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CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement ("Agreement," "Settlement," or "Settlement Agreement") is made by and between Plaintiff Bryan Padilla ("Plaintiff"), on his own behalf and on behalf of all members of the Class, as defined below, on the one hand, and Defendant Owens & Minor Distribution, Inc. ("Defendant") on the other hand (Plaintiff and Defendant are collectively referred to as the "Parties"), in the lawsuits entitled *Bryan Padilla v. Owens & Minor Distribution, Inc.,* filed in San Bernardino County Superior Court, Case No. CIVSB2528284 (the "Class Action") and *Bryan Padilla v. Owens & Minor Distribution, Inc,* filed in San Bernardino County Superior Court, Case No. CIVSB2529225 (the "PAGA Action") (collectively, the Class Action and PAGA Action are referred to herein as the "Litigation"). This Settlement resolves all claims that were asserted or could have been asserted against Defendant pertaining to the claims in the Litigation.

I. DEFINITIONS

A. "Administration Costs" means all administrative costs of the Settlement, including costs of notice to the Class, settlement administration, and any fees and costs incurred or charged by the Settlement Administrator in connection with the execution of its duties under this Settlement.

B. "Attorneys' Fees" means all past and future attorneys' fees necessary to prosecute, settle, and administer the Litigation and this Settlement, which shall be paid from the Gross Settlement Amount.

C. "Class Counsel" or **"Plaintiff's Counsel"** means Arby Aiwazian, Joanna Ghosh, and Harry Koepenick of Lawyers *for* Justice, PC and Jill J. Parker. S. Emi Minne, and Yasmin Wilber of Parker & Minne, LLP.

D. "Class Members" means all current and former hourly-paid or non-exempt employees who worked for Defendant within the State of California at any time during the Class Period (collectively referred to as the "Class").

E. "Class Period" means the period from September 18, 2023 through July 20, 2026.

F. "Class Representative" or **"Plaintiff"** means Bryan Padilla.

G. "Class Representative Enhancement Award" means payment to the Class

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Representative for his services and efforts on behalf of the Class Members and PAGA Members in this Litigation.

H. "Class Settlement" means the settlement and release of Released Class Claims as defined in Section VII(A), below.

I. "Court" means the Superior Court of the State of California for the County of San Bernardino.

J. "Effective Date" means the later of the following events: (i) if one or more Participating Class Members objects to the Settlement, the day immediately after the last day by which a Notice of Appeal of Judgment may be timely filed with the California Court of Appeal (i.e., the sixty-first calendar day following entry of Judgment), and no such appeal being filed; (ii) if an appeal is filed and 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; (iii) if an appeal is filed and there is a final disposition by ruling, dismissal, denial, or otherwise by the Court of Appeal, and further 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 order can be requested; (iv) if review is accepted, the day the Supreme Court of the State of California affirms the Settlement; or (v) if no Class Member objects to the Settlement, the day the Court enters Judgment.

K. "Final Approval Order" as used herein means the final formal judgment entered by the Court granting final approval of this Agreement.

L. "Gross Settlement Amount" means the sum of Five Hundred Fifty-Seven Thousand Five Hundred Twenty-Nine Dollars and Zero Cents ($557,529.00), which shall be paid by Defendant, and from which all Individual Class Payments, court-approved Attorneys' Fees and Litigation Costs, Administration Costs, Class Representative Enhancement Award, and PAGA Penalties shall be made. Defendant's employer payroll taxes and contributions in connection with the wages portion of the Settlement ("Employer Taxes") shall be paid separately and in addition to the Gross Settlement Amount.

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M. "Individual Class Payments" means payments made to the Participating Class Members from the Net Settlement Amount as part of the Settlement.

N. "Individual PAGA Payments" means payments made to the PAGA Members from the Employee PAGA Amount that PAGA Members are eligible to receive under the PAGA Settlement.

O. "Litigation Costs" means all past and future litigation costs and expenses necessary to prosecute, settle, and administer the Litigation and the Settlement, which shall be paid from the Gross Settlement Amount.

P. "Net Settlement Amount" means the Gross Settlement Amount minus any Court-approved award of Attorneys' Fees to Class Counsel, Litigation Costs to Class Counsel, Administration Costs to the Settlement Administrator, Class Representative Enhancement Award to Plaintiff, and PAGA Penalties.

Q. "PAGA Members" means all current and former hourly-paid or non-exempt employees who worked for Defendant within the State of California at any time during the PAGA Period (collectively referred to as the "PAGA Members").

R. "PAGA Penalties" means the amount of Fifty-Five Thousand Dollars and Zero Cents ($55,000.00) from the Gross Settlement Amount which will be allocated toward penalties under the Private Attorneys General Act, California Labor Code § 2698 et seq., of which sixty-five percent (65%) will be paid to the Labor and Workforce Development Agency (the "LWDA Payment"), and thirty-five percent (35%) will be distributed to the PAGA Members (the "Employee PAGA Amount").

S. "PAGA Period" means the period from July 21, 2024 through July 20, 2026.

T. "PAGA Settlement" means the settlement and release of Released PAGA Claims as defined in Section VII(B), below.

U. "Participating Class Members" means all Class Members who do not submit a timely and valid Request for Exclusion.

V. "Pay Period" means the number of pay periods that a PAGA Member worked for Defendant as an hourly-paid or non-exempt employee in California during the PAGA Period (based

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on the number of pay periods in the Class List that Defendant provides to the Settlement Administrator). Each PAGA Member will be credited with at least one (1) Pay Period. A Pay Period includes any pay period in which a Class Member had a time worked entry in Defendant's timekeeping system.

W. "Request for Exclusion" means a written statement requesting exclusion from the Class Settlement as provided in Section X(C), and which: (1) contains the case name and number of the Litigation, (2) contains the Class Member's full name, address, telephone number, and last four digits of his or her Social Security number; (3) is signed by the Class Member or his or her authorized representative; (4) contains a clear statement that the Class Member requests to be excluded from the Class Settlement; and (5) is sent to the Settlement Administrator, postmarked no later than the Response Deadline.

X. "Settlement" means the disposition and agreement to resolve the Litigation.

Y. "**Settlement Administrator"** means Phoenix Settlement Administrators, the settlement administrator selected by the Parties and subject to appointment by the Court, and who will be responsible for the administration of the Gross Settlement Amount, as defined below, and all related matters. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

Z. "Workweeks" means the number of weeks that a Class Member worked for Defendant as an hourly-paid or non-exempt employee in California during the Class Period (based on the number of workweeks in the Class List that Defendant provides to the Settlement Administrator). Each Class Member will be credited with at least one (1) Workweek. A Workweek includes any week in which a Class Member had a time worked entry in Defendant's timekeeping system.

II. BACKGROUND

A. On September 25, 2025, Plaintiff filed the Class Action Complaint for Damages ("Class Action Complaint") in the San Bernardino County Superior Court. In the Class Action Complaint, Plaintiff alleges, *inter alia*, on behalf of himself and all others similarly situated, that

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Defendant violated the following provisions of the California Labor Code: (1) California Labor Code sections 510 and 1198 (failure to pay overtime); (2) California Labor Code sections 226.7 and 512(a) (failure to provide compliant meal periods and associated premiums); (3) California Labor Code section 226.7 (failure to provide rest periods and associated premiums); (4) California Labor Code sections 1194, 1197, and 1197.1 (failure to pay minimum wages); (5) California Labor Code sections 201-203 (failure to timely pay final wages); (6) California Labor Code section 204 (failure to timely pay wages during employment); (7) California Labor Code section 226(a) (failure to provide accurate wage statements); (8) California Labor Code section 1174(d) (failure to keep requisite payroll records); (9) California Labor Code sections 2800 and 2802 (failure to reimburse necessary business expenses); and (10) California Business & Professions Code sections 17200, *et seq*.

B. On July 21, 2025, Plaintiff sent a letter to the Labor and Workforce Development Agency ("LWDA"), pursuant to California Labor Code section 2699.3, providing notice of his intention to seek civil penalties under the Private Attorneys General Act, California Labor Code section 2698, et seq., for Defendant's alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802 and Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 1-2001, 4-2001, and 9-2001 (the "PAGA Notice").

C. On September 25, 2025, Plaintiff filed the Complaint for Enforcement Under the Private Attorneys General Act, California Labor Code § 2698, Et Seq. (the "PAGA Complaint") in the San Bernardino County Superior Court, alleging a single representative cause of action pursuant to PAGA against Defendant.

D. On September 29, 2025, Plaintiff sent a first amended notice to the LWDA (the "First Amended PAGA Notice").

E. On December 3, 2025, Plaintiff filed the First Amended Complaint for Enforcement Under the Private Attorneys General Act, California Labor Code § 2698, Et Seq. (the "First Amended PAGA Complaint").

F. On June 5, 2026, Plaintiff sent a second amended notice to the LWDA (the "Second Amended PAGA Notice").

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G. In order to facilitate a global settlement of the Class Action and the PAGA Action, the Parties have agreed to allow Plaintiff to file a first amended complaint in the Class Action adding an eleventh cause of action seeking civil penalties pursuant to PAGA ("Operative Complaint"). A stipulation and proposed order reflecting the Parties' agreement regarding the filing of the Operative Complaint shall be filed with the Court before the date Plaintiff files his Motion for Preliminary Approval. Plaintiff shall dismiss the PAGA Action without prejudice within 30 days of filing the Operative Complaint in the Class Action.

H. Class Counsel conducted extensive investigation, discovery, review and analysis of data and documents, and evaluation concerning the claims set forth in the Litigation.

I. Plaintiff and Class Counsel have engaged in good faith, arms-length negotiations with Defendant concerning possible settlement of the claims asserted in the Litigation. These good faith, arms-length negotiations resulted in settlement of the Litigation and are memorialized in this Settlement Agreement after extensive negotiations about the terms and conditions of the Settlement.

J. Class Counsel have conducted an investigation of the law and facts relating to the claims asserted in the Litigation and have concluded, taking into account the sharply contested issues involved, the defenses asserted by Defendant, the expense and time necessary to pursue the Litigation through trial and any appeals, the risks and costs of further prosecution of the Litigation, the risk of an adverse outcome, the uncertainties of complex litigation, and the substantial benefits to be received by Plaintiff, the Class Members, the PAGA Members, and the State of California pursuant to this Agreement, that a settlement with Defendant on the terms and conditions set forth herein is fair, reasonable, adequate, and in the best interests of the Class, the PAGA Members, and the State of California. Plaintiff, on his own behalf, on behalf of the Class, and as a private attorney general on behalf of the State of California with respect to PAGA Members, has agreed to settle the Litigation with Defendant on the terms set forth herein.

K. Defendant has concluded that, because of the substantial expense of defending against the Litigation, the length of time necessary to resolve the issues presented herein, the inconvenience involved, and the concomitant disruption to its business operations, it is in Defendant's best interest to accept the terms of this Agreement. Defendant denies each of the allegations and claims asserted

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against it in the Litigation and contends that it has complied with applicable law at all times. However, Defendant nevertheless desires to settle the Litigation for the purpose of avoiding the burden, expense and uncertainty of continuing litigation and for the purpose of putting to rest the controversies engendered by the Litigation.

L. This Agreement is intended to and does effectuate the full, final, and complete settlement of the allegations and claims set forth in Section II(A)-(F).

III. JURISDICTION

The Court has jurisdiction over the Parties and the subject matter of this Litigation. The Litigation includes claims that, while Defendant denies them in their entirety, would, if proven, authorize the Court to grant relief pursuant to the applicable statutes. After the Court has granted final approval of the Settlement and after the Court has ordered the entry of judgment, pursuant to California Code of Civil Procedure Section 664.6, the Court shall retain jurisdiction of the Litigation solely for the purpose of interpreting, implementing, and enforcing this Settlement consistent with the terms set forth herein.

IV. STIPULATION OF CLASS CERTIFICATION

A. The Parties stipulate that class certification pursuant to California Code of Civil Procedure Section 382 under the terms of this Agreement is for settlement purposes only. This stipulation is contingent upon the preliminary and final approval and certification of the Class only for purposes of settlement. Should the Settlement not become final, for whatever reason, the fact that the Parties were willing to stipulate provisionally to class certification as part of the Settlement shall have no bearing on, and shall not be admissible in connection with, the issue of whether a class should be certified in a non-settlement context in the Litigation. Defendant expressly reserves the right to oppose class certification should this Settlement be modified or reversed on appeal or otherwise not become final. In the event that this Agreement is not approved by the Court or any appellate court, is terminated, or otherwise fails to be enforceable, Plaintiff will not be deemed to have waived, limited, or affected in any way any claims, rights, or remedies in the Litigation, and Defendant will not be deemed to have waived, limited, or affected in any way any of its objections or defenses in the Litigation.

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V. MOTION FOR PRELIMINARY APPROVAL

A. Plaintiff will bring a motion before the Court for an order preliminarily approving the Settlement including the Notice of Class Action Settlement ("Class Notice"), which is attached hereto as "**Exhibit A**," and certifying the Class for settlement purposes only.

B. The date that the Court enters an order granting preliminary approval of the Settlement will be the "Preliminary Approval Date."

C. Class Counsel will prepare the motion for preliminary approval of the Settlement. Class Counsel will provide a draft of the motion for preliminary approval to Defendant's counsel at least seven (7) calendar days prior to the date Plaintiff plans to file the motion so that Defendant has the opportunity to review and provide commentary. Defendant agrees that it will not oppose Plaintiff's Motion for Preliminary Approval as long as it is in conformity with this Agreement, nor shall it seek to delay the hearing on this motion for more than thirty (30) days from the date obtained by Plaintiff.

VI. STATEMENT OF NO ADMISSION

A. Defendant denies liability for any claim or cause of action asserted in the Litigation, the PAGA Notice, the First Amended PAGA Notice, and the Second Amended PAGA Notice. This Agreement does not constitute, and is not intended to constitute, an admission by Defendant as to the merits, validity, or accuracy of any of the allegations or claims made against it in the Litigation, the PAGA Notice, the First Amended PAGA Notice, and the Second Amended PAGA Notice.

B. Nothing in this Agreement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the course of the negotiations leading to this Agreement or the Settlement, is intended by the Parties to constitute, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in this case or any other judicial, arbitral, administrative, investigative or other forum or proceeding as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. The Parties themselves agree not to introduce, use, or admit this Agreement, directly or indirectly, in this case or any other judicial, arbitral, administrative, investigative, or other forum or proceeding, as purported

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evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity, or for any other purpose. Notwithstanding the foregoing, this Agreement may be used and filed in any proceeding before the Court that has as its purpose the interpretation, implementation, or enforcement of this Agreement or any orders or judgments of the Court entered in connection with implementation of this Agreement and/or the Settlement.

C. None of the documents produced or created by Plaintiff or the Class in connection with settlement procedures constitute, and they are not intended to constitute, an admission by either Plaintiff or Defendant regarding whether or not any violation of any federal, state, or local law, statute, ordinance, regulation, rule, or executive order, or any obligation or duty at law or in equity has occurred.

VII. RELEASE OF CLAIMS

A. Release As to All Participating Class Members.

Upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Plaintiff and all Participating Class Members waive, release, and discharge Defendant and its respective past and present parents, successors, predecessors in interest, assigns, subsidiaries, affiliates, and each of their respective officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, attorneys, consultants, and insurers (collectively, "Released Parties") of any and all wage-related claims that were alleged in or which could have been alleged in the Operative Complaint based on the factual allegations in the Operative Complaint, arising during the Class Period, including the following claims, under any legal theory of liability, for: (1) alleged failure to pay overtime wages pursuant to California Labor Code sections 510, 1194, and 1198 and the IWC Wage Orders; (2) alleged failure to provide meal periods pursuant to California Labor Code sections 226.7 and 512 and the IWC Wage Orders; (3) alleged failure to provide rest periods pursuant to California Labor Code section 226.7 and the IWC Wage Orders; (4) alleged failure to pay all minimum wages owed pursuant to California Labor Code sections 1194, 1194.2, 1197, and 1197.1 and the IWC Wage Orders; (5) alleged failure to pay all wages owed at termination pursuant to California Labor Code sections 201-203 and the IWC Wage Orders; (6) alleged failure to

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pay all wages in a timely manner during employment pursuant to California Labor Code section 204 and the IWC Wage Orders; (7) alleged failure to furnish accurate itemized wage statements pursuant to California Labor Code section 226 and the IWC Wage Orders; (8) alleged failure to maintain adequate payroll records pursuant to California Labor Code section 1174 and the IWC Wage Orders; (9) alleged failure to reimburse all necessary business expenses pursuant to California Labor Code sections 2800 and 2802 and the IWC Wage Orders; and (10) alleged violations of California Business & Professions Code sections 17200, *et seq*. (collectively, "Released Class Claims").

B. Release as to the LWDA and the State of California.

Upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Plaintiff, on behalf of the LWDA and the State of California, waives, releases, and discharges Released Parties of any and all claims, actions, and causes of action for civil penalties under the Private Attorneys General Act, California Labor Code section 2698, et seq., arising during the PAGA Period, based on the factual allegations and legal theories in both the Second Amended PAGA Notice and Operative Complaint, for alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and Industrial Welfare Commission Wage Orders, including *inter alia*, Wage Orders 1-2001, 4-2001, and 9-2001 (collectively, "Released PAGA Claims").

C. General Release by Plaintiff Only.

In addition to the releases made in Section VII(A)-(B), Plaintiff makes the additional following general release of all claims, known or unknown. Upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Plaintiff releases the Released Parties from all claims, demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation of any state or federal statute, rule or regulation arising out of, relating to, or in connection with Plaintiff's relationship with Defendant as well as any and all acts or omissions by or on the part of Defendant, excluding only claims that, by law, may not be privately released. (The release set forth in this Section VII(C) shall be referred to hereinafter as the "General Release.")

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With respect to the General Release, Plaintiff stipulates and agrees that, upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Plaintiff shall be deemed to have expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

This release specifically excludes claims for unemployment insurance, disability, social security, and workers compensation (with the exception of claims arising pursuant to California Labor Code Sections 132(a) and 4553). Accordingly, if the facts relating in any manner to this Settlement are found hereafter to be other than or different from the facts now believed to be true, the release of claims contained herein shall be effective as to all unknown claims.

VIII. MONETARY CONSIDERATION FOR SETTLEMENT

A. Consideration for This Agreement

As consideration for this Agreement, Defendant will make a payment that totals the Gross Settlement Amount of $557,529.00. The payment of the Gross Settlement Amount represents full and complete settlement of this matter. The Gross Settlement Amount includes all Attorneys' Fees and Litigation Costs, Settlement Administration Costs, Class Representative Enhancement Award, and PAGA Penalties. The balance of the Gross Settlement Amount, after deduction of Attorneys' Fees and Litigation Costs, Settlement Administration Costs, Class Representative Enhancement Award, and PAGA Penalties, will be the Net Settlement Amount. Defendant's Employer Taxes shall be paid separately and in addition to the Gross Settlement Amount.

B. Potential Increase to the Settlement Amount

Defendant represented that there were 357 Class Members who worked a total of 26,549 Workweeks during the Class Period as of March 31, 2026. If the Workweeks worked by the Class Members during the Class Period ultimately increase by more than 10% (i.e., by more than 2,654 Workweeks, the "Workweeks Threshold"), Defendant shall increase the Gross Settlement Amount

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on a pro-rata basis equal to the percentage increase in the number of Workweeks worked by the Class Members above 10%. For example, if the number of Workweeks increases by 11% to 29,469 Workweeks, the Gross Settlement Amount will increase by 1%.

IX. SETTLEMENT ADMINISTRATOR

A. Selection of Settlement Administrator.

Plaintiff and Defendant, through their respective counsel, have selected Phoenix Settlement Administrators as the Settlement Administrator to administer the Settlement, which includes but is not limited to, translating the Class Notice from English to Spanish, distributing and responding to inquiries about the Class Notice, determining the timeliness, validity, and/or completion of any objections, Requests for Exclusion, and/or Workweeks Disputes, and calculating all amounts to be paid from the Net Settlement Amount. Charges and expenses of the Settlement Administrator, estimated to be no more than $10,000.00, will be paid from the Gross Settlement Amount. Any charges and expenses of the Settlement Administrator greater than the allocated $10,000.00 will be paid from the Gross Settlement Amount. If the actual Administration Costs awarded are less than the amount provided herein, the difference will be part of the Net Settlement Amount. The Parties agree that this Agreement may be provided to the Settlement Administrator to effectuate its implementation of the settlement procedures herein.

The Parties will ask the Court to appoint Phoenix Settlement Administrators to act as the Settlement Administrator, which, as a condition of appointment, will agree to be bound by this Agreement with respect to the performance of its duties and its compensation. The Settlement Administrator's duties will include all tasks related to settlement administration, such as preparing, printing, and mailing the Class Notices to the Class Members and PAGA Members; conducting a National Change of Address search and using Accurint and other reasonable and cost-effective skip trace methods to locate any Class Members and PAGA Members whose Class Notice was returned by the U.S. Postal Service as non-deliverable, and re-mailing the Class Notice to the Class Member or PAGA Member's new address; receiving Class Member opt-outs from and objections to the Settlement; establishing a compliant, non-interest bearing Qualified Settlement Fund ("QSF"); providing the Parties with weekly status reports about the delivery of Class Notices, objections to the

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Settlement, and the receipt of Class Member opt-outs from the Settlement; issuing the checks to effectuate the payments due under the Settlement; tracking the cashing of settlement checks; gathering and retaining Forms W-9 from Plaintiff and Class Counsel; preparing Forms W-2 and 1099 and completing required reports to tax authorities; and otherwise administering the Settlement pursuant to this Agreement.

B. Employer Identification Number.

The Settlement Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.

C. Establishment of Qualified Settlement Fund.

The Settlement Administrator shall serve as Trustee of the Gross Settlement Amount and shall act as a fiduciary with respect to the handling, management, and distribution of the Gross Settlement Amount. The Settlement Administrator shall act in a manner necessary to qualify the Gross Settlement Amount as a QSF under Section 468B of the Internal Revenue Code of 1986, as amended, and Treas. Reg. Section 1.468B-1, et seq., and to maintain that qualification. The QSF shall be a non-interest bearing account.

The parties shall cooperate to ensure such treatment and shall not take a position in any filing or before any tax authority inconsistent with such treatment.

D. Payment of Federal, State, and Local Taxes.

The parties recognize that the awards to eligible Class Members and PAGA Members will be subject to applicable tax withholding and reporting, which will be handled as follows: The Settlement Administrator shall act as a fiduciary with respect to the handling, management, and distribution of the Settlement, including the handling of tax-related issues and payments. Specifically, the Settlement Administrator shall be responsible for withholding, remitting, and reporting both the employer and the employees' share of the payroll taxes from the QSF.

The Settlement Administrator shall be responsible to satisfy from the QSF any and all federal, state, and local employment and withholding taxes, including, without limitation, federal and state income tax withholding, FICA, FUTA, SUTA, Medicare, and any state employment taxes. The

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Settlement Administrator shall satisfy all federal, state, local, and other reporting requirements (including any applicable reporting with respect to attorneys' fees and other costs subject to reporting), and any and all taxes, penalties, and other obligations with respect to the payments or distributions from the QSF not otherwise addressed herein. Defendant will pay the employer's share of applicable payroll tax payments separate and apart from the Gross Settlement Amount.

The parties hereto agree to cooperate with the Settlement Administrator, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions set forth in this paragraph.

In the event that it is subsequently determined by a tax authority that any Plaintiff, Participating Class Member, PAGA Member, or Class Counsel owes any additional taxes with respect to any money distributed under this Settlement, it is expressly agreed that the determination of any tax liability is between the payment recipient and the tax authorities, and that Defendant shall not be responsible for the payment of such taxes, including any interest and/or penalties. Defendant and Class Counsel make no representations as to the tax treatment or legal effect of any payments pursuant to this Agreement, and Plaintiff and Participating Class Members are not relying on any statement or representation by Defendant, Defendant's Counsel, or Class Counsel in this regard.

X. NOTICE, OBJECTIONS, AND EXCLUSION RIGHTS

A. Notice to the Class.

Plaintiff and Defendant, through their respective attorneys, have jointly prepared the Class Notice, which in substance will be provided to the Class Members as follows:

1. As soon as practicable following preliminary approval of the Settlement, but no later than fourteen (14) calendar days after the Preliminary Approval Date, Defendant will provide to the Settlement Administrator the following information in an Excel spreadsheet for each Class Member: (1) full name; (2) last home known address; (3) last known telephone number; (4) Social Security number; (5) total Workweeks worked during the Class Period; (6) total Pay Periods worked during the PAGA Period; (7) start and end dates of active employment as a non-exempt employee of Defendant in the State of California; (8) start and end dates of leaves of absence, if any; and (9) any other information required by the Settlement Administrator in order to effectuate the terms of the

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Settlement (collectively, the "Class List"). Defendant further agrees to consult with the Settlement Administrator prior to the production date to ensure that the format will be acceptable to the Settlement Administrator. The Settlement Administrator will provide Class Counsel with a redacted Class List that shall only disclose an identification number attributed to each Class Member and their associated Workweeks during the Class Period and Pay Periods during the PAGA Period.

2. The Settlement Administrator shall run all the addresses provided through the United States Postal Service NCOA database (which provides updated addresses for any individual who has moved in the previous four years who has notified the U.S. Postal Service of a forwarding address) to obtain current address information, and shall mail the Class Notice to the Class Members via first-class U.S. Mail using the most current mailing address information available, within seven (7) calendar days of the receipt of the Class List from Defendant.

3. The Class Notice will include information regarding the nature of the Litigation; a summary of the terms of the Settlement; the definition of the Class; a statement that the Court has preliminarily approved the Settlement; the nature and scope of the claims being released; the procedure and time period for objecting to the Class Settlement, the date and location of the Final Approval Hearing; information regarding the procedure for opting out of the Class Settlement; the number of Workweeks credited to each Class Member and the procedure for disputing the number of Workweeks credited; and the estimated Individual Class Payment and Individual PAGA Payment (if any) for each Class Member.

4. If a Class Notice is returned as undeliverable, the Settlement Administrator will perform a skip trace in an attempt to locate a more current address within three (3) business days of receipt of the returned mail. If the Settlement Administrator is successful in locating an updated address, it will re-mail the Class Notice to the Class Member as soon as possible. Further, any Class Notices returned with a forwarding address to the Settlement Administrator before the Response Deadline shall be re-mailed to the forwarding address affixed thereto.

5. Class Members will be given sixty (60) calendar days after the Class Notice is initially mailed to the Class Members, to submit Workweeks Disputes, Requests for Exclusion, and/or written objections ("Response Deadline"). With respect to any Class Notice that is re-mailed, the

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Response Deadline for the Class Member whose Class Notice is re-mailed will be extended an additional fifteen (15) calendar days from the original Response Deadline.

6. No later than twenty-five (25) calendar days before the Final Approval Hearing, the Settlement Administrator shall provide counsel for Defendant and Class Counsel with a declaration attesting to the completion of the settlement notice administration process, including the number of attempts to obtain valid mailing addresses for and re-sending of any returned Notices, as well as the number of Workweeks Disputes, Requests for Exclusion, and objections received.

B. Objections.

Class Members who do not submit a Request for Exclusion may object to the Class Settlement. To object to the Class Settlement, a Participating Class Member may send a written objection to the Settlement Administrator or appear at the Final Approval Hearing with or without submitting a written objection to the Class Settlement. The Participating Class Member may appear personally or through an attorney, at his or her own expense, at the Final Approval Hearing to present his or her objection directly to the Court. However, any attorney who will represent an objector must file a notice of appearance with the Court and serve Class Counsel and Defendant's counsel no later than the Response Deadline. A written objection to the Class Settlement must: (1) contain the case name and number of the Litigation; (2) contain the Participating Class Member's full name, address, telephone number, signature, and last four digits of his or her Social Security number; (3) clearly state the grounds for the objection; (4) state whether the Participating Class Member intends to appear at the Final Approval Hearing; and (5) be mailed to the Settlement Administrator, postmarked no later than the Response Deadline. If a Class Member objects to the Class Settlement, the Class Member will remain a Participating Class Member and if the Court approves this Agreement, the Participating Class Member will be bound by the terms of the Class Settlement in the same way and to the same extent as a Participating Class Member who does not object to the Class Settlement. The date of mailing of the Class Notice to the objecting Participating Class Member shall be conclusively determined according to the records of the Settlement Administrator. The Court retains final authority with respect to the consideration and admissibility of any objections to the Class Settlement from Participating Class Members. The Class Notice shall contain instructions on how to object to

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the Class Settlement.

C. Opportunity to Be Excluded from the Class Settlement and Defendant's Opt-Out Threshold.

1. In order for any Class Member to validly exclude himself or herself from the Class Settlement, a Request for Exclusion must: (1) contain the case name and number of the Litigation; (2) contain the Class Member's full name, address, telephone number, and last four digits of his or her Social Security number; (3) be signed by the Class Member or his or her authorized representative; (4) contain a clear statement that the Class Member requests to be excluded from the Class Settlement; and (5) be sent to the Settlement Administrator, postmarked no later than the Response Deadline. The Class Notice shall contain instructions on how to opt out.

2. The date of the initial mailing of the Class Notice, and the date the signed Request for Exclusion was postmarked, shall be conclusively determined according to the records of the Settlement Administrator. Any Class Member who timely and validly submits a Request for Exclusion will not be entitled to an Individual Class Payment, will not be bound by the Class Settlement, and will not have any right to object, appeal, or comment thereon. Not later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the Settlement Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion; (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; and (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid). The Court retains final authority with respect to the validity of any Requests for Exclusion.

3. Any Class Member who does not submit a timely and valid Request for Exclusion to the Settlement Administrator will be deemed bound by the Class Settlement in accordance with this Settlement. All PAGA Members shall be bound by the PAGA Settlement regardless of their decision to participate in the Class Settlement.

4. In the event that more than five percent (5%) of the Class Members exercise their right to exclude themselves and opt out of the Class Settlement, Defendant retains the exclusive

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right, but not the obligation, to withdraw from and terminate the Settlement and return all Parties back to their same position before the Settlement was reached and the Settlement Agreement was entered into. In the event that Defendant exercises such rights under this Section, Plaintiff and Defendant shall resume the Litigation. Defendant must notify Class Counsel and the Court in writing of such a decision to withdraw and terminate the Settlement no later than five (5) business days after receiving written notice from the Settlement Administrator that the number of opt outs exceeds 5% of the Class. In the event of Defendant's withdrawal, no Party may use the fact that the Parties agreed to the Settlement for any reason, and Defendant shall pay all administration expenses incurred through the date of its termination of the Settlement.

D. Cooperation.

The Parties and their respective counsel agree not to encourage members of the Class to opt out of the Class Settlement or to object to the Class Settlement, directly or indirectly, through any means. However, if a Class Member contacts Class Counsel, Class Counsel may discuss the terms of the Settlement and the Class Member's options with respect to the Settlement.

XI. WORKWEEKS DISPUTE PROCEDURE

A. If a Participating Class Member and/or PAGA Member disputes the number of Workweeks or Pay Periods credited to him or her for the Class Period and/or PAGA Period, which will be set forth in the Class Notice, he or she must submit a written dispute ("Workweeks Dispute") that: (1) contains the case name and number of the Action; (2) contains the Participating Class Member and/or PAGA Member's full name, address, telephone number, signature, and last four digits of his or her Social Security number; (3) contains a statement setting forth the number of Workweeks during the Class Period and/or Pay Periods during the PAGA Period that he or she contends is correct and attaches any relevant documentation in support thereof; and (4) is submitted to the Settlement Administrator by mail, postmarked no later than the Response Deadline. If a Participating Class Member and/or PAGA Member does not dispute his or her number of Workweeks or Pay Periods, the number of Workweeks and Pay Periods set forth in the Class Notice will govern the Individual Class Payment to the Participating Class Member and/or the Individual PAGA Payment to the PAGA Member, and such individual need not take further action to participate in the Settlement.

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B. Upon timely receipt of any such challenge, the Settlement Administrator, in consultation with Class Counsel and counsel for Defendant, will review the pertinent records showing the dates the Participating Class Member and/or PAGA Member worked for Defendant in California and the number of Workweeks and/or Pay Periods worked, which records Defendant agrees to make available to the Settlement Administrator and Class Counsel.

C. After consulting with Class Counsel and counsel for Defendant, the Settlement Administrator shall determine the number of Workweeks and/or Pay Periods to be used in computing the Participating Class Member's *pro rata* share of the Net Settlement Amount and the PAGA Member's *pro rata* share of the Employee PAGA Amount. In the event that there is a disparity between the number of Workweeks a Participating Class Member claims he or she worked during the Class Period and/or the number of Pay Periods a PAGA Member claims he or she worked during the PAGA Period and the number of Workweeks and/or Pay Periods indicated by Defendant's records, Defendant's records will control unless inconsistent with records provided by the Participating Class Member and/or PAGA Member (or bona fide copies thereof), in which case the records provided by the Participating Class Member and/or PAGA Member will control. The Settlement Administrator shall send written notice of the decision on any such dispute to the Participating Class Member and/or PAGA Member, to Class Counsel, and counsel for Defendant within ten (10) calendar days of receipt of the Workweeks Dispute. The Court retains final authority to review the Settlement Administrator's decision regarding any Workweeks Disputes.

XII. COMPUTATION AND DISTRIBUTION OF PAYMENTS

A. Formula for Calculating Individual Class Payments.

Participating Class Members will receive a lump sum payment as good and valuable consideration for the waiver and release of Released Class Claims set forth in Section VII(A), above, in an amount determined by the Settlement Administrator in accordance with the provisions of this Agreement. Each Participating Class Member's Individual Class Payment will be determined as follows:

1. Defendant will calculate the number of Workweeks of each Class Member during the Class Period and include this information in the Class List.

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2. The value of each Workweek shall be determined by the Settlement Administrator by dividing the Net Settlement Amount by the total number of Workweeks of all Participating Class Members ("Class Workweek Value").

3. Each Participating Class Member's individual Workweeks will be multiplied by the Class Workweek Value to arrive at his or her Individual Class Payment. Individual Class Payments for each Participating Class Member will be reduced by any required legal deductions for the employee's share of taxes and withholdings on the wages portion of the Individual Class Payments.

B. Formula for Calculating Individual PAGA Payments.

PAGA Members will receive a lump sum payment as good and valuable consideration for the waiver and release of Released PAGA Claims set forth in Section VII(B), above, in an amount determined by the Settlement Administrator in accordance with the provisions of this Agreement. Each PAGA Member's Individual PAGA Payment will be determined as follows:

1. Defendant will calculate the number of Pay Periods of each PAGA Member and include this information in the Class List.

2. The value of each Pay Period shall be determined by the Settlement Administrator by dividing the Employee PAGA Amount by the total number of Pay Periods of all PAGA Members ("Pay Period Point Value").

3. Each PAGA Member's individual Pay Periods will be multiplied by the Pay Period Point Value to arrive at his or her Individual PAGA Payment.

C. Funding of Settlement.

Within thirty (30) calendar days of the Effective Date, Defendant will deposit the Gross Settlement Amount into an interest-bearing account established by the Settlement Administrator for administration of the Settlement. At no time prior to the Effective Date shall Defendant be required to escrow any portion of the Gross Settlement Amount.

D. Time for Distribution.

1. The Settlement Administrator shall distribute the Individual Class Payments to Participating Class Members, the Individual PAGA Payments to PAGA Members, the Court-

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approved Class Representative Enhancement Award to Plaintiff, the LWDA Payment to the LWDA, the Court-approved Administration Costs to the Settlement Administrator, and the Court-approved Attorney's Fees and Litigation Costs to Class Counsel within ten (10) calendar days following the full funding of the Settlement.

2. If an Individual Class Payment and/or Individual PAGA Payment check is returned to the Settlement Administrator as undeliverable within thirty (30) calendar days of the mailing of the check, the Settlement Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace search and, if another address is identified, shall mail the check to the newly identified address. The Settlement Administrator may, at its discretion, distribute the Individual Class Payment and Individual PAGA Payment by way of a single check that combines both payments (if applicable).

3. Any checks issued by the Settlement Administrator to Participating Class Members and PAGA Members will be valid and negotiable for one hundred and eighty (180) days after issuance, and thereafter, the checks will be cancelled. The funds remaining and associated with cancelled Individual Class Payment and/or Individual PAGA Payment checks shall be forwarded to the Controller of the State of California pursuant to the Unclaimed Property Law, California Civil Code § 1500, *et seq.,* to be held in trust for those Participating Class Members and PAGA Members who did not timely cash their Settlement checks. The Parties agree that this disposition results in no ''unpaid residue" under California Civil Procedure Code § 384, as all payments to the Participating Class Members and PAGA Members will be paid out, whether or not these individuals cash their Settlement checks.

XIII. NO CONTRIBUTIONS TO EMPLOYEE BENEFIT PLAN

The amounts paid under this Agreement do not represent a modification of any previously credited hours of service under any employee benefit plan, policy, or bonus program sponsored by Defendant. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlement under, benefit plans (self-insured or not) sponsored by Defendant's policies or bonus programs. Any payments made under the terms of this Settlement shall not be applied retroactively, currently or on a going forward basis as salary, earnings, wages, or any other

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form of compensation for the purposes of Defendant's benefit plan, policy, or bonus program. Defendant retains the right to modify the language of its benefit plan, policies, and bonus programs to effect this intent and to make clear that any amounts paid pursuant to this 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 purpose of eligibility, vesting, benefit accrual, or any other purpose, and that additional contributions or benefits are not required by this Settlement.

XIV. CLASS COUNSEL ATTORNEYS' FEES AND LITIGATION COSTS

Defendant shall not oppose an application by Class Counsel for an amount of up to thirty-five percent (35%) of the Gross Settlement Amount (i.e., $195,135.15, if the Gross Settlement Amount remains at $557,529.00) for all past and future attorneys' fees necessary to prosecute, settle, and administer the Litigation and this Settlement. Additionally, Defendant shall not oppose an application by Class Counsel for an amount of up to Twenty Thousand Dollars and Zero Cents ($20,000.00) for all past and future litigation costs and expenses necessary to prosecute, settle, and administer the Litigation and the Settlement. Any Attorneys' Fees or Litigation Costs awarded to Class Counsel by the Court as part of the Settlement shall be deducted from the Gross Settlement Amount for the purpose of determining the Net Settlement Amount. The "future" aspect of these amounts includes, without limitation, all time and expenses expended by Class Counsel in implementing the Settlement and securing preliminary and final approval (including any appeals therein). There will be no additional consideration paid by Defendant for such work; although such work may cause Class Counsel's lodestar to increase, Class Counsel will be limited to the Attorneys' Fees and Litigation Costs provided for under the Settlement. The Attorneys' Fees and Litigation Costs shall include all attorneys' fees, litigation costs, and expenses for which Plaintiff and Class Counsel could claim under any legal theory whatsoever with respect to the Litigation. Within ten (10) calendar days following the full funding of the Settlement, the Settlement Administrator shall disburse payment to Class Counsel from the Gross Settlement Amount for the Court-approved Attorneys' Fees and Litigation Costs. Should the Court approve a lesser percentage or amount of Attorneys' Fees and/or Litigation Costs than the amount that Class Counsel ultimately seeks, then any such unapproved portion or portions shall be part of the Net Settlement Amount to be distributed to Participating Class Members

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on a *pro rata* basis.

XV. CLASS REPRESENTATIVE ENHANCEMENT AWARD TO PLAINTIFF

Defendant shall not oppose an application by Plaintiff for a Class Representative Enhancement Award in an amount not to exceed $10,000.00 for his participation in and assistance with the Litigation. Any Class Representative Enhancement Award awarded to Plaintiff by the Court as part of the Settlement shall be deducted from the Gross Settlement Amount for the purpose of determining the Net Settlement Amount, and shall be reported on an IRS Form 1099. If the Court approves a Class Representative Enhancement Award of less than $10,000.00 to Plaintiff, then the unapproved portion or portions shall be part of the Net Settlement Amount to be distributed to Participating Class Members on a *pro rata* basis.

XVI. TAXATION AND ALLOCATION

A. The Parties agree that all employees' share of employment taxes and other legally required withholdings will be withheld from payments to the Participating Class Members and Plaintiff based on the Parties' stipulated allocation of the Net Settlement Amount as provided for in this Section.

B. In Defendant's sole discretion, and to which Plaintiff and Class Counsel do not object, the amount of federal income tax withholding will be based upon a flat withholding rate for supplemental wage payments in accordance with Treas. Reg. § 31.3402(g)-1(a)(2) as amended or supplemented. Income tax withholdings will also be made pursuant to applicable state and/or local withholding codes or regulations.

C. For withholding tax characterization purposes and payment of taxes, the Individual Class Payments to Participating Class Members shall be deemed fifteen percent (15%) wages and eighty-five percent (85%) penalties, interest, and non-wage damages.

D. For withholding tax characterization purposes and payment of taxes, the Individual PAGA Payments to PAGA Members shall be deemed one hundred percent (100%) penalties.

E. Forms W-2 and/or Forms 1099 will be distributed at times and in the manner required by the Internal Revenue Code of 1986 (the "Code") and consistent with this Agreement, by the Settlement Administrator. If the Code, the regulations promulgated thereunder, or other applicable

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tax law, is changed after the date of this Agreement, the processes set forth in this Section may be modified in a manner to bring Defendant into compliance with any such changes.

F. The employer's share of payroll taxes and contributions on the wages portion of Individual Class Payments will be paid by Defendant in addition to and not as a deduction from the Gross Settlement Amount.

XVII. PAGA ALLOCATION

In order to implement the terms of this Settlement and to settle claims alleged under the Private Attorneys General Act, California Labor Code section 2698 *et seq*., the Parties agree to allocate Fifty-Five Thousand Dollars and Zero Cents ($55,000.00) from the Gross Settlement Amount as PAGA Penalties. Sixty-five percent (65%) of the PAGA Penalties (i.e., $35,750.00) will be distributed to the LWDA, and thirty-five percent (35%) of the PAGA Penalties (i.e., $19,250.00) will be distributed on a *pro-rata* basis to the PAGA Members. Plaintiff's Counsel will provide notice to the LWDA of the fact that the Settlement has been approved by the Court along with a copy of the Final Approval Order through the appropriate LWDA/DIR website. PAGA Members will be issued their Individual PAGA Payments regardless of their decision to opt-out of the Class Settlement.

XVIII. MOTION FOR FINAL APPROVAL

Class Counsel will prepare the motion for final approval of the Settlement. Class Counsel will provide a draft of the motion for final approval to Defendant's counsel at least seven (7) calendar days prior to the date Plaintiff plans to file the motion so that Defendant has the opportunity to review and provide commentary. Defendant agrees that it will not oppose Plaintiff's motion for final approval as long as it is in conformity with this Agreement.

XIX. COURT APPROVAL

A. This Agreement and the Settlement is contingent upon final approval by the Court and entry of judgment. Plaintiff and Defendant agree to take all steps as may be reasonably necessary to secure both preliminary approval and final approval of the Settlement, to the extent not inconsistent with the terms of this Agreement, and will not take any action adverse to each other in obtaining approval by the Court, and, if necessary, appellate approval, of the Settlement in all respects. Plaintiff

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and Defendant expressly agree that they will not file any objection to the terms of the Settlement or assist or encourage any person or entity to file any such objection.

B. In the event it becomes impossible to secure approval of the Settlement, the Parties shall be restored to their respective positions in the Litigation, as of the date on which the Settlement was reached, except as otherwise provided in Section XIX, below.

XIX. MISCELLANEOUS PROVISIONS

A. Interim Stay of Litigation.

Plaintiff and Defendant agree to the stay of all proceedings in the Litigation, including with respect to California Code of Civil Procedure section 583.310, except such proceedings necessary to implement and complete the Settlement, pending final approval of the Settlement by the Court.

B. Interpretation of the Agreement.

This Agreement constitutes the entire agreement between Plaintiff and Defendant. Except as expressly provided herein, this Agreement has not been executed in reliance upon any other written or oral representations or terms, and no such extrinsic oral or written representations or terms shall modify, vary from or contradict its terms. In entering into this Agreement, the Parties agree that this Agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic evidence. The Agreement will be interpreted and enforced under the laws of the State of California, both in its procedural and substantive aspects, without regard to its conflict of laws provisions. Any claim arising out of or relating to the Agreement, or the subject matter hereof, will be resolved solely and exclusively in the Superior Court of the State of California for the County of San Bernardino, and Plaintiff and Defendant hereby consent to the personal jurisdiction of the Court over them solely in connection therewith. Plaintiff, on his own behalf, on behalf of the Class, and on behalf of the State of California pursuant to PAGA, and Defendant participated in the negotiation and drafting of this Agreement and had available to them the advice and assistance of independent counsel. As such, neither Plaintiff nor Defendant may claim that any ambiguity in this Agreement should be construed against the other. The terms and conditions of this Agreement constitute the exclusive and final understanding and expression of all agreements between Plaintiff and Defendant with respect to the Settlement.

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C. Further Cooperation.

Plaintiff and Defendant and their respective attorneys shall proceed diligently to prepare and execute all documents, to seek the necessary approvals from the Court, and to do all things reasonably necessary or convenient to consummate the Agreement as expeditiously as possible.

D. Confidentiality of Documents and Information.

Plaintiff, the Settlement Administrator, and Class Counsel shall maintain the confidentiality of all documents and other information obtained in the Litigation that were specifically designated as confidential at the time they were produced (formally or informally) in the Litigation, unless ordered to be disclosed by the Court or by a subpoena.

E. Confidentiality of Settlement Prior to Preliminary Approval

Plaintiff, Class Counsel, Defendant, and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate, and/or publicize, or cause or permit another person to disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; (5) for Class Counsel to disclose publicly-available information about the case in their declarations describing their qualifications as counsel in other cases; or (6) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff and Class Counsel also agree not to issue a press release or otherwise notify the media about the terms of the Settlement or advertise or market any of the terms of the Settlement through written, recorded, or electronic communications. Plaintiff and Class Counsel further agree that if contacted regarding this case, they will only state that the lawsuit exists and has been resolved. This provision is not intended to, and does not, limit Class Counsel from responding to questions from and providing advice to Class Members regarding the Settlement, or to disclose publicly-available information about the case in their declarations describing their qualifications

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as counsel in other cases after preliminary approval is granted

F. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

G. Neutral Employment Reference.

Plaintiff shall direct any reference inquires to www.theworknumber.com or 1-800-367-5690 using Employer Code 11342 and Defendant will provide only dates of employment and position held.

H. Counterparts.

The Agreement may be executed in one or more actual or non-original counterparts, either through a physical original, facsimile, electronic, or e-mail signature, all of which will be considered one and the same instrument and all of which will be considered duplicate originals.

I. Authority.

Each individual signing below warrants that he or she has the authority to execute this Agreement on behalf of the Party for whom or which that individual signs.

J. No Third-Party Beneficiaries.

Plaintiff, Participating Class Members, PAGA Members, the LWDA, Defendant, and Released Parties are intended beneficiaries of this Agreement, and there are no other third-party beneficiaries.

K. Modification.

Before this Agreement has been submitted to the Court in connection with seeking preliminary approval of the Settlement, it may not be changed, altered, or modified, except in a writing signed by the counsel for the Parties. After this Agreement has been submitted to the Court in connection with seeking preliminary approval of the Settlement, it may not be changed, altered, or modified, except in a writing signed by the counsel for the Parties, subject to approval by the Court. Notwithstanding the forgoing, the Parties agree that any dates contained or contemplated in this

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Agreement may be modified by agreement of counsel for the Parties in writing without approval by the Court if the Parties agree and cause exists for such modification. This Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties.

L. Deadlines Falling on Weekends or Holidays.

To the extent that any deadline set forth in this Agreement falls on a Saturday, Sunday, or legal holiday, that deadline shall be continued until the following business day.

M. California Law Governs.

All terms of this Settlement Agreement and Exhibits hereto will be governed and interpreted according to the laws of the State of California.

N. Severability.

In the event that any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall in no way effect any other provision if Defendant's counsel and Class Counsel, on behalf of the Parties, the Participating Class Members, State of California, and PAGA Members, mutually elect in writing to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Agreement.

O. Binding on Successors and Assigns.

This Settlement Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

P. Waiver.

No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

Q. No Tax Advice.

Neither Plaintiff, Class Counsel, Defendant, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

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R. Representation by Counsel.

The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Agreement, and that this Agreement has been executed with the consent and advice of counsel and reviewed in full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the Agreement.

S. Binding Agreement.

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

IT IS SO AGREED:

Date: 09/23/2026

Bryan Padilla (Sep 23, 2026 17:40:29 PDT)

Bryan Padilla, Plaintiff

Date: 9/28/2026

Gregory Sagstetter

Owens & Minor Distribution, Inc., Defendant

Name: Gregory Sagstetter

Position: General Counsel

APPROVED AS TO FORM:

PARKER & MINNE, LLP

Date: September 24, 2026

Jill J. Parker

Attorneys for Plaintiff Bryan Padilla

ORRICK, HERRINGTON & SUTCLIFFE LLP

Date: 9/29/2026

Melinda Riechert

Melinda Riechert

Scott Morrison

Attorneys for Defendant Owens & Minor Distribution, Inc.

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EXHIBIT A

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NOTICE OF CLASS ACTION SETTLEMENT

Bryan Padilla v. Owens & Minor Distribution, Inc.
Superior Court of the State of California for the County of San Bernardino, Case No. CIVSB2528284

You are not being sued. This is a Court-approved notice that affects your rights. Please read it carefully.

The purpose of this Notice is to let you know of a proposed settlement (the "Settlement") that has been reached in a class and representative action that is pending in the Superior Court for the County of San Bernardino. The lawsuit was filed by a former employee, Bryan Padilla ("Plaintiff") against Owens & Minor Distribution, Inc. ("Defendant") (collectively, Plaintiff and Defendant are referred to as the "Parties"), entitled *Bryan Padilla v. Owens & Minor Distribution, Inc*., San Bernardino Superior Court Case No. CIVSB2528284 (the "Lawsuit").

In the Lawsuit, Plaintiff seeks to represent: (1) all current and former hourly-paid or non-exempt employees who worked for Defendant within the State of California at any time during the period from September 18, 2023 to July 20, 2026 ("Class Members"); and (2) all current and former hourly-paid or non-exempt employees who worked for Defendant within the State of California at any time during the period from July 21, 2024 to July 20, 2026 ("PAGA Members").

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

The Court granted preliminary approval of the Parties' settlement on [Date], and has scheduled a hearing on [Date] at [Time] (the "Final Approval Hearing") to determine whether or not to grant final approval of the Settlement. **Your legal rights may be affected, and you have a choice to make now**.

1. WHAT ARE MY OPTIONS?	
DO NOTHING	**Receive an Individual Class Payment and an Individual PAGA Payment (if eligible).** By doing nothing, you will receive an Individual Class Payment, and, if eligible, an Individual PAGA Payment. However, you will release the right to assert all of the Released Class Claims (see Section 8 below) against Defendant and the other Released Parties.
EXCLUDE YOURSELF FROM THE CLASS SETTLEMENT	**Exclude Yourself from the Class Settlement and Receive No Individual Class Payment. If eligible, you will still receive an Individual PAGA Payment because you cannot exclude yourself from the PAGA Settlement.** You may opt-out of the Class Settlement by submitting a signed Request for Exclusion (see Section 9(B) below) that must be postmarked no later than [Response Deadline]. If you submit a valid and timely Request for Exclusion, you will not receive any payment from the Class Settlement and you will not be bound by the release of class claims provided under the Settlement. You cannot opt-out of the PAGA Settlement. Defendant must pay Individual PAGA Payments to all PAGA Members and who must give up their rights to pursue Released PAGA Claims (see Section 8 below).
OBJECT TO THE CLASS SETTLEMENT	**Object to the Class Settlement.** If you choose to participate in the Class Settlement, you may submit an objection to the Class Settlement. To object, you can submit an objection (see Section 9(C) below) to the Settlement Administrator no later than [Response Deadline], or you can appear at the Final Approval Hearing and state any objections to the Class Settlement. If the Court overrules your objection, you will receive an Individual Class Payment, and you will release the right to assert all of the Released Class Claims (see Section 8 below) against Defendant and the other Released Parties.
CHALLENGE THE	**You may Challenge the Calculation of Your Workweeks/Pay Periods.** The

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CALCULATION OF YOUR WORKWEEKS/ PAY PERIODS	amount of your Individual Class Payment and Individual PAGA Payment (if any) depends on how many Workweeks and how many Pay Periods you worked during the Class Period and the PAGA Period, respectively. The number of Workweeks and Pay Periods that you worked according to Defendant's records is stated in Section 6. If you wish to dispute the Workweeks and/or Pay Periods credited to you in this Notice, you must submit a challenge to the Settlement Administrator no later than [Response Deadline] as described in Section 6.

2. WHY DID I GET THIS NOTICE?

Defendant's records show that you were employed by Defendant in California at some point during the period from September 18, 2023 to July 20, 2026 (the "Class Period"). The Court has authorized this notice because you have the right to know about the Settlement and your options before the Court decides whether to approve it. This notice explains what the Lawsuit is about, the terms of the Settlement, and your rights.

3. WHAT IS THIS LAWSUIT ABOUT?

On September 25, 2025, Plaintiff filed a Class Action Complaint for Damages ("Class Action Complaint") in the Superior Court for the County of San Bernardino. Plaintiff alleged that Defendant failed to pay all wages due, including overtime wages, meal period premiums, rest period premiums, and minimum wages; failed to timely pay wages during employment and upon termination; failed to issue compliant wage statements; failed to maintain accurate payroll records; failed to reimburse all necessary business expenses; and engaged in unfair business practices. Plaintiff sought to represent a class of all current and former non-exempt and/or hourly-paid employees who worked for Defendant in the State of California.

On July 21, 2025, Plaintiff provided written notice to the LWDA and Defendant of the specific provisions of the California Labor Code that he contends were violated. On September 25, 2025, Plaintiff filed a separate Complaint for Enforcement Under the Private Attorneys General Act, California Labor Code § 2698, et seq. (the "PAGA Complaint") in the Superior Court for the County of San, Case No. CIVSB2529225. Plaintiff provided a First Amended PAGA Notice to the LWDA and Defendant on September 29, 2025 and a Second Amended PAGA Notice on June 5, 2026.

On _____, Plaintiff filed a First Amended Class Action Complaint for Damages and Enforcement Under the Private Attorneys General Act, California Labor Code § 2698, Et Seq. in the Class Action, thereby consolidating the claims in the Class Action Complaint and PAGA Complaint (the "Operative Complaint").

Defendant denies all of the material allegations in the Operative Complaint and asserted numerous affirmative defenses.

4. WHY IS THERE A SETTLEMENT?

The Court has not made any decision about the merits of Plaintiff's Lawsuit. There has been no trial. However, to avoid additional expense and the risks of continued litigation, Plaintiff and Defendant have concluded that it is in their respective best interests to settle the Lawsuit on the terms summarized in this Notice.

The Settlement was reached after an exchange of extensive information about the facts and legal arguments in support of, and against, all of the claims raised in the Lawsuit. Plaintiff, Class Counsel, and Defendant all support this Settlement due to, among other things, Defendant's potential defenses to liability, the inherent risk associated with a trial on the merits, the delays and uncertainties associated with litigation, and the benefits provided to Class Members and PAGA Members under the Settlement.

5. SUMMARY OF THE SETTLEMENT

Defendant has agreed to pay a settlement amount of Five Hundred Fifty-Seven Thousand Five Hundred Twenty-Nine Dollars and Zero Cents ($557,529.00) (the "Gross Settlement Amount"). The portion of the Gross Settlement Amount that is available for payment to the Class Members is referred to as the "Net Settlement Amount." The Net Settlement Amount will be the Gross Settlement Amount less the following payments which are subject to approval by the Court: (1) Class Representative Enhancement Award in an amount not to exceed Ten Thousand Dollars and Zero Cents ($10,000.00), (2) PAGA Penalties in an amount not to exceed Fifty-Five Thousand Dollars and Zero Cents ($55,000.00), (3) Attorneys' Fees in an amount not to exceed thirty-five percent (35%) of the Gross Settlement Amount (i.e., $ $195,135.15), (4) Litigation Costs in an amount not to exceed Twenty Thousand Dollars and Zero Cents ($20,000.00), and (5) Settlement Administration Costs in an amount not to exceed Ten Thousand Dollars and Zero Cents ($10,000.00).

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Fifty-Five Thousand Dollars and Zero Cents ($55,000.00) of the Gross Settlement Amount has been allocated towards penalties under the PAGA ("PAGA Penalties"), of which 65% will be allocated to the LWDA ("LWDA Payment"), and the remaining 35% will be allocated to the PAGA Members ("Employee PAGA Amount").

Class Members are eligible to receive payment of their pro rata share of the Net Settlement Amount ("Individual Class Payment") based on the number of weeks that each Class Member was credited to have worked for Defendant as an hourly-paid or non-exempt employee in the State of California at any time during the Class Period, and worked at least one day ("Workweeks").

The Settlement Administrator has divided the Net Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Class Workweek Value" and multiplied each Class Member's individual Workweeks by the Estimated Class Workweek Value to yield his or her estimated Individual Class Payment that he or she may be eligible to receive under the Settlement. If the Court grants final approval of the Settlement, the Settlement Administrator shall divide the final Net Settlement Amount by the Workweeks of all Class Members who did not submit a valid and timely Request for Exclusion ("Participating Class Members") to yield his or her Individual Class Payment, which shall be paid from the Net Settlement Amount, less applicable employee-side tax withholdings.

Each Individual Class Payment will be allocated fifteen percent (15%) to wages, which will be reported on an IRS Form W2, and eighty-five percent (85%) to penalties and interest, which will be reported on an IRS Form 1099 (if applicable). The Settlement Administrator will withhold the employee's share of taxes and withholdings with respect to the wage portion of the Individual Class Payments, and issue checks to Participating Class Members for their Individual Class Payments (i.e., payment of their Individual Class Payment net of these taxes and withholdings). The employer's share of taxes on the wage portion of Individual Class Payments will be paid by Defendant separately and in addition to the Gross Settlement Amount. The Individual PAGA Payments are characterized as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

6. YOUR WORKWEEKS BASED ON DEFENDANT'S RECORDS

According to Defendant's records, during the period **from September 18, 2023 to July 20, 2026 (i.e., the Class Period) you worked for Defendant as an hourly-paid or non-exempt employee in California for approximately [___] Workweeks**.

According to Defendant's records, during the period **from July 21, 2024 to July 20, 2026 (i.e., the PAGA Period) you worked for Defendant as an hourly-paid or non-exempt employee in California for approximately [___] Pay Periods**.

If you wish to dispute the Workweeks or Pay Periods credited to you in this Notice, you must submit a written, signed challenge ("Workweeks Dispute") to the Settlement Administrator. The Workweeks Dispute must contain: (1) the case name and number of the Lawsuit (*Padilla v. Owens & Minor Distribution, Inc.*, Case No. CIVSB2528284); (2) your full name, address, telephone number, signature, and last four digits of your Social Security number; and (3) a statement setting forth the number of Workweeks during the Class Period and/or Pay Periods during the PAGA Period that you contend is correct and any relevant documentation in support thereof. The Workweeks Dispute must be submitted to the Settlement Administrator by mail, postmarked no later than [Response Deadline].

7. WHAT IS MY ESTIMATED INDIVIDUAL CLASS PAYMENT?

As explained above, your estimated Individual Class Payment and Individual PAGA Payment (if eligible) is based on the number of Workweeks and Pay Periods credited to you.

Under the terms of the Settlement, your Individual Class Payment is estimated to be $_____. The Individual Class Payment is subject to reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Class Payment.

Under the terms of the Settlement, your Individual PAGA Payment is estimated to be $_____.

Your Individual Class Payment and Individual PAGA Payment (if applicable) reflected in this Notice is only an estimate. Your actual Individual Class Payment and Individual PAGA Payment (if applicable) may be higher or lower.

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The settlement approval process may take multiple months. Payments will be distributed only after the Court grants final approval of the Settlement, and after the Settlement goes into effect.

8. WHAT RIGHTS AM I RELEASING IF I PARTICIPATE IN THE SETTLEMENT?

If the Court approves the Settlement, the Court will enter a judgment and the Settlement Agreement will bind all Participating Class Members (i.e., Class Members who have not submitted a timely and valid Request for Exclusion) as well as all PAGA Members. This will bar all Participating Class Members and PAGA Members from bringing certain claims against Defendant.

Upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Plaintiff and all Participating Class Members waive, release, and discharge Released Parties of any and all wage-related claims that were alleged in or which could have been alleged in the Operative Complaint based on the factual allegations in the Operative Complaint, arising during the Class Period, including the following claims, under any legal theory of liability, for: (1) alleged failure to pay overtime wages pursuant to California Labor Code sections 510, 1194, and 1198 and the IWC Wage Orders; (2) alleged failure to provide meal periods pursuant to California Labor Code sections 226.7 and 512 and the IWC Wage Orders; (3) alleged failure to provide rest periods pursuant to California Labor Code section 226.7 and the IWC Wage Orders; (4) alleged failure to pay all minimum wages owed pursuant to California Labor Code sections 1194, 1194.2, 1197, and 1197.1 and the IWC Wage Orders; (5) alleged failure to pay all wages owed at termination pursuant to California Labor Code sections 201-203 and the IWC Wage Orders; (6) alleged failure to pay all wages in a timely manner during employment pursuant to California Labor Code section 204 and the IWC Wage Orders; (7) alleged failure to furnish accurate itemized wage statements pursuant to California Labor Code section 226 and the IWC Wage Orders; (8) alleged failure to maintain adequate payroll records pursuant to California Labor Code section 1174 and the IWC Wage Orders; (9) alleged failure to reimburse all necessary business expenses pursuant to California Labor Code sections 2800 and 2802 and the IWC Wage Orders; and (10) alleged violations of California Business & Professions Code sections 17200, et seq. ("Released Class Claims").

Upon the Effective Date and the full funding of the Gross Settlement Amount and Employer Taxes, Plaintiff, on behalf of the LWDA and the State of California, waives, releases, and discharges Released Parties of any and all claims, actions, and causes of action for civil penalties under the Private Attorneys General Act, California Labor Code section 2698, et seq., arising during the PAGA Period, based on the factual allegations and legal theories in the Second Amended PAGA Notice and Operative Complaint, for alleged violations of California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800 and 2802, and Industrial Welfare Commission Wage Orders, including inter alia, Wage Orders 1-2001, 4-2001, and 9-2001 (the "Released PAGA Claims").

"Released Parties" means Defendant and its respective past and present parents, successors, predecessors in interest, assigns, subsidiaries, affiliates, and each of their respective officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, attorneys, consultants, and insurers.

The information provided in this Notice is only a summary. The terms of the Settlement Agreement are the binding terms of this settlement, and all of these terms, including the releases that will bind you as a class member if you do not submit a Request for Exclusion, are set forth fully in the Settlement Agreement that is on file with the Court and can be found at https://cap.sb-court.org/search and entering Case Number CIVSB2528284 in the "Case Number Search" box. If the Court does not approve the Settlement, or the Settlement does not become final for some other reason, the litigation against Defendant will continue.

9. WHAT ARE MY RIGHTS AND OPTIONS AS A CLASS MEMBER?

A. PARTICIPATE IN THE SETTLEMENT

If you wish to participate in the Settlement and receive money from the Settlement, you do not have to do anything. You will automatically be included in the Settlement and will be issued your Individual Class Payment and Individual PAGA Payment (if eligible). If you participate in the Settlement, you will be bound by its terms and any judgment that may be entered by the Court based thereon, and you will release all of the claims described in Section 8 above. As a Participating Class Member, you will not be separately responsible for the payment of attorneys' fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorneys' fees

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and expenses.

B. EXCLUDE YOURSELF FROM THE CLASS SETTLEMENT

If you wish to exclude yourself from the Class Settlement because you wish to pursue a separate lawsuit against Defendant for the claims asserted in this Lawsuit, or if you do not wish to participate in the Settlement for other reasons, you must submit a signed Request for Exclusion to the Settlement Administrator asking to exclude yourself from the Settlement. The Request for Exclusion must: (1) contain the case name and number of the Lawsuit *Padilla v. Owens & Minor Distribution, Inc.*, Case No. CIVSB2528284); (2) contain your full name, address, telephone number, and last four digits of your Social Security number; (3) be signed by you or your authorized representative; (4) contain a clear statement that you request to be excluded from the Class Settlement; and (5) be mailed to the Settlement Administrator, postmarked no later than [Response Deadline] to the following address:

[Name of Settlement Administrator]
[Mailing Address]

Requests for Exclusion that are postmarked after [Response Deadline] will not be valid. Requests for Exclusion that do not include all of the required information will be deemed null, void, and ineffective.

If the Court grants final approval of the Settlement, any Class Member who submits a valid and timely Request for Exclusion will not be entitled to receive any payment from the Settlement, will not be bound by the Settlement (and the release of claims described in Section 8 above), and will not have any right to object to, appeal, or comment on the Settlement. Any Class Members who do not submit a valid and timely request for exclusion will be deemed Participating Class Members and will be bound by all terms of the Settlement, including those pertaining to the release of claims described in Section 8 above, as well as any judgment that may be entered by the Court based thereon.

Class Members will receive their share of the PAGA payment, regardless of whether they opt out of being a Class Member.

C. OBJECT TO THE CLASS SETTLEMENT

If you do not think the Class Settlement is fair, you can object to the Class Settlement and tell the Court you do not agree with the Class Settlement or some part of it if you have not submitted a Request for Exclusion from the Class Settlement. The Court will consider your views. To object, you must submit a written objection to the Settlement Administrator or appear at the final settlement hearing to explain your objection. To be valid, a written objection must: (1) contain the case name and number of the Lawsuit (*Padilla v. Owens & Minor Distribution, Inc.*, Case No. CIVSB2528284); (2) contain your full name, address, telephone number, signature, and last four digits of your Social Security number; (3) clearly state the grounds for the objection; (4) state whether you intend to appear at the Final Approval Hearing; and (5) be mailed to the Settlement Administrator, postmarked no later than [Response Deadline] to the address listed in Section 9(B).

10. WHEN AND WHERE IS THE FINAL APPROVAL HEARING?

The Court will hold a Final Approval Hearing on [Date] at [Time] in Department S35 of the San Bernardino County Superior Court, located at 247 West 3rd Street, San Bernardino, CA 92415 to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court will also be asked to approve and award Attorneys' Fees and Litigation Costs to Class Counsel and the Class Representative Enhancement Award. The hearing may be postponed without further notice to Class Members. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to.

11. WHAT IF I HAVE QUESTIONS?

For further information about this case, you may contact Class Counsel or the Settlement Administrator. Class Counsel's contact information is as follows:

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The contact information for the Settlement Administrator is as follows:

[Name of Settlement Administrator]
[Mailing Address]
[Telephone Number]

You may also view the Settlement Agreement and documents filed in the Action for a fee by visiting the civil clerk's office, located at San Bernardino Justice Center, 247 West Third Street, San Bernardino, California 92415, during business hours, or online by visiting the following website: https://cap.sb-court.org/search and entering Case Number CIVSB2528284 in the "Case Number Search" box.

DO NOT CONTACT THE COURT, DEFENDANT, OR DEFENDANT'S ATTORNEYS ABOUT THIS NOTICE.