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Attorneys for Plaintiff RHAY TAYLOR in a Representative capacity only, and on behalf of other members of the general public similarly situated

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

RHAY TAYLOR in a Representative capacity only, and on behalf of other members of the general public similarly situated, Plaintiff v. ALTER MANAGEMENT LLC, a California Limited Liability Company; ALTER MENTAL HEAL TH LLC, a California Limited Liability Company; ALTER MENTAL HEALTH- DANA POINT, LLC, a California Limited Liability Company; ALTER WELLNESS CARE LLC, a California Limited Liability Company; ALTIGNIS CAMPUS LLC, a California Limited Liability Company; ALTER HEALTH GROUP, INC., a California Corporation; CALIFORNIA REHAB CAMPUS, LLC, an Arizona Limited Liability Company; CAMBRIDGE MENTAL HEALTH MANAGEMENT LLC dba ALTER BEHAVIORAL HEALTH, a California Limited Liability Company; ALTIGNIS HEALTH, LLC, a California Limited Liability Company; and DOES 1-10, inclusive Defendants	CASE NO. 37-2024-00007620-CU-OE-CTL **DECLARATION OF ERIC K. YAECKEL IN SUPPORT OF PLAINTIFF'S *UNOPPOSED* MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT** Date: October 10, 2025 Time: 1:30 p.m. Dept.: C-63 Judge: Hon. Katherine Bacal

I, Eric K. Yaeckel, hereby declare as follows:

1. I am an attorney licensed to practice law before this Court and am employed with the law firm of Sullivan & Yaeckel Law Group, APC, attorneys of record for Plaintiff RHAY TAYLOR in a Representative capacity only, and on behalf of other members of the general public similarly situated, in the above-captioned matter. I make this declaration in support of Plaintiff's Unopposed Motion for Preliminary Approval of Class Action Settlement.

2. I have personal knowledge of the facts set forth in this declaration and if called to testify as a witness, I could and would do so.

Background and Investigation

3. On **February 20, 2024**, Plaintiff Rhay Taylor filed the Complaint in this matter. The Complaint alleged proposed class claims only, under the California Labor code involving, *inter alia*, (1) failure to pay minimum wages; (2) failure to pay proper overtime compensation; (3) failure to provide meal breaks; (4) failure to provide rest breaks; (5) failure to reimburse employees for necessary business expenses; (6) failure to provide accurate itemized wage statements; and (7) failure to pay all wages to upon termination.

4. On **September 30, 2024**, Plaintiff *Andrea Pungi* filed a wage and hour class action in the Superior Court of California, County of Orange, Case No. 30-2024-01429796-CU-OE-CXC, alleging meal and rest period violations, minimum wage and overtime violations, wage statement and final pay violations, and failure to pay all accrued sick pay and vacation time, failure to pay wages in a timely manner during employment, and failure to provide written notice of paid sick leave and supplemental paid sick leave.

5. On **December 2, 2024**, Plaintiff *Pungi* filed a representative PAGA claim in the Superior Court of California, County of Los Angeles, Case No. 24STCV31655, based on the same alleged violations in her wage and hour class action.

6. On **March 20, 2024**, Plaintiff propounded discovery requests on Alter. Through these requests, Plaintiff sought, among other information and documents, the identities of putative class members, compensation policies, Meal and Rest Period policies, employee handbooks, wage statements, payroll records, time records, job descriptions, and reimbursement policies.

7. In lieu of formal discovery, the parties agreed to engage in informal discovery. After meeting

and conferring, Alter produced, *inter alia*, Plaintiff's time and wage records, copies of the relevant employee handbooks, copies of all other relevant employee policies, the contents of Plaintiff's employee file, Plaintiff's time records, and itemized wage statements.

8. Following further substantive exchanges of informal discovery and litigation, the parties agreed to explore resolution. As part of the settlement discussions, Alter agreed to voluntarily produce hundreds of pages of documents. The production included all relevant policies. It also included a large electronic sampling of other class members' time and wage data.

9. Alter provided informal discovery which consisted of, *inter alia*, the number of current and former employees who worked under the Alter umbrella during the limitations period, meal and rest period premiums paid, pay periods at issue, a redacted sampling of employee time records and wage statements, as well as confirmation that various policies and agreements were standard as to the class.

10. On **December 17, 2024**, the Parties attended a full day mediation before the experienced "Wage and Hour" mediator, Jill Sperber. Prior to mediation, counsel for both parties agreed to the informal exchange of information, and case theories and defenses pertinent to a class-wide settlement. Prior to mediation, plaintiff prepared and provided a detailed mediation brief. The case did not settle on this date. Although the case did not settle this date, the Parties agreed to key terms of the settlement.

11. Shortly thereafter, Defendants informed Plaintiff of the existence of the Pungi Complaints. The parties then began negotiations regarding a potential global settlement that would include all of the Class and PAGA claims on behalf of Taylor and Pungi.

12. Subsequent to the **December 17, 2024** Mediation, the parties continued to litigate the case. The parties continued settlement discussions directly between counsel, and at times, facilitated through the Mediator. Through these discussions, the Parties agreed on key terms of a settlement that would globally resolve all class and representative "Wage and Hour" claims asserted in the operative complaint in this Action and the related Pungi Action.

13. As of **September 17, 2025**, the parties agreed on all final terms of the settlement which was memorialized in the Agreement, which is attached to the declaration of Eric K. Yaeckal as **Exhibit A**. Plaintiff now seeks the Court's preliminary approval of the Agreement.

Terms of the Agreement

14. The parties agreed to use CAC Services, LLC, as the "Settlement Administrator" for purposes of providing the Notice to Settlement Class Members, issuing payments pursuant to the Agreement, and to administer the claims. CAC's sole business has been the administration of class action settlements and class action notices, an area in which it has extensive experience.

15. Class Members will be entitled to an average share of approximately **$839.67**. I calculated this number by taking the total settlement amount, subtracting all contingent costs as proposed on page one of the memorandum, and dividing by the estimate of 367 Class Members. This is an estimate only as the actual share will depend on the amount of pay periods they were employed during the limitations period.

16. A true and correct copy of the parties agreed upon Class Notice is attached as **Exhibit B**.

17. The Class Representative Enhancement Payments were part of good faith negotiations and are intended to recognize that it was the Class Representatives (Ms. Taylor and Pungi) who initiated the lawsuits, initiated the PAGA claims, provided critical documents and witnesses to their attorneys, and worked with their attorneys to propound and prepare written discovery, all in an effort to obtain money allegedly owed not only to themselves, but to hundreds of other employees.

Claims Analysis and Potential Recovery

18. Each of the primary claims also had risks to maintaining class certification and a finding of liability. If Defendants' defenses were successful, the class would not receive anything. As is set forth below, this office submits that the most realistic "best case" scenario would be an average recovery per class member of approximately **$18,013.26**, and a worst case scenario would be a recovery of $0, by way of decertification or defense verdict.

19. Given all the risks on each claim, the estimated **$839.67** average recovery secured via this settlement is a reasonable compromise and is in the best interests of the class given all the risks of continued litigation.

Damage Calculations

20. The following estimated damage calculations were completed after review of the sampling of class member time and wage records, and after interviews with Plaintiff, and other class

members. The breakdown of the damage and penalties calculation is as follows:

Unpaid Compensation Violations: 300 (employee positions) x $26.97 (average Hourly Rate) x 1.5 (min. overtime premium owed) x 6 (average number of unpaid Overtime hours, per employee, per year) x 4.75 (years in Limitations Period) = **$345,890.25**

Meal Period Policy Violations: **$26.97** (average hourly rate) **x 300** (number of employees) **x4.75** (years at issue in limitations period) **x 26** (approximate meal period violations per employee in a year) = **$999,238.50**

Rest Period Policy Violations: **$26.97** (average hourly rate) **x 300** (number of employees) **x4.75** (years at issue in limitations period) **x 250** (approximate rest period violations per employee in a year) = **$9,608,062.50**.

Labor Code § 226 Penalties: **$100** (per violation) x **7,000** (pay periods in limitations period) x **1** (approximate rate of violations per pay period) = **$700,000.00.**

<u>Labor Code §2802 Penalties</u>: **367** (total number of employees) **x $10** (estimated average amount of reimbursement due per employee) = **$3,670.00.**

<u>Labor Code § 203 Penalties</u>: **$26.97** (average hourly rate) **x 8.05** (hours, per day) **x 30** (days, per Labor Code section 203) **x 275** (number of former employees) = **$1,791,175.13**.

<u>"PAGA" Violations</u>: **7**[1] (separate Labor Code violations based on the above claims) **x $50** (per violation) x **7,000** (pay periods in limitations period) = **$2,450,000.00**. The aggrieved employees are only entitled to a 25% share of this amount, which is **$612,500.00**.

21. Based on the above, a best case recovery (which would be admittedly highly unlikely, given the factors set forth below) would be a total judgment of **$14,060,536.38.**

Relevant Case Law Supports a Further Reduction on any Recovery

22. It is my opinion that it would be *highly* unlikely to ever be awarded any amount approaching the maximum damages set forth above. To wit, the majority of the damages above are "derivative" penalties under PAGA, Labor Code § 203 and Labor Code § 226.

23. Please see the analysis of the relevant case law cited in the memorandum (pp.11) which allows

[1] There is also a failure to provide suitable seating claim pursuant to PAGA. It is not a class claim. This is included in the PAGA penalties calculations.

significant mitigation of PAGA penalties, which prohibits stacking of multiple penalties for the same underlying conduct and declines to automatically award §§ 203 and 226 penalties for meal and rest break violations without a further evidentiary showing.

24. Our office believes a mitigation of the damages and potential PAGA penalties would be warranted here. Defendants stepped up to discuss early resolution. Defendants also committed to make changes to the challenged timekeeping and meal and rest period policies after receiving notice of this lawsuit. Also, as in the *Carrington* case (which was handled by this office), there is evidence that Defendant attempted to provide meal and rest periods *in practice*, even where the breaks were missed. Given this, it is likely that any violations by Defendant were not "willful." Finally, given the defenses raised by Defendant to maintaining this matter as a class or representative action, there was a significant risk that many of the claims would not have even been able to survive to a trial.

25. As to the ex-employee claim pursuant to Labor Code § 203, the parties agree the failure to pay "ex-employees" claim is derivative of the other claims. As Defendants are able to assert a "good faith dispute" for withholding any unpaid wages, it would be difficult to establish any liability for a "willful" failure to pay wages owed.

26. Given my experience, I believe it would be likely that PAGA penalties would be reduced to approximately $5 a violation, and the Court would decline to impose Labor Code § 203 and Labor Code § 226 penalties.

27. If this happened, the realistic anticipated "best case" judgment following trial would be approximately **$11,018,111.25**. Discounting 40% for contingent costs (fees and costs award, enhancement bonus, administration, etc.), the average class member's share of this recovery would be **$18,013.26**. ($6,610,866.75 divided by 367 class members). Given our office's analysis, I submit this number is the most likely "best case" recovery per class member. Given all the risks on each claim the estimated **$839.67** average recovery secured via this settlement is a reasonable compromise and is in the best interests of the class given all the risks of continued litigation.

Analysis of Risk on Each Potential Claim

28. Plaintiffs' unpaid wages (and overtime) claims were based on the allegation that employees were performing unpaid work due to the Alter timekeeping system, which required employees to record their "scheduled" (not "actual") work times. Moreover, Alter timekeeping system took "minutes worked" and transferred that amount to a decimal, causing other losses due to certain alleged "transitional math errors" caused by the payroll system. Plaintiffs alleged this resulted in regular time and overtime pay being owed where Defendants were on notice of work being performed without pay. Defendants also denied that any unpaid work occurred, and even if some did occur, Defendants claimed it was not on notice of these alleged Labor Code violations and had a strict written prohibition against off-the-clock work and a mandate that all time worked must be accurately recorded. Defendants asserted proof of these alleged violations would require individualized inquiries, which could preclude class certification and make any PAGA claims unmanageable.

29. Plaintiff s were able to identify hundreds of examples of missing or late Meal Periods without the provision of a Meal Period penalty payment. Defendants argued that these records do not conclusively show whether (1) Defendants actually failed to provide the Meal Period, (2) there was a voluntary waiver, (3) employees forgot to clock out, or (4) employees voluntarily chose to skip or take them late even though they were provided. Defendant further argued that evidence existed that rebutted any presumption that the same records could be used as a basis for determining liability. Additionally, in light of the written Meal and Rest Period policy, Alter contended there was no uniform policy or practice of denying Meal and Rest Periods, requiring individualized inquiries that would make any PAGA claims unmanageable.

30. Plaintiffs allege that the Rest Period policy (1) contained patently illegal language restricting employees to the work premises, and (2) lacks additional required statutory language. Plaintiff also alleged the Defendant's written policies improperly restricted class members from leaving the premises during their Rest Periods, among other deficiencies. Alter pointed out that it provided for adequate breaks and argued that witness testimony would demonstrate that in practice, no restriction on Rest Periods was ever enforced. Alter also contended individualized inquiries abound as to why individual employees may have failed to take appropriate Meal or

Rest Periods.

31. As to the wage statement claims, Plaintiffs acknowledge that these claims are largely derivative, in that both the gross and net wages could be found to be inaccurate, due to the above-referenced claims. Alter argued that the failure to list gross and net wages are derivative of other claims that may ultimately fail and as a result there is no "knowing and intentional failure" to list information, which triggers liability under Labor Code §226(e).

32. The California Supreme Court has recently held that the failure to pay meal and rest period premiums ***may*** give rise to a claim for inaccurate wage statements (or waiting time penalties). However, such derivative liability is not automatic and the Plaintiffs still must show *a* "knowing and intentional" or "wilful" failure to comply with the Labor Code. See *Naranjo v. Spectrum Security Services, Inc.* (2022) 13 Cal.5th 93,109. Defendants (as with the underlying Meal and Rest Period claims) maintained individualized inquires would abound as to why breaks were missed and whether meal and rest period premiums should have been paid, requiring individualized inquiries that would make any PAGA claims unmanageable.

33. Plaintiffs contend that Alter violated Labor Code section 2802 by failing to reimburse its employees for certain costs. Alter contended that Plaintiffs' (and others') position did not require the use of a personal cell phone.

34. Plaintiffs allege they were not able to sit while on the computer at work because the area was too cramped to allow room for seating. She could have done all her desk duties sitting on a stool had one been provided. Additionally, during rare occasions when Plaintiffs were able to take a Rest Period, Alter did not provide an area with adequate seating. The only available "break room" was a very small and cramped office that did not have enough room for employees on break to sit, in violation of California Code of Regulations, title 8, section 11050(13)(B).

35. Based on all of the above, my experience, and all the information within the moving papers, I submit that this proposed Settlement is fair, adequate and reasonable. I also submit it is well within the accepted range of recoveries for similar wage and hour class actions.

Certification of the Proposed Settlement Class is Appropriate

36. Here, Defendants' records show that approximately **367 class members** worked for the company during the limitations period.

37. The proposed class is ascertainable because all Class Members currently or formerly worked for Defendants as a nonexempt employee and will be identified through Defendants' employment records.

38. Here, for purposes of the Settlement, the parties agree the claims of Class Members all involve the same questions of law and fact. Namely, all class members were subject to the same employment policies and practices of Defendants.

39. The proposed class representative has no adverse interests to the class. Plaintiffs are paid based on the same formula as other class members and have claims substantially the same as all the other Class Members.

40. Here, no such "inconsistencies" exist. Each Plaintiff will be compensated based on the same "pay period" formula as all other members of the Class.

41. Additionally, any Class Member who wishes to "opt out" of the Settlement may do so and retain all of their individual rights. Therefore there is no conflict of interest between the Class Representatives and the Class Members. Thus, at least for settlement purposes, we submit the adequacy prong is met.

42. The proposed class in this case is sufficiently cohesive because, for purposes of the Settlement only, the parties have stipulated that all class certification elements are met.

43. Given that there are 367 individuals, it would be preferable to resolve all of the Class Members' claims by means of a class-wide settlement than to require each Class Member to litigate his or her individual claims.

Preliminary Approval of the Class Action Settlement Is Proper

44. When negotiating the Settlement, both sides took into account the strengths and weaknesses of their opponent's positions as pointed out by mediator Jill Sperber, Esq., the data available to evaluate liability and damages, the lack of data or evidence on certain issues, and the substantial and evolving law applicable to the merits of the claims. The Agreement was only agreed to after extensive arms-length negotiations resulting in a unique compromise that permits all parties to move forward and bring this action to close. Despite a mutual desire to resolve this action, the negotiations remained at all times adversarial.

45. I believe this settlement is in the best interest of the class as it provides **(1)** a guaranteed

favorable result; **(2)** guaranteed monetary recovery over a reasonably short period of time, as opposed to possibly waiting additional years for a potentially worse result; and **(3)** significant savings in attorneys' fees and costs, which would have increased had the case progressed through trial and possible appeals.

46. Without entering into the Agreement, there existed a significant chance that Defendants would prevail on the merits of some or all claims and that Class Members would receive nothing. Through the Agreement, participating Class Members receive guaranteed cash, and this action has also been the catalyst for programmatic relief.

47. If the litigation were to proceed in lieu of settlement, additional and substantial attorneys fees and costs, expert witnesses fees would quickly accumulate. Given the numerous claims being litigated, the parties may be required to hire multiple experts each (as many as 6 total). This would result in not only the production of six expert reports, but six depositions as well. And, based on previous discussions between counsel regarding the remaining claims (including the PAGA claims), I anticipated at least one motion to compel, and two dueling motions for summary judgment / adjudication (one from each side).

48. Importantly, even after engaging in all of the potential continued and protracted litigation set forth above, the putative class would continue to have no guarantee of success on any of the claims advanced in this case. Thus, the parties and their counsel believe in good faith that the proposed resolution is a fair, reasonable, and adequate compromise.

49. At the time of the settlement, a Motion for Class Certification had not been filed. As the Court never ruled on any such motion, neither side had a decided advantage in the litigation. Even if Plaintiff did obtain class certification of the claims, each claim is subject to substantial risk of a Defense verdict at trial.

50. Plaintiffs' counsel has also interviewed several Class Members in the course of investigating and litigating this matter. Counsel has also reviewed hundreds of pages of documents produced by Defendants, Plaintiffs, and Class Members. This information, along with documents and information obtained through formal discovery and from Class Members, allowed Plaintiffs' counsel to prepare a detailed Mediation Brief. The Brief was provided to opposing counsel and contained a breakdown of potential damages based on all of the information obtained from all

Parties.

51. Class Counsel has considerable experience in wage and hour and class action litigation. Mr. Yaeckel has over 14 years of experience in "class litigation." Mr. Kuhn has over 6 years of experience in class action litigation.

52. Based on this experience, and all other relevant factors addressed above, our firm believes the Agreement to represent a fair, adequate and reasonable settlement that is well within the accepted range of recoveries for similar wage and hour class actions. We further believe the Agreement is in the best interests of the Settlement Class Members.

53. Based on this experience, we also believe the $60,000 allocation towards the PAGA claims is a fair, reasonable, and adequate allocation, especially given the risks of mitigation identified above.

54. Prior to preliminary approval, what can be said of the reaction the class members is limited. However, our office has spoken to some Class Members since the parties reached a proposed settlement agreement, and all were in favor of the settlement.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 18th day of September, 2025.

Eric Yaeckel

Eric K. Yaeckel

Exhibit A

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[Additional counsel on next page]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

RHAY TAYLOR, Individually, and on behalf of other members of the general public similarly situated Plaintiff, v. ALTER MANAGEMENT LLC, a California Limited Liability Company; ALTER MENTAL HEALTH LLC, a California Limited Liability Company; ALTER MENTAL HEALTH- DANA POINT, LLC, a California Limited Liability Company; ALTER WELLNESS CARE LLC, a California Limited Liability Company; ALTIGNIS CAMPUS LLC, a California Limited Liability Company; ALTER HEALTH GROUP, INC., a California Corporation; CALIFORNIA REHAB CAMPUS, LLC, an Arizona Limited Liability Company; CAMBRIDGE MENTAL HEALTH MANAGEMENT LLC dba ALTER BEHAVIORAL HEALTH, a California Limited Liability Company; ALTIGNIS HEALTH, LLC, a California Limited Liability Company; ALTER BEHAVIORAL HEALTH – CAPISTRANO BEACH, LLC, a California Limited Liability Company, and DOES 1-10, inclusive Defendants.	CASE NO.: 37-2024-00007620-CU-OE-CTL *Assigned for all purposes to the Honorable Katherine Bacal, Dept.C-69* **JOINT STIPULATION OF CLASS AND PAGA ACTION SETTLEMENT AND RELEASE**

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This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between Plaintiffs RHAY TAYLOR and ANDREA PUNGI ("Plaintiffs") and Defendants ALTER MANAGEMENT LLC; ALTER MENTAL HEAL TH LLC; ALTER MENTAL HEALTH-DANA POINT, LLC; ALTER WELLNESS CARE LLC; ALTIGNIS CAMPUS LLC; ALTER HEALTH GROUP, INC.; CALIFORNIA REHAB CAMPUS, LLC; CAMBRIDGE MENTAL HEALTH MANAGEMENT LLC dba ALTER BEHAVIORAL HEALTH, ALTER BEHAVIORAL HEALTH – CAPISTRANO BEACH, LLC, and ALTIGNIS HEALTH, LLC (hereinafter "Defendants") The Agreement refers to Plaintiffs and Defendants collectively as "Parties," or individually as "Party."

1. DEFINITIONS.

1.1 "Action" means the Plaintiffs' lawsuits alleging wage and hour violations and claims pursuant to the Private Attorneys' General Act ("PAGA") on a class and collective action basis against Defendants captioned (1) *Rhay Taylor v. Alter Management LLC., et al.*, Case No. 37-2024-00007260-CU-OE-CTL, initiated on February 20, 2024, and pending in the Superior Court of the State of California, County of San Diego; (2) *Andrea Pungi v. Alter Health Group, Inc., et al.*, Case No. 30-2024-01429796-CU-OE-CXC, initiated of September 30, 2024 and pending in the Superior Court of the State of California, County of Orange; and (3) *Andrea Pungi v. Alter Management LLC, et al.*, Case No. 24STCV31655, initiated on December 2, 2024 and pending in the Superior Court of the State of California, County of Los Angeles.

1.2 "Administrator" means CAC Services Group, LLC, the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator's "not to exceed" bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4 "Aggrieved Employees" means all employees employed by Defendants in California at any time from December 7, 2022, through the earlier of (1) the date of preliminary approval of the settlement; (2) April 1, 2025; or (3) the date upon which the total number of workweeks from February 20, 2020 forward equals 28,768 workweeks.

1.5 "Class" means all hourly or non-exempt employees employed by Defendants for the period of February 20, 2020 through the earlier of (1) the date of preliminary approval of the settlement; (2) April 1, 2025; or (3) the date upon which the total number of workweeks from February 20, 2020 forward equals 28,768 workweeks.

1.6 "Class Counsel" means Eric Yaeckel, and Ryan Kuhn of Sullivan & Yaeckel Law Group, APC.

1.7 "Class Counsel Expenses Payment" means the amount allocated to Class Counsel for reimbursement of reasonable expenses incurred to prosecute the Action.

1.8 "Class Counsel Fees Payment" means the amount allocated to Class Counsel for reimbursement of reasonable attorneys' fees incurred to prosecute the Action.

1.9 "Class Data" means identifying information in Defendants' possession for the Class, including each Class Member's name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.

1.10 "Class Member" means a member of the Class.

1.11 "Class Member Address Search" means the Administrator's investigation and search for current Class Member mailing addresses using all reasonably available sources, methods, and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.12 "Class Notice" means the Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval, to be mailed to Class Members in English without material variation, attached as **Exhibit A** and incorporated by reference into this Agreement.

1.13 "Class Period" means the period from February 20, 2020 through the earlier of (1) the date of preliminary approval of the settlement; (2) April 1, 2025; or (3) the date upon which the total number of workweeks from February 20, 2020 forward equals 28,768 workweeks.

1.14 "Class Representatives" mean Plaintiffs Rhay Taylor and Andrea Pungi.

1.15 "Class Representative Service Payment" means the payment to the Class Representatives for initiating the Action and providing services in support of the Action.

1.16 "Court" means the Superior Court of California, County of San Diego.

1.17 "Defense Counsel" means Hieu Williams and Michelle Freeman of Hirschfeld Kraemer LLP.

1.18 "Effective Date" means: (i) if no objections are made prior to the Final Approval Hearing, the date on which the Court grants Final Approval and enters Final Judgment or (ii) if one or more objections are made prior to the Final Approval Hearing, (a) the date of final affirmance on an appeal of the Judgment; (b) the date on which the time for a petition to review the Judgment expires, (c) if review is granted, the date of final affirmance of the Judgment following review, (d) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding to review the Judgment; (e) if no appeal is filed, the expiration date for filing any appeal from the Judgment either (1) the date sixty (60) calendar days after the entry of Final Judgment and Order Approving Settlement, if no motions for reconsideration and no appeals or other efforts to obtain review have been filed, or (2) in the event a motion for reconsideration, an appeal or other effort to obtain review of the Final Judgment and Order Approving Settlement, the date sixty (60) calendar days after such reconsideration, appeal or review has been finally concluded and is no longer subject to review, whether by appeal, petition for rehearing, petition for review or otherwise.

1.19 "Final Approval" means the Court's order granting final approval of the Settlement.

1.20 "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.

1.21 "Final Judgment" means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.22 "Gross Settlement Amount" means Six Hundred Thousand Dollars and Zero Cents ($600,000.00), which is the total amount Defendants agree to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, Class Representative Service Payment, and the Administrator's Expenses.

1.23 "Defendants" means ALTER MANAGEMENT LLC; ALTER MENTAL

HEALTH LLC; ALTER MENTAL HEALTH- DANA POINT, LLC; ALTER WELLNESS CARE LLC; ALTIGNIS CAMPUS LLC; ALTER HEALTH GROUP, INC.; CALIFORNIA REHAB CAMPUS, LLC; CAMBRIDGE MENTAL HEALTH MANAGEMENT LLC dba ALTER BEHAVIORAL HEALTH, ALTER BEHAVIORAL HEALTH – CAPISTRANO BEACH, LLC, and ALTIGNIS HEALTH, LLC.

1.24 "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount, calculated according to the number of Workweeks worked by the Participating Class Member during the Class Period.

1.25 "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties, calculated according to the number of pay periods worked by the Aggrieved Employee during the PAGA Period.

1.26 "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subdivision (i).

1.27 "LWDA PAGA Payment" means the 75% of the PAGA Penalties, which will be paid to the LWDA under Labor Code section 2699, subdivision (i).

1.28 "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment.

1.29 "Non-Participating Class Member" means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.30 "PAGA Pay Periods" means the number of pay periods each Aggrieved Employee worked for Defendants as an hourly or non-exempt employee in California during the PAGA Period. An employee will have been considered to have worked a pay period if the employee worked at least one day during the pay period.

1.31 "PAGA Period" means the period from December 7, 2022, through the earlier of (1) the date of Preliminary Approval of the Settlement; (2) April 1, 2025; or (3) the date upon which the total number of workweeks from February 20, 2020 forward equals 28,768 workweeks..

1.32 "PAGA" means the Private Attorneys General Act (Lab. Code, § 2698 et seq.).

1.33 "PAGA Notice" means Plaintiff's December 7, 2023, letter to Defendants and the LWDA, providing notice pursuant to Labor Code section 2699.3, subdivision (a).

1.34 "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount ($60,000.00), allocated 25% to the Aggrieved Employees ($15,000.00) and 75% to LWDA ($45,000.00) in settlement of PAGA claims.

1.35 "Participating Class Member" means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.36 "Plaintiffs" means Rhay Taylor and Andrea Pungi, the named plaintiffs in the Action.

1.37 "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.

1.38 "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.

1.39 "Released PAGA Claims" means the claims being released as described in Paragraph 5.3 below.

1.40 "Released Parties" means Defendants and each of their current and former direct and indirect affiliates, other related business entities, parents, and equity holders, owners, and each of their respective divisions, subsidiaries, joint ventures, customers, partners, actual or alleged joint employers, officers, directors, employees, contractors, agents, principals, representatives, accountants, auditors, consultants, attorneys, insurers and reinsurers, other representatives or persons or acting by, through, under, or in concert with any of the forgoing, and each of the forgoing successors, predecessors, and heirs, and any other persons that could be jointly liable with Defendants for any of the Released Claims.

1.41 "Request for Exclusion" means a Class Member's valid and timely submission of a written request to be excluded from the Class Settlement, signed by the Class Member.

1.42 "Response Deadline" means thirty (30) days after the Administrator mails Notice to Class Members and Aggrieved Employees and shall be the last date on which Class Members may:

(a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his, her, or their Objection to the Settlement. Class Members to whom Notice Packets are re-sent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days after the Response Deadline has expired.

1.43 "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

1.44 "Workweek" means the number of weeks each Class Member worked as an hourly or non-exempt employee for Defendants in California during the Class Period. An employee will be considered to have worked a workweek if the employee worked at least one day during the workweek.

2. RECITALS.

2.1 On February 20, 2024, Plaintiff Taylor commenced this Action by filing a Complaint alleging representative PAGA claims for penalties asserting meal and rest period violations, minimum wage and overtime violations, wage statement and final pay violations, and failure to reimburse business expenses. On September 30, 2024, Plaintiff Pungi filed a wage and hour class action alleging meal and rest period violations, minimum wage and overtime violations, wage statement and final pay violations, and failure to pay all accrued sick pay and vacation time, failure to pay wages in a timely manner during employment, and failure to provide written notice of paid sick leave and supplemental paid sick leave. On December 2, 2024, Plaintiff Pungi filed a representative PAGA claim based on the same alleged violations alleged in her wage and hour class action. As part of this Settlement, Plaintiff Taylor will file a First Amended Complaint (the "Operative Complaint"), (1) adding Plaintiff Pungi as a plaintiff, and (2) alleging Class Action and PAGA claims on behalf of both Plaintiffs so that all claims alleged separately by Plaintiff Taylor and Plaintiff Pungi in their separate complaints are consolidated into this Action. Defendants adamantly deny the allegations in the Operative Complaint, deny any failure to comply with the laws identified in the Operative Complaint, and deny any and all liability for the causes of action alleged.

2.2 Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiffs gave timely written notice to Defendants and the LWDA by sending the PAGA Notice.

2.3 On December 17, 2024, following negotiations facilitated by experienced wage and hour mediator Jill Sperber, the parties agreed to the key terms of a settlement of the Action.

2.4 Prior to settlement, Plaintiffs obtained, through informal discovery, time and pay records for a 20% sample of the putative class members, and all relevant documents and information related to Defendants' employment policies and practices. Plaintiffs' investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").

2.5 The Parties stipulate to class certification for settlement purposes only.

2.6 The Parties, Class Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished by the Settlement.

3. MONETARY TERMS.

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Defendants promise to pay Six Hundred Thousand Dollars and Zero Cents ($600,000.00) and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendants has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.

3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:

3.2.1 To Plaintiffs: Class Representative Service Payment to the Class Representative of not more than Ten Thousand Dollars ($10,000.00) (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendants will not oppose Plaintiffs' request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Counsel Expenses Payment, Plaintiffs will seek Court approval for any Class Representative Service Payments no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiffs shall be solely and legally responsible for correctly characterizing the Class Representative Service Payment for tax purposes and for paying any taxes on the amounts received.

3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than One-Third Percent (1/3%) of the Gross Settlement Amount, which is currently estimated to be $200,000.00, and a Class Counsel Expenses Payment of not more than $22,500.00. Defendants will not oppose requests for these payments provided that they do not exceed these amounts. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel shall be solely and legally responsible for correctly characterizing the Class Counsel Fees Payment and the Class Counsel Expenses Payment for tax purposes and for paying any taxes on the amounts received.

3.2.3 To the Administrator: An Administrator Expenses Payment not to exceed $4,337.59 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less than or the Court approves payment of less, the Administrator will allocate the remainder to the Net Settlement Amount.

3.2.4 To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1 Tax Allocation of Individual Class Payments. Twenty percent (20%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining eighty percent (80%) of each Participating Class Member's Individual Class Payment will be evenly allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Each Participating Class Member shall be solely and legally responsible for correctly characterizing their Individual Class Payment for tax purposes and for paying any taxes on the amount received.

3.2.4.2 Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will allocate amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of $60,000.00 to be paid from the Gross Settlement Amount, with seventy-five percent (75%) ($45,000.00) allocated to the LWDA PAGA Payment and twenty-five percent (25%) ($15,000.00) allocated to the Individual PAGA Payments.

3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties ($15,000.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Each Aggrieved Employee shall be solely and legally responsible for correctly characterizing their Individual

PAGA Payment for tax purposes and for paying any taxes on the amount received.

3.2.5.2 Tax Allocation of Individual PAGA Payments: Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties and will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator.

3.2.5.3 If the Court approves PAGA Penalties of less than the amount requested, the Administrator shall allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendants estimate, there are 367 Class Members who collectively worked a total of approximately 26,153 Workweeks during the Class Period.

4.2 Class Data. Not later than thirty (30) calendar days after the Court grants Preliminary Approval of the Settlement, Defendants will simultaneously deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data to the Administrator as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3 Funding of Gross Settlement Amount. Defendants shall ensure it has fully funded the Gross Settlement Amount, and also funded the amounts necessary to fully pay Defendants' share of payroll taxes by transmitting the funds to the Administrator no later than forty-five (45) calendar days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within ten (10) days after Defendants funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payments, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Expenses Payment, and the Class Representative Service Payments.

4.4.1 The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are retuned undelivered without United States Postal Service ("USPS") forwarding address. Within seven (7) days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.

4.4.3 For any Class Member whose Individual Class Payment check or Individual

PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of Code of Civil Procedure section 384, subdivision (b).

4.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendants to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when Defendants fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Participating Class Members, Aggrieved Employees, and Class Counsel will release claims against all Released Parties as follows:

5.1 <u>Plaintiffs' Release</u>. Except for any claims contained in Pungi's separately filed wrongful termination action, *Andrea Pungi v. Alter Health Group, Inc., et al.*, Case No. 30-2024-01434028-CU-OE-CJC, initiated on October 17, 2024, and pending in the Superior Court of the State of California, County of Orange ("Pungi's Non-Wage Claims"), Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors and assigns generally, release and discharge Released Parties from all claims, transactions or occurrences with Released Parties up to the Effective Date of this Agreement, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint; (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiffs' PAGA Notices, or ascertained during the Action and released under 5.2, below; and (c) all claims and causes of action arising from Plaintiffs' employment and termination of employment with Defendants ("<u>Plaintiffs' Release</u>"). Except as to Pungi's Non-Wage Claims, which are expressly excluded from and not extinguished by this release, this is meant to be a general release as to each Plaintiff. However, Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any time. Plaintiffs acknowledges that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now knows or believes to be true but agrees, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

5.1.1 Plaintiffs' Waiver of Rights Under Civil Code Section 1542. Except as to Pungi's Non-Wage Claims, which are expressly excluded from and not extinguished by this release, for purposes of Plaintiffs' Release, Plaintiffs expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the 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.

5.2 Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release the Released Parties from any and all claims during the Class Period that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and ascertained in the course of the Action arising under any federal, state, and/or local law, including, (a) any and all claims involving any alleged failure to pay minimum wage; (b) any and all claims involving alleged meal and/or rest break violations; (c) any and all claims involving the alleged failure to pay for all hours worked, including overtime or sick pay at the proper rate; (d) any and all claims involving the alleged failure to properly reimburse reasonable business expenses; (e) any and all claims involving the alleged failure to accrued vacation time pay, wages during employment, or waiting time penalties; (f) any and all claims involving the alleged failure to provide itemized wage statements in compliance with California law, etc.; (g) violations of any Industrial Welfare Commission Wage Orders; (h) all claims for attorneys' fees and costs and statutory interest; and (h) any other claims, including claims for statutory penalties, pertaining to Participating Class Members. Except as set forth in Section 5.1 or

5.3 of this Agreement, Participating Class Members (except for Plaintiffs as discussed in Paragraph 5.1 above) do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or claims based on facts occurring outside the Class Period.

5.3 Release by Aggrieved Employees: In addition to any release under Sections 5.1 or 5.2 of this Agreement, all Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, the Released Parties from any and all claims for civil penalties under PAGA, whether known or unknown, including all claims for attorneys' fees and costs related there to, which all Aggrieved Employees, the LWDA, and any other representative, proxy, or agent thereof, had, or may claim to have, that were alleged or could have been alleged in the Action based upon the facts alleged and legal assertions alleged, whether or not specifically delineated as a claim or cause of action in the Action through the end of the PAGA Period, including but not limited to those alleged in the PAGA Notice and the Operative Complaint in the Action, including claims that reasonably arise out of or arise in connection with the claims and facts alleged in the Action, and any claims which could have reasonably been asserted in the Action arising from the alleged facts and/or primary rights alleged to have been invaded, including (a) any and all claims involving any alleged failure to pay minimum wage; (b) any and all claims involving alleged meal and/or rest break violations; (c) any and all claims involving the alleged failure to pay for all hours worked, including overtime or sick pay at the proper rate; (d) any and all claims involving the alleged failure to properly reimburse reasonable business expenses; (e) any and all claims involving the alleged failure to accrued vacation time pay, wages during employment, or waiting time penalties; (f) any and all claims involving the alleged failure to provide itemized wage statements in compliance with California law, etc.; (g) violations of any Industrial Welfare Commission Wage Orders; and (h) all claims for attorneys' fees and costs and statutory interest ("PAGA Released Claims"). The PAGA Released Claims are further released by Plaintiffs in their representative capacity as an authorized proxy and agent for the State of California and the LWDA and as private attorney general acting on behalf of themselves and the Aggrieved Employees, for civil penalties under the PAGA, based on any claim that arises under the California Labor Code and forever bar the LWDA, and any other representative, proxy, or agent thereof, including, but not limited to, any and all allegedly aggrieved employees, from pursuing any action against the Released Parties for the PAGA Released Claims.

6. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the Settlement shall be deemed to be paid to the payee solely in the year in which such payments actually are issued to the payee. It is expressly understood and agreed that payments made under this Settlement shall not in any way entitle Plaintiffs, Participating Class Members, or any Aggrieved Employee to additional compensation or benefits under any new or additional compensation or benefits, or any bonus, contest, or other compensation or benefit plan or agreement in place during the Class Period, nor will it entitle Plaintiffs, Participating Class Members, or any Aggrieved Employee to any increased retirement, 401K benefits or matching benefits, or deferred compensation benefits (notwithstanding any contrary language or agreement in any benefit or compensation plan document that might have been in effect during the Class Period).

7. MOTION FOR PRELIMINARY APPROVAL. The Parties agree that Plaintiff's Counsel will prepare and file a motion for preliminary approval ("Motion for Preliminary Approval"), subject to approval by Defendants' counsel.

7.1 Plaintiff's Responsibilities. Plaintiff's counsel will prepare Plaintiff's motion for preliminary approval. Not later than seven (7) calendar days prior to the submission of the motion for preliminary approval of this Settlement Agreement to the Court, Class Counsel will submit a near-final draft thereof (including all supporting papers and proposed order) to counsel for Defendants for their review and comment.

7.2 Responsibilities of Counsel. As soon as practicable after execution of this Settlement Agreement, the Class Representatives and Class Counsel shall apply to the Court for the entry of Preliminary Approval, which would accomplish the following:

a. Schedule a hearing (the "**Preliminary Approval Hearing**") on the question of whether the Settlement, including, *inter alia*, the payment of Attorneys' Fees and Costs, Enhancement Award, and PAGA Amount should be preliminarily approved as fair, reasonable, and adequate;

b. Approve, as to form and content, the proposed Notice;

c. Direct the mailing of the Notice by first class mail to the Class Members;

d. Preliminarily approve the Settlement and monetary allocations for the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payments, LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Expenses Payment, and Administration Expenses Payment, subject to the final review and approval by the Court; and

e. Preliminarily approve CAC Services Group, LLC as the Settlement Administrator.

Plaintiffs' Counsel shall be responsible for ensuring that all required submittals and notifications to the LWDA under PAGA regarding this Settlement are made by Plaintiffs.

7.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

8. SETTLEMENT ADMINISTRATION.

8.1 Selection of Administrator. The Parties have jointly selected CAC Services Group, LLC to serve as the Administrator and verified that, as a condition of appointment, CAC Services Group, LLC agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

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

8.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

8.4 Notice to Class Members.

8.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and PAGA Pay Periods in the Class Data.

8.4.2 Using best efforts to perform as soon as possible, and in no event later than 7 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class USPS mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member and/or Aggrieved Employee, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

8.4.3 Not later than three (3) business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

8.4.4 The deadlines for Class Members' written objections, Challenges to Workweeks and/or PAGA Pay Periods and Requests for Exclusion will be extended an additional fourteen (14) days beyond the thirty (30) days otherwise provided in the Class

Notice for all Class Members and/or Aggrieved Employees whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

8.4.5 If the Administrator, Defendants or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been a Class Member and/or Aggrieved Employee and should have received the Class Notice, the Parties will expeditiously meet and confer in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.

8.5 Requests for Exclusion (Opt-Outs).

8.5.1 Class Members who wish to exclude themselves (that is, opt-out of) from the Settlement must mail the Administrator , a signed written Request for Exclusion no later than thirty (30) days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her/their representative that includes the following: (a) the case name and number of the Action; (b) the Class Member's full name, signature, address, telephone number, and last four (4) digits of the Class Member's Social Security number; and (c) clearly state that the Class Member does not wish to be included in the Class Settlement. To be valid, a Request for Exclusion must be timely postmarked by the Response Deadline.

8.5.2 If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to request exclusion from the Class

Settlement. Any Class Member who submits a Request for Exclusion is prohibited from making any objection to the Class Settlement.

8.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement. All Aggrieved Employees will be bound to the PAGA Settlement and will be issued their Individual PAGA Payment, irrespective of whether they submit a Request for Exclusion.

8.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

8.6 Challenges to Calculation of Workweeks and or PAGA Pay Periods. Each Class Member shall have thirty (30) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of Workweeks and/or PAGA Pay Periods (if any) credited to the Class Member and/or Aggrieved Employee in the Class Notice by submitting a timely and valid workweek dispute to the Administrator, by mail, postmarked on or before the Response Deadline. In the absence of any contrary documentation, the Administrator will presume that the Workweeks and PAGA Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data. However, if a Class Member and/ or Aggrieved Employee produces information and/or documents to the contrary, the Administrator will evaluate the materials submitted and the Administrator will resolve and determine the number of eligible Workweeks and/or PAGA Pay Periods that the disputing Class Member and/or Aggrieved Employee should be credited with under the Settlement.

Defendants are also permitted to submit additional documentation to the Administrator to aid the Administrator's decision making. The Administrator's decision on such disputes will be final and non-appealable. . The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or PAGA Pay Periods to Defense Counsel and Class Counsel and the Administrator's preliminary determination with respect to any such challenges.

8.7 Objections to Settlement.

8.7.1 Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

8.7.2 Participating Class Members may send written objections to the Administrator by mail, postmarked on or before the Response Deadline. The date of the postmark on the return mailing envelope will be the exclusive means to determine whether the objection has been timely submitted. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present oral objections at the Final Approval Hearing. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Settlement Class Members to object to the Class Settlement or appeal from the Final Approval Order and Judgment.

8.7.3 Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

8.8 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8.8.1 Website, Email Address, and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members and Aggrieved Employees including the date, time and location for the Final Approval Hearing, copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class

Representative Service Payment, and the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails.

8.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their timeliness and validity. Not later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the 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 ("Exclusion List"); (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 the Settlement submitted (whether valid or invalid).

8.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or PAGA Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

8.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

8.8.5 Administrator's Declaration. Not later than five (5) calendar days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

8.8.6 Final Report by Settlement Administrator. Within ten (10) calendar days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fifteen (15) days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

9. **ESCALATOR CLAUSE**. Defendants represent that there are approximately 367 current and former nonexemptclass members who worked about 26,153 workweeks in the Class Period. Defendants will verify the actual number of class members and workweeks and if the actual number of workweeks exceeds 10% (28,768 workweeks) of this estimate, then either the Gross Settlement Sum will be increased by the same proportion or Defendants, at their sole discretion, may elect to cut off the Class Period as of the date the workweeks exceed 28,768. For example, if the Workweeks are 10% larger than 26,153 Workweeks, Defendants may choose: (1) the Gross Settlement Sum to be paid will increase by 1% based on the Workweek Value determined by the Settlement Administrator; or (2) the Class Period and PAGA Period will end on the date in which the Released Claims encompasses 28,768 workweeks.

10. **DEFENDANTS' RIGHT TO WITHDRAW**. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds five percent (5%) of the total of all Class Members, Defendants may elect, but are not obligated, to withdraw from the Settlement. The Parties agree that, if Defendants withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendants must notify Class Counsel and the Court of its election to withdraw not later than seven (7) days after the Administrator sends the final Exclusion List to Defense Counsel. Late elections will have no effect.

11. **MOTION FOR FINAL APPROVAL**. Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiffs will file in Court, a motion for final approval of the Settlement that includes a request for approval of the Settlement under Labor Code section 2699, subdivision (l), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel no later than five (5) calendar days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

11.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

11.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval without increasing the Gross Settlement Amount. The Court's decision to award less than the amounts requested for the Class Representative Service Payments, Class Counsel Fees Payment, Class Counsel Expenses Payment, and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this Section 10.2.

11.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

11.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment set forth in this Settlement, the Parties, their respective counsel and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

11.5 Appellate Court Orders to Vacate, Reverse or Materially Modify Judgment. If the reviewing Court vacates, reverses or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

12. **AMENDED JUDGMENT.** If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit a proposed

amended judgment.

13. ADDITIONAL PROVISIONS.

13.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint have merit or that Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement purposes only. If, for any reason the Court does not grant Preliminary Approval, Final Approval, or enter Judgment, Defendants reserve the right to contest certification of any class for any reasons, and Defendants reserve all available defenses to the claims in the Action, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Defendants' defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

13.2 Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Defendants, 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 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; or (5) 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, Class Counsel, Defendants and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

13.3 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.

13.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants or inducements made to or by any Party.

13.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendants, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

13.6 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

13.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered or purported to assign, transfer or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action or right released and discharged by the Party in this Settlement.

13.8 No Tax Advice/Liability. Neither Plaintiffs, Class Counsel, Defendants nor Defendants' Counsel intend for anything in this Settlement Agreement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiffs, Participating Class Members, and Aggrieved Employees are not relying on any statement, representation, or calculation by Defendants, Defendants' Counsel, the Settlement Administrator, or Class Counsel in this regard. Plaintiffs, Participating Class Members, and Aggrieved Employees understand and agree that Plaintiffs, Participating Class Members, and Aggrieved Employees are solely responsible for the payment of any taxes and penalties assessed on the payments described in this Settlement Agreement. Plaintiff, Participating Class Members, and Aggrieved Employees should consult with their tax advisors concerning the tax consequences of any payment they receive under the Settlement.

13.9 Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS SETTLEMENT AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISORS, IS OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS SETTLEMENT AGREEMENT, (B) HAS NOT ENTERED INTO THIS SETTLEMENT AGREEEMNT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO

ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

13.10 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed or waived only by an express written instrument signed by all Parties or their representatives and approved by the Court.

13.11 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

13.12 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.

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

13.14 Confidentiality. To the extent permitted by law, all agreements made and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

13.15 Use and Return of Class Data. Information provided to Class Counsel pursuant to Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendants in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute or California Rules of Court rule. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy all paper and electronic versions of Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendants makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.

13.16 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

13.17 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

13.18 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs:
Eric Yaeckel
Ryan Kuhn
Sullivan & Yaeckel Law Group, APC
2330 Third Avenue
San Diego, CA 92101

Roxanna Tabatabaeepour
Ryan Tish
Capstone Law, APC
1875 Century Park East, Suite 1000
Los Angeles, CA 90067-2533

Kyle C. Worrell
Worrell Law Firm, APC
1717 Old Tustin A venue, Unit E
Santa Ana, CA 92705

To Defendants:
Hieu T. Williams
Michelle Freeman
Hirschfeld Kraemer LLP
456 Montgomery Street, Suite 2200
San Francisco, CA 94104

13.19 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

13.20 Representations Regarding Solvency and Ability to Fund. Defendants represent that their business is solvent as of the date of the execution of this Agreement, and Defendants are able to pay the Settlement Amount within the time frame set forth herein as of the date of the execution of this Agreement.

13.21 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

14. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Settlement after arm's length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement Agreement. In addition, if necessary to obtain approval of the Settlement, the Mediator may execute a declaration supporting the Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the Mediator to discuss the Settlement and whether or not the Settlement is objectively fair and reasonable.

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

Date: ____________________

PLAINTIFF RHAY TAYLOR

____

Rhay Taylor

Date: 09 / 17 / 2025

PLAINTIFF ANDREA PUNGI

____

Andrea Pungi

Date: ____________________

DEFENDANT ALTER MANAGEMENT LLC; DEFENDANT ALTER MENTAL HEALTH LLC; DEFENDANT ALTER MENTAL HEALTH- DANA POINT, LLC; DEFENDANT ALTER WELLNESS CARE LLC; DEFENDANT ALTIGNIS CAMPUS LLC; DEFENDANT ALTER HEALTH GROUP, INC.; DEFENDANT CALIFORNIA REHAB CAMPUS, INC.; DEFENDANT CAMBRIDGE MENTAL HEALTH MANAGEMENT, LLC; DEFENDANT ALTIGNIS HEALTH, LLC; ALTER BEHAVIORAL HEALTH – CAPISTRANO BEACH, LLC.

DocuSigned by:

MICHAEL CASTANON

____

By: MICHAEL CASTANON

Its: CEO

APPROVED AS TO FORM ONLY:

Date: 9/18/25

SULLIVAN & YAECKEL LAW GROUP, APC

By: Eric Yaeckel

Eric K. Yaeckel
Ryan Kuhn
Attorneys for Plaintiff Rhay Taylor

CAPSTONE LAW, APC

Date: 9/17/2025

By: Roxanna Tabatabaeepour

Roxanna Tabatabaeepour
Ryan Tish
Attorneys for Plaintiff Rhay Taylor

Date: 9/14/2025

HIRSCHFELD KRAEMER LLP

DocuSigned by:

By: Michelle Freeman

Hieu Williams
Michelle C. Freeman
Attorney for DEFENDANTS

Date: 09/17/2025

WORRELL LAW FIRM, APC

By:

Kyle C. Worrell
Attorney for Plaintiff Andrea Pungi

Exhibit A

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

NOTICE OF CLASS ACTION SETTLEMENT

PLEASE READ CAREFULLY AS
THIS NOTICE MAY AFFECT YOUR RIGHTS

RHAY TAYLOR, Individually, and on behalf of other members of the general public similarly situated, Plaintiff, v. ALTER MANAGEMENT LLC, a California Limited Liability Company; ALTER MENTAL HEAL TH LLC, a California Limited Liability Company; ALTER MENTAL HEALTH- DANA POINT, LLC, a California Limited Liability Company; ALTER WELLNESS CARE LLC, a California Limited Liability Company; ALTIGNIS CAMPUS LLC, a California Limited Liability Company; ALTER HEALTH GROUP, INC., a California Corporation; CALIFORNIA REHAB CAMPUS, LLC, an Arizona Limited Liability Company; CAMBRIDGE MENTAL HEALTH MANAGEMENT LLC dba ALTER BEHAVIORAL HEALTH, a California Limited Liability Company; ALTIGNIS HEALTH, LLC, a California Limited Liability Company; ALTER BEHAVIORAL HEALTH – CAPISTRANO BEACH, LLC, a California Limited Liability Company, and DOES 1-10, inclusive Defendants [AND CONSOLIDATED MATTERS]	Case No. 37-2024-00007620-CU-OE-CTL JUDGE: Honorable Katherine Bacal DEPARTMENT: C-69 **NOTICE OF CLASS ACTION SETTLEMENT**

I. WHY DID I GET THIS NOTICE?

This notice explains that a settlement has been reached in the following cases: (1) *Rhay Taylor v. Alter Management Llc, et al.*, San Diego Superior Court Case No. 37-2024-00007620-CU-OE-CTL; (2) *Andrea Pungi v. Alter Health Group, Inc., et al.*, Orange County Superior Court Case No. 30-2024-01429796; (3) *Andrea Pungi v. Alter Management LLC, et al.*, Orange County Superior Court Case No. 24STCV31655 (collectively the "Action").

This notice is to inform you of the proposed Settlement of the Action. The notice is also intended (i) to describe the Settlement, including how the Settlement monies will be allocated and how the Settlement may affect you; and (ii) to advise you of your rights and options with respect to the Settlement.

You are receiving this notice by order of the Court because the records of Alter Management, LLC, (hereinafter "Alter"), indicate that you are a current or former Alter non-exempt employee who worked in California during the time period of February 20, 2020 to April 1, 2025 (the "Class"). As a result, **you are eligible to receive a portion of the settlement amount**.

This is **not** a notice of a lawsuit against you. **You are not being sued**. Your participation in the Settlement will

not affect your employment with Alter in any way whatsoever.

II. WHAT IS THE CLASS ACTION LAWSUIT ABOUT?

On February 20, 2024, former Alter employee Rhay Taylor filed a lawsuit in which she alleged violations of California wage- and-hour laws on a class action and representative basis as to all of Alter's current and former non-exempt employees in California. On September 30, 2024, Andrea Pungi filed a wage and hour class action in the Superior Court of California, County of Orange, Case No. 30-2024-01429796-CU-OE-CXC, alleging meal and rest period violations, minimum wage and overtime violations, wage statement and final pay violations, and failure to pay all accrued sick pay and vacation time, failure to pay wages in a timely manner during employment, and failure to provide written notice of paid sick leave and supplemental paid sick leave. On December 2, 2024, Andrea Pungi also filed a representative PAGA claim in the Superior Court of California, County of Los Angeles, Case No. 24STCV31655, based on the same alleged violations in her wage and hour class action.

The Action alleges that the Class was not paid regular, minimum, or overtime wages, as required by California law; was not provided meal and rest periods under the California Labor Code and Wage Orders; was not paid wages at the correct rate of pay, including overtime, sick pay, and meal period and rest break premiums; did not receive timely payment of wages during and/or after employment; was not paid sick and vacation pay; was not reimbursed for all business-related expenses; and, was not provided pay statements with information specified in the California Labor Code. The Class Action also alleges violations under the California Business and Professions Code §§ 17200 et seq. based on the foregoing state law claims and the federal Fair Labor Standards Act, 29 U.S.C. §§ 201 et seq. The lawsuit also seeks penalties under California's Private Attorneys General Act ("PAGA") set forth in California Labor Code §§ 2699 et seq.

The individuals who are suing Alter are referred to in this document as "Plaintiffs." Plaintiff's attorneys, [identified below], have been litigating the Action in State Court prior to this settlement.

Alter claims that the members of the Class have been paid all monies that were due to them, maintains that it has complied with all California's wage-and-hour laws, and adamantly denies all wrongdoing.

The Court has not ruled on whether Plaintiffs' allegations have any merit. However, in order to avoid the time and expense of further litigation, the ultimate outcome of which is uncertain, and to provide a fair and reasonable resolution of this legal dispute, Plaintiffs and Alter have negotiated a settlement whereby Alter has agreed to pay up to **$600,000.00** to resolve the matter. As a Class Member, you are eligible to receive a portion of this amount.

This settlement is **not** an admission by Alter of any liability.

III. WHO IS INCLUDED IN THIS CLASS ACTION?

All persons who were employed by and worked for Alter in California as a non-exempt employee at any time during the time period of February 20, 2020 to April 1, 2025 (the "Class Period").

IV. WHAT DOES THE PROPOSED SETTLEMENT OFFER?

Under the terms of the parties' proposed settlement, the following will occur if the settlement is given final approval by the Court:

A. Alter will pay up to Six Hundred Thousand and No Cents ($600,000.00) to settle the claims of all Class Members.

B. A claims administrator has been appointed by the Court to administer the settlement. The claims administrator will pay from the $600,000: (1) Plaintiffs' counsel's attorneys' fees, up to one-third of the settlement value (or $200,00.00); (2) Plaintiffs' costs of litigation, up to the amount of $22,500.00; (3) The expenses of administering the settlement, up to the amount of $4,337.59; (4) Enhancement Awards of up to $10,000 ($20,000 in total) for each Plaintiffs' role in pursuing the litigation; and (5) A payment of $45,000.00 to the California Labor & Workforce Development Agency, representing 75% of the $60,000.00 allocated to the settlement of Plaintiff's claim for civil penalties under PAGA. The remainder will be paid to the Class Members in settlement of their individual claims (the "Class Payment").

C. The Class Payment will be divided among all Class Members based on the estimated number of weeks worked for Alter in California by each Class Member during the Class Period. That is, the Class Payment will be divided by the number of aggregate qualified weeks worked by all Class Members during the Class Period to produce a "Weekly Settlement Value." A "qualified week" is any week in which a Class Member worked for Alter in California during the Class Period. If you do not opt out of the settlement, you will be eligible to receive a settlement payment in the amount of the total number of qualified weeks you worked for Alter during the Class Period multiplied by the Weekly Settlement Value, less applicable withholdings.

D. Corresponding to Alter's records, you worked for Alter in the State of California for approximately _____workweeks during the Class Period, which runs from February 20, 2020 through April 1, 2025.Your portion of the Settlement Payment will be based on the above information. If you believe the information above is incorrect, you may dispute this information by sending your corrections and any supporting documentation to the Claims Administrator via U.S. Mail, at _. Please be advised that the information listed above is presumed to be correct unless you prove otherwise.

The estimated value of each workweek for purposes of calculating Settlement Payments to all Class Members is approximately: <<AMOUNT>>. Your settlement amount will be calculated by multiplying this amount by the number of weeks you worked for Alter during the Class Period. Your estimated settlement amount is _____This is only an estimate. Your actual share may change depending on the Court's final ruling and the final number of participating Class Members.

E. If the Court grants final approval of the settlement agreement and you do not opt out of the settlement, then you will release Alter and their past, present, and future parents, subsidiaries, divisions, affiliates, predecessors, successors, and assigns, and each of their past, present, and future shareholders, owners, officers, directors, employees, agents, trustees, attorneys, representatives, administrators, fiduciaries, beneficiaries, subrogees, executors, partners, privies that from all claims that were or could have been asserted based on the factual allegations in the Operative Complaint or based on any facts discovered in the course of the Action, including (without limitation), claims for failure to pay minimum or overtime wages, failure to provide meal and rest periods or to pay meal and rest period premiums, failure to properly calculate the regular rate of pay; failure to pay vacation and sick time; failure to indemnify necessary business expenses, failure to pay all wages due to discharged or quitting employees; failure to pay wages timely during employment; failure to reimburse necessary business expenses; failure to provide accurate itemized wage statements; claims under California Labor Code sections 201 to 204, 210, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 2698 et seq., 2802, and the Wage Orders promulgated thereunder, California Business and Professions Code section 17200, et seq., and claims for injunctive relief, punitive damages, attorneys' fees and costs, penalties of any nature (including PAGA civil penalties and statutory penalties), interest, fees, and costs) for the time period of February 20, 2020 through April 1, 2025 You will be barred from prosecuting any of the Released Class Claims against the Released Parties.

F. Please Note: Individuals who fall within the definition of the Class may choose to request exclusion or "opt-out" of the Class under such procedures specified herein. Any such persons who opt-out of the Class ("Opt-Outs") will not receive an Individual Class Payment. However, you may not opt-out of the portion of the Settlement relating to the settlement of claims under PAGA. Even if a Class Member opts-out, they will still receive an Individual PAGA Payment. You will be bound by the PAGA portion of the release whether or not you cash the check for your portion of the PAGA penalties before it becomes void. Class Members who opt-out will only be bound by the release of the PAGA claims and will retain all other rights in their individual capacity.

V. WHAT ARE MY OPTIONS?

A. ***You may accept your share of the $600,000.00 settlement and be bound by the release of all claims described above.*** Settlement awards will be paid by check after the settlement is given final approval by the Court. The checks will be mailed to you by the claims administrator. Your check will remain valid and negotiable for one hundred eighty (180) days from the date on which it is issued. After those one hundred eighty (180) days expire, the check will become void; ***or***

B. ***You may exclude yourself from the settlement, in which case you will not receive your share of the settlement and you will not be bound by the settlement.*** If you choose to be excluded, by no later than _____(30 calendar days after mailing of this Notice), you must send a written request for exclusion, by mail, to the claims administrator, ___, located at ___. In order to be considered valid, your request for exclusion ***must*** include the case name and number of the Action, your name, your address, your telephone number, the last four digits of your Social Security Number, your signature, and must clearly state that you do not wish to be included in the settlement.

C. ***You may object to the settlement.*** The procedures for objecting to the settlement are described below in Section VIII of this form.

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VII. HEARING ON PROPOSED SETTLEMENT

A final approval hearing will be held before the Court on ________, 2025, at _____a.m., in Department C-63 of the San Diego County Superior Court, located at the Hall of Justice, 330 West Broadway, San Diego, California 92101, to decide whether or not the proposed settlement is fair, reasonable, and adequate. The Court may adjourn or continue the hearing without further notice to you. You are not required to attend the hearing. Sullivan & Yaeckel Law Group, APC (contact information below), counsel for Plaintiffs and the Class, will answer any questions the Court may have. However, you are welcome to attend the hearing at your own expense. Procedures for making remote appearances at the hearing are allowed, but are subject to change. However, those procedures are posted on the Court's website at: https://www.sdcourt.ca.gov/virtualhearings.
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IX. EXAMINATION OF COURT PAPERS AND QUESTIONS

This Notice summarizes the Settlement. For more detailed information, you may view a complete copy of the settlement agreement, and any papers filed in the Action, which are on file with the Clerk of the Court, case number 37-2024-00007620-CU-OE-CTL. The pleadings and all other records from this litigation may be examined by inspecting the Court file in the at the filing department of the San Diego County Superior Court, located at Hall of Justice, 330 West Broadway, San Diego, California 92101. You may also review the settlement agreement, along with other court records regarding this case, on the Court's website, https://www.sdcourt.ca.gov/sdcourt/generalinformation/accesscourtrecords, through the link to the "Register of Actions."

If you have any questions, you can call the Claims Administrator at _____or any of Class Counsel (see below for phone numbers.)

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PLEASE DO NOT CALL THE COURT, ALTER, ALTER'S CORPORATE OFFICE AND MANAGERS, OR ALTER'S ATTORNEYS REGARDING THIS

Exhibit B

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

NOTICE OF CLASS ACTION SETTLEMENT

PLEASE READ CAREFULLY AS
THIS NOTICE MAY AFFECT YOUR RIGHTS

RHAY TAYLOR, Individually, and on behalf of other members of the general public similarly situated, Plaintiff, v. ALTER MANAGEMENT LLC, a California Limited Liability Company; ALTER MENTAL HEAL TH LLC, a California Limited Liability Company; ALTER MENTAL HEALTH- DANA POINT, LLC, a California Limited Liability Company; ALTER WELLNESS CARE LLC, a California Limited Liability Company; ALTIGNIS CAMPUS LLC, a California Limited Liability Company; ALTER HEALTH GROUP, INC., a California Corporation; CALIFORNIA REHAB CAMPUS, LLC, an Arizona Limited Liability Company; CAMBRIDGE MENTAL HEALTH MANAGEMENT LLC dba ALTER BEHAVIORAL HEALTH, a California Limited Liability Company; ALTIGNIS HEALTH, LLC, a California Limited Liability Company; ALTER BEHAVIORAL HEALTH – CAPISTRANO BEACH, LLC, a California Limited Liability Company, and DOES 1-10, inclusive Defendants [AND CONSOLIDATED MATTERS]	Case No. 37-2024-00007620-CU-OE-CTL JUDGE: Honorable Katherine Bacal DEPARTMENT: C-69 **NOTICE OF CLASS ACTION SETTLEMENT**

I. WHY DID I GET THIS NOTICE?

This notice explains that a settlement has been reached in the following cases: (1) *Rhay Taylor v. Alter Management Llc, et al.*, San Diego Superior Court Case No. 37-2024-00007620-CU-OE-CTL; (2) *Andrea Pungi v. Alter Health Group, Inc., et al.*, Orange County Superior Court Case No. 30-2024-01429796; (3) *Andrea Pungi v. Alter Management LLC, et al.*, Orange County Superior Court Case No. 24STCV31655 (collectively the "Action").

This notice is to inform you of the proposed Settlement of the Action. The notice is also intended (i) to describe the Settlement, including how the Settlement monies will be allocated and how the Settlement may affect you; and (ii) to advise you of your rights and options with respect to the Settlement.

You are receiving this notice by order of the Court because the records of Alter Management, LLC, (hereinafter "Alter"), indicate that you are a current or former Alter non-exempt employee who worked in California during the time period of February 20, 2020 to April 1, 2025 (the "Class"). As a result, **<u>you are eligible to receive a portion of the settlement amount</u>**.

This is **<u>not</u>** a notice of a lawsuit against you. **<u>You are not being sued</u>**. Your participation in the Settlement will

not affect your employment with Alter in any way whatsoever.

II. WHAT IS THE CLASS ACTION LAWSUIT ABOUT?

On February 20, 2024, former Alter employee Rhay Taylor filed a lawsuit in which she alleged violations of California wage- and-hour laws on a class action and representative basis as to all of Alter's current and former non-exempt employees in California. On September 30, 2024, Andrea Pungi filed a wage and hour class action in the Superior Court of California, County of Orange, Case No. 30-2024-01429796-CU-OE-CXC, alleging meal and rest period violations, minimum wage and overtime violations, wage statement and final pay violations, and failure to pay all accrued sick pay and vacation time, failure to pay wages in a timely manner during employment, and failure to provide written notice of paid sick leave and supplemental paid sick leave. On December 2, 2024, Andrea Pungi also filed a representative PAGA claim in the Superior Court of California, County of Los Angeles, Case No. 24STCV31655, based on the same alleged violations in her wage and hour class action.

The Action alleges that the Class was not paid regular, minimum, or overtime wages, as required by California law; was not provided meal and rest periods under the California Labor Code and Wage Orders; was not paid wages at the correct rate of pay, including overtime, sick pay, and meal period and rest break premiums; did not receive timely payment of wages during and/or after employment; was not paid sick and vacation pay; was not reimbursed for all business-related expenses; and, was not provided pay statements with information specified in the California Labor Code. The Class Action also alleges violations under the California Business and Professions Code §§ 17200 et seq. based on the foregoing state law claims and the federal Fair Labor Standards Act, 29 U.S.C. §§ 201 et seq. The lawsuit also seeks penalties under California's Private Attorneys General Act ("PAGA") set forth in California Labor Code §§ 2699 et seq.

The individuals who are suing Alter are referred to in this document as "Plaintiffs." Plaintiff's attorneys, [identified below], have been litigating the Action in State Court prior to this settlement.

Alter claims that the members of the Class have been paid all monies that were due to them, maintains that it has complied with all California's wage-and-hour laws, and adamantly denies all wrongdoing.

The Court has not ruled on whether Plaintiffs' allegations have any merit. However, in order to avoid the time and expense of further litigation, the ultimate outcome of which is uncertain, and to provide a fair and reasonable resolution of this legal dispute, Plaintiffs and Alter have negotiated a settlement whereby Alter has agreed to pay up to **$600,000.00** to resolve the matter. As a Class Member, you are eligible to receive a portion of this amount.

This settlement is **not** an admission by Alter of any liability.

III. WHO IS INCLUDED IN THIS CLASS ACTION?

All persons who were employed by and worked for Alter in California as a non-exempt employee at any time during the time period of February 20, 2020 to April 1, 2025 (the "Class Period").

IV. WHAT DOES THE PROPOSED SETTLEMENT OFFER?

Under the terms of the parties' proposed settlement, the following will occur if the settlement is given final approval by the Court:

A. Alter will pay up to Six Hundred Thousand and No Cents ($600,000.00) to settle the claims of all Class Members.

B. A claims administrator has been appointed by the Court to administer the settlement. The claims administrator will pay from the $600,000: (1) Plaintiffs' counsel's attorneys' fees, up to one-third of the settlement value (or $200,00.00); (2) Plaintiffs' costs of litigation, up to the amount of $22,500.00; (3) The expenses of administering the settlement, up to the amount of $4,337.59; (4) Enhancement Awards of up to $10,000 ($20,000 in total) for each Plaintiffs' role in pursuing the litigation; and (5) A payment of $45,000.00 to the California Labor & Workforce Development Agency, representing 75% of the $60,000.00 allocated to the settlement of Plaintiff's claim for civil penalties under PAGA. The remainder will be paid to the Class Members in settlement of their individual claims (the "Class Payment").

C. The Class Payment will be divided among all Class Members based on the estimated number of weeks worked for Alter in California by each Class Member during the Class Period. That is, the Class Payment will be divided by the number of aggregate qualified weeks worked by all Class Members during the Class Period to produce a "Weekly Settlement Value." A "qualified week" is any week in which a Class Member worked for Alter in California during the Class Period. If you do not opt out of the settlement, you will be eligible to receive a settlement payment in the amount of the total number of qualified weeks you worked for Alter during the Class Period multiplied by the Weekly Settlement Value, less applicable withholdings.

D. Corresponding to Alter's records, you worked for Alter in the State of California for approximately _____ workweeks during the Class Period, which runs from February 20, 2020 through April 1, 2025. Your portion of the Settlement Payment will be based on the above information. If you believe the information above is incorrect, you may dispute this information by sending your corrections and any supporting documentation to the Claims Administrator via U.S. Mail, at _. Please be advised that the information listed above is presumed to be correct unless you prove otherwise.

The estimated value of each workweek for purposes of calculating Settlement Payments to all Class Members is approximately: <<AMOUNT>>. Your settlement amount will be calculated by multiplying this amount by the number of weeks you worked for Alter during the Class Period. Your estimated settlement amount is _____ This is only an estimate. Your actual share may change depending on the Court's final ruling and the final number of participating Class Members.

E. If the Court grants final approval of the settlement agreement and you do not opt out of the settlement, then you will release Alter and their past, present, and future parents, subsidiaries, divisions, affiliates, predecessors, successors, and assigns, and each of their past, present, and future shareholders, owners, officers, directors, employees, agents, trustees, attorneys, representatives, administrators, fiduciaries, beneficiaries, subrogees, executors, partners, privies that from all claims that were or could have been asserted based on the factual allegations in the Operative Complaint or based on any facts discovered in the course of the Action, including (without limitation), claims for failure to pay minimum or overtime wages, failure to provide meal and rest periods or to pay meal and rest period premiums, failure to properly calculate the regular rate of pay; failure to pay vacation and sick time; failure to indemnify necessary business expenses, failure to pay all wages due to discharged or quitting employees; failure to pay wages timely during employment; failure to reimburse necessary business expenses; failure to provide accurate itemized wage statements; claims under California Labor Code sections 201 to 204, 210, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 2698 et seq., 2802, and the Wage Orders promulgated thereunder, California Business and Professions Code section 17200, et seq., and claims for injunctive relief, punitive damages, attorneys' fees and costs, penalties of any nature (including PAGA civil penalties and statutory penalties), interest, fees, and costs) for the time period of February 20, 2020 through April 1, 2025 You will be barred from prosecuting any of the Released Class Claims against the Released Parties.

F. Please Note: Individuals who fall within the definition of the Class may choose to request exclusion or "opt-out" of the Class under such procedures specified herein. Any such persons who opt-out of the Class ("Opt-Outs") will not receive an Individual Class Payment. However, you may not opt-out of the portion of the Settlement relating to the settlement of claims under PAGA. Even if a Class Member opts-out, they will still receive an Individual PAGA Payment. You will be bound by the PAGA portion of the release whether or not you cash the check for your portion of the PAGA penalties before it becomes void. Class Members who opt-out will only be bound by the release of the PAGA claims and will retain all other rights in their individual capacity.

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