hac Vice*)
26 Brendan Thompson, Esq. (*Pro Hac Vice*)
27 CUNEO GILBERT FLANNERY & LADUCA, LLP
28 2445 M Street NW
 Suite 740
 Washington, D.C. 20037
 Tel.: (202) 789-3960

charlesl@cuneolaw.com
brendant@cuneolaw.com

To Defendants:

Max Fischer
Sarah Zenewicz
Eva M. Nofri
Morgan, Lewis & Bockius LLP
300 South Grand Avenue
Twenty-Second Floor
Los Angeles, CA 90071-3132
max.fischer@morganlewis.com
sarah.zenewicz@morganlewis.com
eva.nofri@morganlewis.com

5.7 **Drafting.** The Parties hereto agree that the terms and conditions of this Stipulation of Settlement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that this Stipulation shall not be construed in favor of or against any party by reason of the extent to which any party or its counsel participated in the drafting of this Stipulation.

5.8 **Publicity.** Plaintiffs shall not issue any press release or announcement of any kind related in any way to the Settlement; nor shall Plaintiffs direct or permit their Counsel to make such a press release or announcement on their behalf. Plaintiffs agree that, prior to filing a motion for preliminary approval of the Settlement, they will keep the terms of the Settlement confidential except for purposes of communicating with Plaintiffs and/or effectuating the approval of the settlement. Plaintiffs understand that prior to the filing of a motion for preliminary approval, the Settlement is confidential and shall keep it confidential. From and after preliminary approval of the Settlement, Plaintiffs may: (1) as required by law; (2) as required under the terms of the settlement; or (3) as required under counsel's duties and responsibilities as class counsel, comment regarding the specific terms of the Settlement. In all other cases, Plaintiffs agree to limit their statements regarding the terms of the Settlement, whether oral, written or electronic (including the world wide web), to say the Action has been resolved and that Plaintiffs are satisfied with

1 the settlement terms. Nothing in this Paragraph is intended to interfere with
2 Plaintiffs' counsels' duties and obligations to faithfully discharge their duties as
3 class counsel, including but not limited to, communicating with Settlement Class
4 Members regarding the Settlement, and nothing shall prohibit Plaintiffs' counsel
5 from referring to the settlement in adequacy of counsel declarations or related court
6 filings.

7 **5.9 No Exclusion by Class Representatives.** The Class Representatives,
8 by signing this Stipulation, are bound by the terms herein and further agree not to
9 request to be excluded from the Settlement and not to object to any terms of this
10 Stipulation. Any such request for exclusion or objection shall therefore be void and
11 of no force or effect. Defendants, Class Counsel, and the Class Representatives
12 waive their rights to file an appeal, writ, or any challenge whatsoever to an Order of
13 Final Approval or Judgment or to the terms of this Stipulation, and such waiver
14 includes the right to appeal any award or reduction in the awards of attorneys' fees,
15 costs or the Incentive Awards. However, either Party may appeal in the event an
16 objector's objection is upheld by the trial court.

17 **5.10 Modification.** This Stipulation may not be changed, altered, or
18 modified, except in writing signed by the Parties hereto or their counsel, and
19 approved by the Court. Consistent with the foregoing, the Parties authorize their
20 counsel to make all non-material changes ordered by the Court as a prerequisite to
21 obtaining approval through their counsel's signatures on any necessary and non-
22 material amendment or modification to this Agreement. This Stipulation may not be
23 discharged except by performance in accordance with its terms or by a writing used
24 by the Parties hereto.

25 **5.11 Binding on Successors.** This Stipulation shall be binding upon and
26 inure to the benefit of the Parties hereto and their respective heirs, trustees,
27 executors, administrators, successors, and assigns.

5.12 **Execution in Counterparts.** This Stipulation shall become effective upon its execution by all of the undersigned. The Parties may execute this Stipulation electronically, in counterparts, and execution of counterparts shall have the same force and effect as if all Parties had signed the same instrument.

5.13 **Headings.** Paragraph titles or captions contained in the Stipulation are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Stipulation, or any provision thereof.

IN WITNESS WHEREOF, this Stipulation of Settlement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

AGREED AND UNDERSTOOD.

Dated: 9/4/2026 | 4:25 PM PDT
2026

DocuSigned by:
Henry Nelson
Henry Nelson

Dated: _____,
2026

Craig Clark

QUEST DIAGNOSTICS INCORPORATED

Dated: _____,
2026

Paul Kattas
Executive Director and Assistant General
Counsel on behalf of Quest Diagnostics
Incorporated and Defendant Quest Diagnostics
Clinical Laboratories, Inc

APPROVED AS TO FORM:

MORGAN & MORGAN, P.A.

Dated: _____, 2026

By: _____
Angeli Murthy
Counsel for Plaintiffs

1 **5.12 Execution in Counterparts.** This Stipulation shall become effective
2 upon its execution by all of the undersigned. The Parties may execute this
3 Stipulation electronically, in counterparts, and execution of counterparts shall have
4 the same force and effect as if all Parties had signed the same instrument.

5 **5.13 Headings.** Paragraph titles or captions contained in the Stipulation are
6 inserted as a matter of convenience and for reference, and in no way define, limit,
7 extend, or describe the scope of this Stipulation, or any provision thereof.

8 IN WITNESS WHEREOF, this Stipulation of Settlement is executed by the
9 Parties and their duly authorized attorneys, as of the day and year herein set forth.

10 **AGREED AND UNDERSTOOD.**

11 Dated: _____

12 _____
13 Henry Nelson

14 Dated: 09 / 08 / 2026

15 _____
16 *Craig Clark*

17 _____
18 Craig Clark

19 QUEST DIAGNOSTICS INCORPORATED

20 Dated: _____

21 _____
22 Paul Kattas

23 Executive Director and Assistant General
24 Counsel on behalf of Quest Diagnostics
25 Incorporated and Defendant Quest Diagnostics
26 Clinical Laboratories, Inc

27 **APPROVED AS TO FORM:**

28 MORGAN & MORGAN, P.A.

Dated: _____

By: _____

Angeli Murthy
Counsel for Plaintiffs

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

MORGAN, LEWIS & BOCKIUS LLP

Dated: _____

By: _____
Max Fischer
Sarah Zenewicz
Eva M. Nofri
Attorneys for Defendants

5.12 **Execution in Counterparts.** This Stipulation shall become effective upon its execution by all of the undersigned. The Parties may execute this Stipulation electronically, in counterparts, and execution of counterparts shall have the same force and effect as if all Parties had signed the same instrument.

5.13 **Headings.** Paragraph titles or captions contained in the Stipulation are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Stipulation, or any provision thereof.

IN WITNESS WHEREOF, this Stipulation of Settlement is executed by the Parties and their duly authorized attorneys, as of the day and year herein set forth.

AGREED AND UNDERSTOOD.

Dated: _____,
2026

Henry Nelson

Dated: _____,
2026

Craig Clark

QUEST DIAGNOSTICS INCORPORATED

Dated: September 9, 2026,
2026

Signed by:

Paul Kattas

Paul Kattas

Executive Director and Assistant General
Counsel on behalf of Quest Diagnostics
Incorporated and Defendant Quest Diagnostics
Clinical Laboratories, Inc

APPROVED AS TO FORM:

MORGAN & MORGAN, P.A.

Dated: _____, 2026

By: _____

Angeli Murthy
Counsel for Plaintiffs

MORGAN, LEWIS & BOCKIUS LLP

Dated: September 9, 2026

By: _____



Max Fischer
Sarah Zenewicz
Eva M. Nofri
Attorneys for Defendants

Exhibit 1

**COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND
HEARING DATE FOR FINAL COURT APPROVAL**

Craig Clark and Henry Nelson v. Quest Diagnostics Clinical Laboratories, Inc., et al.
Los Angeles Superior Court Case No. BC 594022 (Consolidated with Case Nos. BC660722 &
BC594129)

*The Superior Court for the State of California authorized this Notice. Read it Carefully!
It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.*

You may be eligible to receive money from an employee class action lawsuit (“Action”) against Quest Diagnostics Incorporated (QD) and Quest Diagnostics Clinical Laboratories, Inc.(QDCL) (collectively, “Defendants”) for alleged wage and hour violations.

The Action was filed by former Route Service Representatives Craig Clark and Henry Nelson (“Plaintiffs”) and seeks payment of (1) back wages and other relief for a class of non-exempt Route Service Representatives and similarly titled employees (“Class Members”) who worked for Defendants in California during the Class Period September 9, 2011, to _____; and (2) penalties under the California Private Attorneys General Act (“PAGA”) for non-exempt Route Service Representatives and similarly titled employee who worked for Defendants in California during the PAGA Period September 9, 2014 through _____ (“PAGA Members”).

The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendants to fund Individual Settlement Payments, and (2) a PAGA Settlement requiring Defendants to fund individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Defendants’ records, and the Parties’ current assumptions, **your Individual Settlement Payment is estimated to be \$ _____ (less withholding) and your Individual PAGA Payment is estimated to be \$ _____**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendants’ records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Defendants’ records showing that **you worked _____ workweeks** during the Class Period and **you worked _____ pay periods** during the PAGA Period. If you believe that you worked more workweeks during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiffs and Plaintiffs’ attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment

that requires Defendants to make payments under the Settlement and requires Class Members and PAGA Members to give up their rights to assert certain claims against Defendant.

Defendants will not retaliate against you for any actions you take with respect to the proposed Settlement

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Settlement Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendants that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is _____	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual settlement Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendants must pay Individual PAGA Payments to all PAGA Members and the PAGA Members must give up their rights to pursue Released Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by _____	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiffs who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiffs, but every dollar paid to Class Counsel and Plaintiffs reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiffs if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the _____ Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on _____. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.

You Can Challenge the Calculation of Your Workweeks/Pay Periods Written Challenges Must be Submitted by _____	The amount of your Individual Settlement Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number of Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Defendant’s records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. See Section 4 of this Notice.
--	--

1. WHAT IS THE ACTION ABOUT?

Plaintiffs are former Route Service Representatives of Defendant. The Action accuses Defendants of violating California labor laws by failing to pay minimum wages, failing to pay wages at the agreed upon rate, failing to properly calculate overtime compensation, failing to provide meal periods, failing to provide rest periods, failing to provide accurate itemized wage statements, failing to reimburse business expenses, failing to pay wages upon termination, unfair competition; and penalties under the Private Attorneys General Act (“PAGA”) (Labor Code § 2699). Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) (“PAGA”). Plaintiffs are represented by attorneys in the Action: Angeli Murthy and Kimberly De Arcangelis of Morgan & Morgan, P.A.; Christian Hudson, Charles J. LaDuca, and Brendan Thompson of Cuneo, Gilbert, Flannery & LaDuca, LLP; Michael H. Boyamian and Armand Kizirian of Boyamian Law, Inc.; Kashif Haque, Samuel A Wong, and Jessica L Campbell of Aegis Law Firm, PC; and Thomas W. Falvey of Law offices of Thomas W. Falvey (“Class Counsel.”)

Defendant strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether Defendants or Plaintiffs are correct on the merits. In the meantime, Plaintiffs and Defendants hired an experienced, neutral mediator in an effort to resolve the Action by negotiating to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiffs and Defendants have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendants do not admit any violations or concede the merit of any claims, nor do they concede that the claims were amenable to resolution on a class or representative basis. The Court preliminarily approved the proposed Settlement, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

- A. Defendants Will Pay \$6,000,000.00 as the Gross Settlement Amount (Gross Settlement). Defendants have agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Settlement Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel's attorney's fees and expenses, the Administrator's expenses, and penalties to be paid to the California Labor and Workforce Development Agency ("LWDA").
- B. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiffs and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:
- i. Up to \$2,100,000.00 (35 %) of the Gross Settlement) or actual attorneys' fees, whichever is higher, to Class Counsel for attorneys' fees and up to \$225,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
 - ii. Up to \$45,000.00 each as a Class Representatives' Award for filing the Action, working with Class Counsel and representing the Class. A Class Representative Award will be the only monies Plaintiffs will receive other than Plaintiffs' Individual Settlement Payment and any Individual PAGA Payment.
 - iii. Up to \$30,000.00 to the Administrator for services administering the Settlement.
 - iv. Up to \$300,000.00 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the PAGA Members based on their PAGA Period Pay Periods.
- Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.
- C. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the "Net Settlement") by making Individual settlement Payments to Participating Class Members based on their Class Period Workweeks.
- D. Taxes Owed on Payments to Class Members. Plaintiffs and Defendants are asking the Court to approve an allocation of 33% of each Individual Settlement Payment to taxable wages ("Wage Portion") and 67% to e.g., penalties, interest, etc. ("Non-Wage Portion"). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. (Defendants will separately pay employer payroll taxes it owes on the Wage Portion.) The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-

Wage Portions of the Individual Settlement Payments on IRS 1099 Forms.

- E. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Settlement Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name. If the monies represented by your check is sent to the Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.
- F. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than _____, that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the _____ Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member's name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Settlement Payments, but will preserve their rights to personally pursue wage and hour claims against Defendant.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert the Released PAGA Claims against Defendant.

- G. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Defendant have agreed that, in either case, the Settlement will be void: Defendant will not pay any money and Class Members will not release any claims against Defendant.
- H. Administrator. The Court has appointed a neutral company, CPT Group (the "Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.
- I. Participating Class Members' Release. All federal, state and local law claims, rights, demands, liabilities, and causes of action that were alleged in the operative Consolidated Class Action and PAGA Complaint ("Consolidated Complaint" or "CC") in the Action, or any of the other complaints in the Action, or that reasonably could have been alleged based on the facts and legal theories contained in the CC or any other complaints in the Action, including causes of action for:

(a) failure to pay minimum wages; (b) failure to pay wages at the agreed upon rate; (c) failure to pay overtime wages; (d) failure to provide proper meal periods, and to properly provide premium pay in lieu thereof; (e) failure to provide proper rest periods, and to properly provide premium pay in lieu thereof; (e) failure to pay timely wages upon termination of employment; (f) failure to provide accurate itemized wage statements; (g) failure to reimburse necessary business expenses; and unfair business practices that could have been premised on the claims, causes of action, or legal theories of relief described above or on any of the claims, causes of action, or legal theories of relief pleaded in the CC, or any of the complaints in the Action (collectively, the “Released Claims”). The period of the Released Class Claims shall extend to the limits of the Class Settlement Period, which is September 9, 2011, to _____.

J. PAGA Members’ PAGA Release.

All claims for civil penalties under PAGA asserted in in the CC in the Action or any of the other complaints filed in the Action, and all claims that could have been asserted in the Action based on the same alleged facts in the CC or any other complaints or in any PAGA letter sent by Plaintiffs to the LWDA, including, but not limited to claims for violations of the California Labor Code for unpaid minimum wages, failure to pay wages at the agreed upon rate, unpaid overtime wages, unpaid meal period premiums, unpaid rest period premiums, inaccurate wage statements, failure to reimburse business expenses, and failure to timely pay wages during employment or at termination, for violations of Labor Code sections 201-204, 210, 216, 221, 223, 225.5, 226, 226.3, 226.7, 510-512, 551 552, 553, 558, 1174, 1194-1197.1, 1198, 2802, and 2698, et seq. and IWC Wage Order, Number 4, sections 4 and 7, Number 4-2001, and Number 9, sections 4, 7 and 12. The period of the Released PAGA Claims shall extend to the limits of the PAGA Period, which is September 9, 2014 through _____.

K. Released Parties. The Released Parties are Defendants and Defendants’ current, future, and former parents, subsidiaries, divisions, affiliates, affiliates and subsidiaries under common ownership, owners, shareholders, members, directors, officers, employees, attorneys, insurers, benefit plans, agents and independent contractors, and the predecessors, successors, and assigns of each of them.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

A. Individual Settlement Payments. The Administrator will calculate Individual Settlement Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member..

B. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$75,000.00 by the total number of PAGA Pay Periods worked by all PAGA Members and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual Aggrieved Employee.

- C. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Defendant's records, are stated in the first page of this Notice. You have until _____ to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendant's calculation of Workweeks and/or Pay Periods based on Defendant's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defendant's Counsel. The Court has the power to make the final determination on challenges.

5. HOW WILL I GET PAID?

- A. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as PAGA Members. The single check will combine the Individual Settlement Payment and the Individual PAGA Payment.
- B. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member who is also an Aggrieved Employee).

Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Submit a written and signed letter with your name, present address, email address or telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as *Craig Clark and Henry Nelson v. Quest Diagnostics Clinical Laboratories, Inc., et al.*, and include your identifying information (full name, address, telephone number, and approximate dates of employment for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by _____, or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiffs and Defendants are asking the Court to approve. At least 16 business days before the _____ Final Approval Hearing, Class Counsel and/or Plaintiffs will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Award stating (i) the amount Class Counsel is requesting as a Class Representative Service Award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website _____ (url) _____ or the Court's website <https://www.lacourt.ca.gov/pages/lp/access-a-case/tp/find-case-information/cp/os-civil-case-access>

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is _____.** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action: *Craig Clark and Henry Nelson v. Quest Diagnostics Clinical Laboratories, Inc.*, et al., and include your name, current address, email address or telephone number, and approximate dates of employment for Defendants and sign the objection. Section 9 of this Notice has the Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on _____ at (time) in Department 17 of the Los Angeles Superior Court, located at 312 North Spring Street, Los Angeles, CA 90012. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiffs, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making any decisions. You can attend (or hire a lawyer to attend) either personally or virtually via LACourtConnect (<https://www.lacourt.org/lacc/>). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website _____ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendants and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to (Settlement Administrator) 's website at (url) . You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (<https://www.lacourt.ca.gov/pages/lp/access-a-case/tp/find-case-information/cp/os-civil-case-access>) and entering the Case Number for the Action, Case No. BC594022. You can also make an appointment to personally review court documents in the Clerk's Office at the Spring Street Courthouse by calling (213) 310-7000.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel:

[INSERT FIRM INFO]

Settlement Administrator:

Name of Company:

Email Address:

Mailing Address:

Telephone:

Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you should consult the Unclaimed Property Fund https://www.sco.ca.gov/Files-UPD/guide_upd_claiming.pdf for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.