

1 **SETTLEMENT AGREEMENT OF CLASS ACTION AND PRIVATE**
2 **ATTORNEYS GENERAL ACT CLAIMS**

3 This Settlement Agreement of Class Action and Private Attorneys General Act
4 Claims (“Settlement” or “Settlement Agreement”) is made between Roger Yanez and
5 Francisco Noriega (“Named Plaintiffs”), as individuals and on behalf of the certified class
6 and alleged aggrieved employees, on the one hand, and Defendant Knight Transportation,
7 Inc. and Knight Truck and Trailer Sales, LLC (“Defendants”) on the other hand
8 (collectively, the “Parties” and individually, a “Party”).

9 **I. DEFINITIONS**

10 **A.** “Class Counsel” means Alan Lazar and Cody Kennedy of Marlin & Saltzman,
11 29800 Agoura Rd Suite 210, Agoura Hills, CA 91301, James Trush of the Trush Law Office,
12 APC, 2900 Bristol Street, Suite B204, Costa Mesa, CA 92626, and Todd Harrison and
13 Brennan Kahn of Perona, Langer, Beck, Harrison, 300 East San Antonio Drive, Long Beach,
14 CA 90807.

15 **B.** “Class Member Payments” means the amount payable from the Class Payout
16 Fund to each Class Member, 100% of which will be allocated to alleged penalties,
17 reimbursement of expenses, and interest. Class Member Payments are separate and distinct
18 from PAGA Payments (defined below) that will be paid to PAGA Aggrieved Employees.

19 **C.** “Class Payout Fund” means all funds remaining from the Gross Settlement
20 Amount after deducting the Court-awarded Named Plaintiffs Enhancement Payments, Fees
21 Award, Costs Award, Settlement Administration Costs, and PAGA Payments.

22 **D.** “Costs Award” means costs of litigation approved by the Court for Class
23 Counsel’s costs incurred in investigation, litigation, and resolution of the Lawsuit, and
24 administration of the Settlement, including anticipated costs incurred through Final
25 Approval and disbursement of payments under this Settlement Agreement and obtaining
26 entry of the judgment terminating the Lawsuit.

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1 E. “Court” means the United States District Court for the District of Arizona,
2 located at Sandra Day O’Connor U.S. Courthouse 401 W. Washington Street, Ste 130, SPC
3 1 Phoenix, AZ 85003.

4 F. “Defendants’ Counsel” means Paul Cowie, Patricia Jeng, and John Ellis of
5 Sheppard, Mullin, Richter & Hampton LLP, Four Embarcadero Center, 17th Floor, San
6 Francisco, CA 94111.

7 G. “Effective Date” means the date by which the final judgment becomes final.
8 For purposes of this Settlement Agreement, the final judgment “becomes final” only after
9 the Court grants the motion for Final Approval of the Settlement and upon the latter of (i)
10 the period for filing any appeal, request for rehearing, writ, or other appellate proceeding
11 challenging or opposing the Settlement has elapsed without any appeal, writ, or other
12 appellate proceeding having been filed; (ii) any appeal, rehearing, writ or other appellate
13 proceeding challenging or opposing the Settlement has been dismissed finally and
14 conclusively with no right to pursue further remedies or relief impacting this Settlement; or
15 (iii) any appeal, rehearing, writ or other appellate proceeding has upheld the Court’s final
16 order and judgment with no right to pursue further remedies or relief. In this regard, it is the
17 intention of the parties that the Settlement shall not become effective, and Defendants will
18 not be obligated to fund this Settlement, until the Court’s order approving the Settlement is
19 completely final, and there is no further avenue for recourse by an appellant, objector,
20 intervenor, or anyone who seeks to contest the Settlement.

21 H. “Fees Award” means attorneys’ fees approved by the Court for Class
22 Counsel’s fees incurred in investigation, litigation, and resolution of the Lawsuit, and
23 administration of the Settlement, including anticipated fees incurred through Final Approval
24 and disbursement of payments under this Settlement Agreement and obtaining entry of the
25 judgment terminating the Lawsuit.

26 I. “Final Approval” means the Court’s order granting final approval of the
27 Settlement Agreement.

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1 **J.** “Gross Settlement Amount” means a non-reversionary common fund that shall
2 have a total all-in value of \$2,500,000 and includes without limitation any and all payments
3 Defendants may be responsible for under the Settlement, including any Fees Award and
4 Costs Award to Class Counsel, Named Plaintiffs Enhancement Payments, the Class Member
5 Payments, the PAGA Payments (which includes payments to the California Labor
6 Workforce Development Agency), Settlement Administration Costs, and all employee-side
7 taxes due and owing as a result of the Settlement. The total amount that Defendants shall
8 pay under this Settlement Agreement is the Gross Settlement Amount.

9 **K.** The “Lawsuit” means the action entitled *Roger Yanez et al v. Knight*
10 *Transportation Incorporated et al* Case No. 2:15-cv-00990-JJT, pending in the United States
11 District Court for the District of Arizona, transferred from the Central District of California
12 on June 1, 2015, removed from the Superior Court of the State of California for the County
13 of San Bernardino on April 18, 2014, and filed in the San Bernardino County Superior Court
14 on March 3, 2014.

15 **L.** “LWDA” means the California Labor and Workforce Development Agency.

16 **M.** “Named Plaintiffs” means Roger Yanez and Francisco Noriega.

17 **N.** “Former Named Plaintiffs” means Patrick LaCross, Robert Lira, and Matthew
18 Lofton.

19 **O.** “Representative Plaintiffs’ Enhancement Payments” means the amount which
20 may be paid to the Named Plaintiffs and Former Named Plaintiffs for their time and effort
21 spent pursuing the Lawsuit; for the risks associated with suing Defendants; and all other
22 factors that the court may properly consider. A Representative Plaintiffs’ Enhancement
23 Payment for all Named Plaintiffs and Former Named Plaintiffs who participate in the
24 settlement may be requested in an amount not to exceed \$80,000 combined (i.e. \$16,000
25 each); however, the award of Representative Plaintiffs’ Enhancement Payments and the
26 actual amount thereof shall remain within the sound discretion of the court.

27 **P.** “PAGA” means the California Private Attorneys General Act, California
28 Labor Code §§ 2699 *et seq.*

1 Q. “PAGA Aggrieved Employees” means all persons who provided services to
2 Defendant Knight Transportation, Inc. as an owner-operator driver while either residing in
3 California or while assigned to or affiliated with a Knight Transportation, Inc. terminal in
4 California during the PAGA Period. By using the defined term that includes the word
5 “Employees,” Defendants do not concede that any owner-operator was ever misclassified.

6 R. “PAGA Aggrieved Employee List” means the list of all PAGA Aggrieved
7 Employees that Defendants and Plaintiffs’ Counsel will cooperate to compile from their
8 records to accurately reflect the PAGA Aggrieved Employees’ names, last known mailing
9 addresses, telephone numbers, Social Security numbers, and weeks engaged during the
10 PAGA Period.

11 S. “PAGA Payment” means the payment to the State of California LWDA and
12 the PAGA Aggrieved Employees in settlement of all claims for PAGA penalties as defined
13 in this Settlement Agreement.

14 T. “PAGA Period” means the time period beginning December 28, 2012 through
15 May 01, 2019.

16 U. “Class” or “Class Members” means all members of the class certified by the
17 Court on January 11, 2022; specifically, all persons who provided services to Defendant
18 Knight Transportation, Inc. as an owner-operator driver while either residing in California
19 or while assigned to or affiliated with a Knight Transportation, Inc. terminal in California
20 during the Class Period, and who requested exclusion from the class in *Jaime Chavez Flores*
21 *et al v. Knight Transportation Incorporated et al*, District of Arizona Case No. 2:15-cv-
22 01817-SRB.

23 V. “Class Member List” means the list of all Class Members that Defendants and
24 Plaintiffs’ Counsel will cooperate to compile from their records to accurately reflect the
25 Class Members’ names, last known mailing addresses, telephone numbers, Social Security
26 numbers, and weeks engaged during the Class Period.

27 W. “Class Period” means the time period from March 03, 2010 through May 01,
28 2019.

1 X. “Qualified Settlement Account” means the account established by the
2 Settlement Administrator pursuant to Internal Revenue Code section 1.468B-1.

3 Y. “Released Parties” means Defendants, and each of their past, present and
4 future agents, employees, servants, owners, officers, directors, partners, trustees,
5 representatives, shareholders, stockholders, attorneys, parents, subsidiaries, equity sponsors,
6 related companies/corporations and/or partnerships (defined as a company/corporation
7 and/or partnership that is, directly or indirectly, under common control with Defendants or
8 any of its parents and/or affiliates), divisions, assigns, predecessors, successors, insurers,
9 consultants, joint ventures, any actual or alleged joint employers of the Class, affiliates, and
10 alter-egos, and all of their respective past, present and future employees, directors, officers,
11 agents, owners, attorneys, insurers, stockholders, fiduciaries, parents, subsidiaries, and
12 assigns.

13 Z. “Settlement Administration Costs” means the costs payable from the Gross
14 Settlement Amount to the Settlement Administrator for administering this Settlement,
15 including, but not limited to, the Settlement Administrator’s responsibilities outlined in this
16 Settlement Agreement.

17 AA. “Settlement Administrator” means CPT Group, whom the Parties mutually
18 agree shall be responsible for the administration of the Settlement, distribution of amounts
19 owed under this Settlement, and matters necessarily related thereto, pursuant to the terms of
20 this Settlement Agreement.

21 **II. RECITALS**

22 **A. Background and Procedural History**

23 1. Patrick LaCross, Robert Lira, and Matthew Lofton filed a putative class
24 and PAGA action on March 03, 2014, in the California Superior Court for the County of San
25 Bernardino titled *Patrick LaCross, et al v. Knight Transportation, Inc., et al*, Case No.
26 CIVDS1402566, asserting California wage and hour claims arising out of allegations that
27 Defendants misclassified owner-operator drivers as independent contractors.

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1 2. On April 18, 2014, Defendants removed the Lawsuit to the United
2 States District Court for the Central District of California, Case No. 5:14-cv-00771, and the
3 Lawsuit was subsequently transferred to the United States District Court for the District of
4 Arizona, Case No. 2:15-cv-00990-JJT

5 3. Patrick LaCross, Robert Lira, and Matthew Lofton filed a first amended
6 complaint on January 22, 2016, which is the operative pleading in the Lawsuit.

7 4. On November 18, 2020, the Parties participated in a private mediation
8 before esteemed mediator Mark Rudy, but were unable to reach a settlement.

9 5. The Court certified the Class in this Lawsuit on January 11, 2022 and
10 appointed Patrick LaCross, Robert Lira, and Matthew Lofton as class representatives. Class
11 notice was distributed under Fed. R. Civ. P. 23 on December 7, 2022, and there were no opt-
12 outs as no Class Members requested exclusion by the deadline.

13 6. On February 12, 2024, the Court issued an order removing Robert Lira
14 and Matthew Lofton as class representatives. Patrick LaCross passed away on December
15 10, 2023. On March 8, 2024, the Court ordered that Roger Yanez and Francisco Noriega be
16 appointed as substitute class representatives.

17 7. The Defendants, Defendants' Counsel, and Plaintiffs' Counsel attended
18 a second mediation on August 25, 2023 with mediator Mark Rudy but were again unable to
19 reach a settlement on that date. The Parties' counsel continued to engage in settlement
20 discussions through Mr. Rudy. On March 1, 2024, after months of arms-length negotiations
21 conducted with the assistance of Mr. Rudy, Defendants and Named Plaintiffs agreed to settle
22 all claims in the Lawsuit for an all-in settlement amount of \$2,500,000.

23 8. The Parties conducted a significant investigation of the facts and law
24 during the prosecution of the Lawsuit. Such investigation has included, *inter alia*, the
25 exchange of information and documents through extensive discovery. Both Parties
26 exchanged initial disclosures pursuant to Federal Rule of Civil Procedure Rule 26(a). The
27 Parties exchanged written discovery requests and responses, and Defendants produced
28 thousands of pages of documents. The Parties have also deposed numerous witnesses,

1 including expert witnesses. Counsel for the Parties investigated the applicable law as
2 applied to the facts discovered regarding the alleged claims and potential defenses thereto,
3 and the damages claimed by Named Plaintiffs. The Parties have also briefed class
4 certification, and Fed. R. Civ. P. 23(f) petition, and a dispute as to which state's law applies
5 to the class claims. The Parties further filed motions for summary judgment. As a result of
6 their investigation, Named Plaintiffs continue to believe that Defendants misclassified
7 owner-operators as independent contractors and failed to properly compensate them.
8 Defendants deny Named Plaintiffs' allegations and contends that the Class was properly
9 classified as independent contractors and that Named Plaintiffs' substantive claims have no
10 merit and/or are preempted by federal law. Given the disagreement between the Parties as
11 to the viability of these claims, the Parties believe the Settlement provided for herein is a
12 fair, adequate, and reasonable settlement.

13 9. Benefits of Settlement to Class Members. Named Plaintiffs recognize
14 the expense and length of continued proceedings necessary to continue the litigation against
15 Defendants through trial and through any possible appeals. Named Plaintiffs have also taken
16 into account the uncertainty and risk of the outcome of further litigation, and the difficulties
17 and delays inherent in such litigation, as described above. Named Plaintiffs are also aware
18 of the burdens of proof necessary to establish liability for the claims asserted in the Lawsuit,
19 Defendants' defenses thereto, and the difficulties in establishing damages. Specifically,
20 Named Plaintiffs recognize that if Defendants' motion for summary judgment is granted the
21 class would receive no recovery. Named Plaintiffs have also taken into account the
22 extensive discovery undertaken, motion practice, and settlement negotiations conducted,
23 which negotiations resulted in the material settlement terms set forth herein. Based on the
24 foregoing, Named Plaintiffs have determined that the Settlement set forth in this Settlement
25 Agreement is a fair, adequate and reasonable settlement, and is in the best interests of the
26 Class, the PAGA Aggrieved Employees, and the LWDA.

27 10. Defendants' Reasons for Settlement. Defendants have concluded that
28 any further defense of this litigation would be protracted and expensive for all Parties.

1 Defendants have devoted substantial amounts of time, energy and resources to the defense
2 of the claims asserted by Named Plaintiffs and, unless this Settlement is made, will continue
3 to do so for the foreseeable future, including through likely appeals. For these reasons,
4 Defendants have agreed to settle the matter upon the terms set forth in this Settlement
5 Agreement, to put to rest the claims alleged in the Lawsuit.

6 11. Defendants' Denials of Wrongdoing. Defendants have denied and
7 continue to deny each of the claims and contentions alleged by Named Plaintiffs in the
8 Lawsuit. Defendants have repeatedly asserted and continue to assert defenses thereto, and
9 has expressly denied and continue to deny any wrongdoing or legal liability arising out of
10 any of the facts or conduct alleged in the Lawsuit. Neither this Settlement Agreement, nor
11 any document referred to or contemplated herein, nor any action taken to carry out this
12 Settlement Agreement, is, may be construed as, or may be used as an admission, concession
13 or indication by or against Defendants or any of the Released Parties of any fault,
14 wrongdoing or liability whatsoever.

15 12. Named Plaintiffs' Claims. Named Plaintiffs claim and continue to
16 claim that the Released Claims have merit and give rise to liability on the part of Defendants.
17 Neither this Settlement Agreement nor any documents referred to herein, or any action taken
18 to carry out this Settlement Agreement is or may be construed as or may be used as an
19 admission by or against Named Plaintiffs or Class Counsel as to the merits or lack thereof
20 of the claims asserted.

21 **I.** The Parties stipulate, subject to the approval of the Court, that the Lawsuit is
22 being compromised and settled pursuant to the terms and conditions set forth in this
23 Settlement Agreement. Upon Final Approval of the Settlement by the Court at or after the
24 Final Approval hearing, the Parties shall present a proposed final judgment to the Court for
25 its approval, requesting that the Court enter judgment and retain jurisdiction with respect to
26 the interpretation, implementation, and enforcement of the terms of this Settlement
27 Agreement and all orders and judgments entered in connection therewith.

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1 **III. SETTLEMENT TERMS**

2 **A. Funding and Allocation of Settlement**

3 1. Gross Settlement Amount. Provided the Court approves the Settlement
4 and the Effective Date occurs, Defendants will pay the Gross Settlement Amount, which is
5 the maximum monetary amount payable by Defendants and which shall not exceed the all-
6 inclusive sum of \$2,500,000.

7 2. Settlement Accounting. No more than fourteen (14) calendar days after
8 the Effective Date, or at a reasonable time thereafter if not reasonably practicable, the
9 Settlement Administrator will provide the Parties with an accounting of all anticipated
10 payments from the Qualified Settlement Account, including: (a) Class Member Payments,
11 (b) the PAGA Payments; (c) the Named Plaintiffs Enhancement Payments; (d) the Fees
12 Award and Costs Award to Class Counsel, and (f) Settlement Administration Expenses, all
13 as specified in this Settlement Agreement and approved by the Court.

14 3. Funding the Settlement. Within thirty (30) calendar days after receipt
15 of the Settlement Accounting from the Settlement Administrator, and solely for purposes of
16 this Settlement, Defendants shall wire the Gross Settlement Amount into the Qualified
17 Settlement Account, for distribution in accordance with the terms of this Settlement
18 Agreement. At no time shall Defendants have the obligation to segregate the funds
19 comprising the Gross Settlement Amount from other assets and will retain exclusive
20 authority over, and responsibility for, those funds until the date those amounts are required
21 to be funded pursuant to this Settlement Agreement.

22 **B. Payments from the Gross Settlement Amount.**

23 1. Named Plaintiffs Enhancement Payment. The Settlement
24 Administrator shall pay any Named Plaintiffs Enhancement Payments within twenty-one
25 (21) calendar days of Defendants' payment of the Gross Settlement Amount either by check
26 or wire to an account(s) designated by Class Counsel. Named Plaintiffs agree to provide the
27 Settlement Administrator with an executed IRS Form W-9 within five days after the
28 Effective Date and before the Named Plaintiffs Enhancement Payments is issued. The

1 Settlement Administrator shall issue an IRS Form 1099 to Named Plaintiffs for their Named
2 Plaintiffs Enhancement Payments. Named Plaintiffs shall be solely and legally responsible
3 for paying any and all applicable taxes on Named Plaintiffs Enhancement Payments and
4 shall hold Released Parties harmless from any claim or liability for taxes, penalties or interest
5 arising as a result of the Named Plaintiffs Enhancement Payments. The Named Plaintiffs
6 Enhancement Payments shall be in addition to any Class Member Payment or PAGA
7 Payment the Named Plaintiffs receive as Class Members and PAGA Aggrieved Employees.
8 If the Court awards Named Plaintiffs Enhancement Payments less than the amount specified,
9 the unawarded amounts shall remain in the Class Payout Fund and be distributed to Class
10 Members.

11 2. Class Counsel's Attorneys' Fees and Costs. Class Counsel may request
12 a Fees Award of up to 33.33 percent of the Gross Settlement Amount (i.e., \$833,332.50) and
13 may seek a Costs Award for reimbursement of Class Counsel's out-of-pocket costs incurred
14 pursuing the Lawsuit to the extent permitted by law. Class Counsel reserve the right to seek
15 a lesser fee award than the maximum amount permitted by this agreement should they so
16 choose. The actual amount of fees and costs awarded shall fall within the sole discretion of
17 the court, and shall remain subject to any applicable legal authorities regarding the review
18 and approval of such requests. Defendants reserve the right to challenge Class Counsel's
19 requests for fees and costs if Defendants deem it appropriate after reviewing Class Counsel's
20 motion for preliminary approval. Plaintiffs and Class Counsel reserve all rights to oppose
21 any such challenge by Defendants.

22 a. The Settlement Administrator shall pay the Fees Award and
23 Costs Award within twenty-one (21) calendar days of Defendants' payment of the Gross
24 Settlement Amount either by checks or wire to accounts designated by Class Counsel. Class
25 Counsel agrees to provide the Settlement Administrator with an executed IRS Form W-9
26 within five days after the Effective Date and before payments for Class Counsel's Fees
27 Award and Costs Award are issued. The Settlement Administrator shall issue an IRS Form
28 1099 to Class Counsel for the payments made pursuant to this section. Class Counsel shall

1 be solely and legally responsible for paying any and all applicable taxes on their Fees Award
2 and Costs Award and shall hold Released Parties harmless from any claim or liability for
3 taxes, penalties or interest arising as a result of any payments received by Class Counsel
4 pursuant to this Settlement. If the Court awards a Fees Award or a Costs Award less than
5 the amount requested by Class Counsel, the unawarded amounts shall remain in the Class
6 Payout Fund and be distributed to Class Members. This Settlement is not contingent upon
7 the Court awarding Class Counsel any particular amount in attorneys' fees and costs;
8 however, Class Counsel reserves the right to object or challenge a decision by the Court to
9 not award requested fees or costs.

10 b. The payment of the Fees Award and Costs Award to Class
11 Counsel as set forth herein shall constitute full satisfaction of the obligation to pay any
12 amounts to any person, attorney or law firm for attorneys' fees, expenses or costs arising out
13 of and/or in connection with the Lawsuit incurred by any attorney on behalf of Named
14 Plaintiffs, any of the Class Members, and/or PAGA Aggrieved Employees, and shall relieve
15 Class Members, PAGA Aggrieved Employees, Released Parties, the Settlement
16 Administrator, the Qualified Settlement Account, and Defendants' Counsel of any other
17 claims or liability to any other attorney or law firm for any attorneys' fees, expenses and/or
18 costs to which any of them may claim to be entitled on behalf of Named Plaintiffs, the Class
19 Members, and/or PAGA Aggrieved Employees in connection with the claims released in
20 this Settlement. Class Counsel shall not be permitted to petition the Court for, or accept,
21 any additional payments for fees, costs, or interest, and the Fees Award and Costs Award
22 shall be for all claims for attorneys' fees and costs whenever incurred, including past, present
23 and future fees and costs incurred in connection with or arising out of the Lawsuit to date
24 and through and including the Effective Date, as well as final distribution of all payments
25 under this Settlement Agreement and through and after final judgment. Any payments for
26 fees, costs, or interests that is in addition to the Fees Award and Costs Award to Class
27 Counsel, which are petitioned for and granted in connection with this Settlement, shall be
28 deducted from the Gross Settlement Amount.

1 3. PAGA Payment. The PAGA Payment amount is \$125,000, which the
2 Parties have agreed is to be paid in settlement of all PAGA claims released in this Settlement
3 Agreement, which shall be allocated as follows. Within twenty-one (21) calendar days of
4 the Defendants' payment of the Gross Settlement Amount, the Settlement Administrator
5 shall pay from the Qualified Settlement Account:

6 a. \$93,750 to the State of California LWDA, representing 75% of
7 the \$125,000 PAGA Payment.

8 b. the remaining 25% of the PAGA Payment (\$31,250) shall be
9 distributed to all PAGA Aggrieved Employees, with each receiving a pro rata share based
10 on the number of weeks each PAGA Aggrieved Employee was engaged by Defendant
11 Knight Transportation, Inc. as an owner-operator driver while residing in California or while
12 assigned to or associated with a Knight Transportation, Inc. terminal in California during
13 the PAGA Period. The Settlement Administrator shall compute a value per week equal to
14 25% of PAGA Payment divided by the total number of weeks all PAGA Aggrieved
15 Employees worked during the time they satisfied the definition of a PAGA Aggrieved
16 Employee. This value shall be rounded to the nearest cent. The share of the PAGA Payment
17 to be paid to each PAGA Aggrieved Employee will be determined by multiplying the value
18 per week by the total number of weeks each PAGA Aggrieved Employee worked during the
19 time they satisfied the definition of a PAGA Aggrieved Employee.

20 c. In the event that the Court awards less than the full amount
21 requested for the PAGA Payment, the unawarded amount shall remain in the Class Payout
22 Fund and be distributed to Class Members. If for any reason additional funds are allocated
23 to the PAGA Payment, such monies shall be drawn from other amounts in this Settlement
24 with the other components of the Gross Settlement Amount being reduced proportionately,
25 including the Fees Award and the Class Payout Fund, but the Gross Settlement Amount will
26 not exceed \$2,500,000.

27 4. Settlement Administration Costs. The Settlement Administrator shall
28 pay from the Qualified Settlement Account the Court-approved Settlement Administration

1 Costs, within twenty-one (21) calendar days of the Defendants' payment of the Gross
2 Settlement Amount, in an amount not to exceed \$10,000. In the event that the Court awards
3 less than the full amount requested for Settlement Administration Costs, the unawarded
4 amounts shall remain in the Class Payout Fund and shall be distributed to Class Members.

5 5. Calculation of Class Member Payments. All Class Members will
6 receive a Class Member Payment, paid from the Class Payout Fund without the need to make
7 a claim. The amount of each Class Member Payment will be calculated on a pro rata basis,
8 based on the number of weeks each Class Member was engaged by Defendant Knight
9 Transportation, Inc. as an owner-operator driver while residing in California or while
10 assigned to or associated with a Knight Transportation, Inc. terminal in California during
11 the Class Period. The Settlement Administrator shall compute a value per week equal to the
12 total number weeks all Class Members worked during the time they satisfied the Class
13 definition. This value shall be rounded to the nearest cent. The share of the Class Payout
14 Fund to be paid to each Class Member will be determined by multiplying the value per week
15 by the total number of weeks each Class Member worked during the time they satisfied the
16 Class definition. The final values will then be readjusted proportionally to ensure a
17 minimum payment of at least five hundred dollars (\$500) to each class member. The total
18 of all Class Member Payments to all Class Members shall equal the Class Payout Fund.
19 Class Members do not need to submit a claim form in order to be eligible for and to receive
20 a Class Member Payment. Any partial week will be rounded up to the nearest full week.
21 Class Member Payments will be reduced by any tax or other deductions required by law.
22 Should the above-stated distribution formula be rejected by the Court, the settlement will
23 remain in effect and the Parties will jointly propose an alternate settlement distribution
24 formula addressing any concerns raised by the Court.

25 6. Method and Timing of Payments to Class Members and PAGA
26 Aggrieved Employees.

27 a. Class Member Payments and the PAGA Aggrieved Employees'
28 portion of the PAGA Payment will be mailed by the Settlement Administrator by First Class

1 U.S. Mail within twenty-one (21) calendar days following the Defendants' payment of the
2 Gross Settlement Amount.

3 b. Checks paid to PAGA Aggrieved Employees and Class
4 Members shall remain valid and negotiable for 180 days from the date of their issuance.
5 After one-hundred eighty (180) calendar days from the date of mailing, the checks shall
6 become null and void, and any monies remaining in the distribution account shall be
7 distributed to the Controller of the State of California to be held pursuant to the Unclaimed
8 Property Law, California Civil Code §§ 1500 *et seq.*, for the benefit of those Class Members
9 and PAGA Aggrieved Employees who did not cash their checks until such time that they
10 claim their property. To the extent California Civil Procedure Code § 384 is applicable, the
11 Parties agree that this disposition results in no "unpaid residue" as the entire Class Payout
12 Fund will be paid out to Class Members, whether or not they all cash their Class Member
13 Payments. Therefore, Defendants will not be required to pay any interest on said amounts.
14 Should the court disapprove of the Parties' aforementioned method of handling unclaimed
15 funds, the Parties agree to select a cy pres beneficiary as recipient of said funds. Plaintiffs
16 and Class Counsel shall identify and propose the potential cy pres beneficiar(ies) and
17 Defendants' consent thereto shall not be unreasonably withheld, so long as the proposed
18 beneficiar(ies) meet the qualifications outlined in California Code of Civil Procedure
19 § 384(b). If the Parties still cannot mutually agree upon a cy pres beneficiary, each Party
20 shall submit their proposed cy pres beneficiary candidate(s) and the final determination shall
21 be made by the court.

22 7. No Effect on Employee Benefits. The Named Plaintiffs Enhancement
23 Payments, Class Member Payments, and PAGA Payments paid to Named Plaintiffs, PAGA
24 Aggrieved Employees, and Class Members shall be deemed not to be pensionable earnings
25 and shall not have any effect on the eligibility for, or calculation of, any employee benefits
26 (e.g., vacations, holiday pay, retirement plans, etc.) of the respective Named Plaintiffs,
27 PAGA Aggrieved Employees, or Class Members. The Parties agree that any Named
28 Plaintiffs Enhancement Payments, Class Member Payments, and PAGA Payments paid to

1 Named Plaintiffs, Class Members, and PAGA Aggrieved Employees under the terms of this
2 Settlement Agreement do not represent any modification of Named Plaintiffs', Class
3 Members', or PAGA Aggrieved Employees' previously credited hours of service or other
4 eligibility criteria under any employee pension benefit plan or employee welfare benefit plan
5 sponsored by Defendants or any of the Released Parties. Further, any Named Plaintiffs
6 Enhancement Payments, Class Member Payments, or PAGA Payments shall not be
7 considered "compensation" in any year for purposes of determining eligibility for, or benefit
8 accrual within, an employee pension benefit plan or employee welfare benefit plan
9 sponsored by Defendants or any of the Released Parties.

10 **C. Taxation**

11 1. Tax Treatment of Class Member Payments. Defendants dispute the
12 misclassification allegations of Plaintiffs and the Class and do not concede that any amounts
13 paid to Plaintiffs and the Class by way of this settlement constitute "wages" arising from an
14 employment relationship, and based on the Court's January 23, 2024 Order it appears
15 Plaintiffs' wage claims would likely have been disposed of by the Court at the summary
16 judgment phase. Thus, each Class Member Payment shall be allocated between taxable and
17 non-taxable consideration as follows: 100% will be allocated to alleged penalties,
18 reimbursement of expenses and interest for which an IRS Form 1099 will issue, if required
19 by law. Each Class Member shall be responsible for ensuring that any taxes due on his or
20 her 1099 portion of the Class Member Payments are paid.

21 To the extent any Class Member Payments finally approved are deemed wages
22 for which taxes are due, the Settlement Administrator will be responsible for calculating the
23 employer-side and employee-side taxes owed on any wage portion of each Class Member
24 Payment and deducting and paying employer and employee-side payroll taxes to the
25 appropriate state and federal agencies, within the timing required by applicable state and
26 federal law. Each Class Member shall be responsible for ensuring that any taxes due on their
27 1099 portion of the Class Member Payments are paid. Any employer-side payroll taxes on
28 any portion of the Class Member Payments allocated to wages shall be separately paid by

1 Defendant to the Settlement Administrator.

2 2. Tax Treatment of PAGA Payments. The PAGA Payment distributed
3 to each PAGA Aggrieved Employee will be treated entirely as non-wage civil penalties, and
4 will be reported as such to each PAGA Aggrieved Employee on an IRS Form 1099 misc., if
5 required by law. Each PAGA Aggrieved Employee shall be responsible for ensuring that
6 any taxes due on his or her 1099 portion of the PAGA Payments are paid.

7 3. Tax Liability. The Parties make no representation as to the tax
8 treatment or legal effect of the payments called for hereunder, and the Parties, Class
9 Members, and PAGA Aggrieved Employees are not relying on any statement,
10 representation, or calculation by any of the Parties or by the Settlement Administrator in this
11 regard. Named Plaintiffs, Class Members, and PAGA Aggrieved Employees understand
12 and agree that except for the employer's portion of any payroll taxes, Named Plaintiffs, Class
13 Members, and PAGA Aggrieved Employees will be solely responsible for the payment of
14 any taxes and penalties assessed on the payments described herein. Each Party to this
15 Settlement Agreement (for purposes of this section, the "acknowledging party" and each
16 party to this agreement other than the acknowledging party, an "other party") acknowledges
17 and agrees that (1) no provision of this Settlement Agreement, and no written
18 communication or disclosure between or among the Parties or their attorneys and other
19 advisers, is or was intended to be, nor shall any such communication or disclosure constitute
20 or be construed or be relied upon as, tax advice within the meaning of United States Treasury
21 Department Circular 230 (31 C.F.R. Part 10, as amended); (2) the acknowledging party (a)
22 has relied exclusively upon their own, independent legal and tax counsel for advice
23 (including tax advice) in connection with this Settlement Agreement, (b) has not entered into
24 this Settlement Agreement based upon the recommendation of any other party or any
25 attorney or advisor to any other party, and (c) is not entitled to rely upon any communication
26 or disclosure by any attorney or advisor to any other party to avoid any tax penalty that may
27 be imposed on the acknowledging party; and (3) no attorney or advisor to any other Party
28 has imposed any limitation that protects the confidentiality of any such attorney's or

1 adviser's tax strategies (regardless of whether such limitation is legally binding) upon
2 disclosure by the acknowledging party of the tax treatment or tax structure of any
3 transaction, including any transaction contemplated by this Settlement Agreement.

4 **D. Injunctive Relief**

5 As part of this Settlement, Defendants shall not be required to enter into any consent
6 decree, nor shall Defendants be required to agree to any provision for injunctive relief, or to
7 modify or eliminate any of its classification, personnel, compensation, or payroll practices
8 or policies, or adopt any new classification, personnel, compensation, or payroll practices or
9 policies.

10 **E. Release of Claims**

11 1. Class Member Release. As of the Effective Date, all Class Members
12 fully and finally release the Released Parties from any and all claims that arose during the
13 Class Period based on the facts, factual predicates, theories, transactions or occurrences, and
14 primary rights alleged in the Lawsuit, including without limitation claims related to
15 independent contractor misclassification, including declaratory relief, claims for unpaid
16 wages, including failure to pay minimum wages, failure to pay straight time compensation,
17 overtime compensation, double-time compensation, and/or interest; claims for missed, late,
18 short or interrupted meal and/or rest periods or any allegation that meal or rest periods were
19 not provided, including any claim for any alleged failure to pay premiums for missed, late,
20 short or interrupted meal or rest periods, or to pay such premiums at the regular rate of
21 compensation; claims for failure to timely pay all earned wages; claims for reimbursement
22 for business expenses or any other claim that Defendants allowed or required Class Members
23 to bear any of the costs associated with the operation of Defendants' business; claims for
24 failure to pay all wages due upon separation of employment and within the required time;
25 claims for unlawful deductions; claims for failure to furnish accurate itemized wage
26 statements; any claim for unfair business practices arising out of or related to any or all of
27 the aforementioned claims; any claim for penalties arising out of or related to any or all of
28 the aforementioned claims, including, but not limited to, recordkeeping penalties, wage

1 statement penalties, minimum wage penalties, liquidated damages, and waiting time
2 penalties; and claims for attorneys' fees and costs. The claims released by the Class
3 Members include any and all claims that arise out of or arise in connection with the claims
4 and facts alleged in the Lawsuit, and any claims which could have been asserted in the
5 Lawsuit arising from the alleged facts, factual predicates, theories, transactions or
6 occurrences, and/or primary rights alleged to have been invaded, to the fullest extent
7 permitted by law.

8 2. Release of PAGA Claims. As of the date of the Effective Date, PAGA
9 Aggrieved Employees and the LWDA fully and finally release the Released Parties from all
10 claims under the PAGA associated with any and all claims that arose during the PAGA
11 Period based on the facts, factual predicates, theories, transactions or occurrences, and
12 primary rights alleged in the Lawsuit, including without limitation claims related to
13 independent contractor misclassification, including declaratory relief, claims for unpaid
14 wages, including failure to pay minimum wages, failure to pay straight time compensation,
15 overtime compensation, double-time compensation, and/or interest; claims for missed, late,
16 short or interrupted meal and/or rest periods or any allegation that meal or rest periods were
17 not provided, including any claim for any alleged failure to pay premiums for missed, late,
18 short or interrupted meal or rest periods, or to pay such premiums at the regular rate of
19 compensation; claims for failure to timely pay all earned wages; claims for reimbursement
20 for business expenses or any other claim that Defendants allowed or required Class Members
21 to bear any of the costs associated with the operation of Defendants' business; claims for
22 failure to pay all wages due upon separation of employment and within the required time;
23 claims for unlawful deductions; claims for failure to furnish accurate itemized wage
24 statements; any claim for unfair business practices arising out of or related to any or all of
25 the aforementioned claims; any claim for penalties arising out of or related to any or all of
26 the aforementioned claims, including, but not limited to, recordkeeping penalties, wage
27 statement penalties, minimum wage penalties, liquidated damages, and waiting time
28 penalties; and claims for attorneys' fees and costs. The claims released by the PAGA

1 Aggrieved Employees and LWDA also include any and all claims under the California
2 Private Attorneys General Act of 2004, Cal. Lab. Code § 2698 *et seq.* that arise out of or
3 arise in connection with the claims and facts alleged in the Lawsuit, and any claims which
4 could have been asserted in the Lawsuit arising from the alleged facts, factual predicate,
5 theories, transactions or occurrences, and/or primary rights alleged to have been invaded,
6 to the fullest extent permitted by law.

7 3. General Release by Named Plaintiffs Only. As of the date of Effective
8 Date, Named Plaintiffs fully and finally release the Released Parties from any and all claims,
9 known and unknown, under federal, state and/or local law, statute, ordinance, regulation,
10 common law, or other source of law now existing, including but not limited to claims arising
11 from or related to Named Plaintiffs' engagement as owner-operators and alleged
12 employment by Defendants ("Named Plaintiffs' Released Claims"). This release excludes
13 the release of claims not permitted by law. Named Plaintiffs' Released Claims include all
14 claims, whether known or unknown. Even if Named Plaintiffs discover facts in addition to
15 or different from those that Named Plaintiffs now know or believe to be true with respect to
16 the subject matter of Named Plaintiffs' Released Claims, those claims will remain released
17 and forever barred. Thus, Named Plaintiffs expressly waive and relinquishes the provisions,
18 rights and benefits of section 1542 of the California Civil Code (to the extent applicable,
19 which reads:

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

25 4. Notwithstanding the foregoing, Named Plaintiffs do not waive or
26 release any claim which cannot be waived or released by private agreement. Further,
27 nothing in this Settlement Agreement shall prevent Named Plaintiffs from filing a charge or
28 complaint with, or from participating in, an investigation or proceeding conducted by the

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

9 **F. Settlement Administrator Responsibilities**

10 1. The Settlement Administrator shall be responsible for preparing,
11 printing and mailing to the Class the Notice of Proposed Settlement of Class Action attached
12 as Exhibit 1 hereto as directed by the Court; calculating Class Member Payments and PAGA
13 Payments; calculating and withholding all required state and federal taxes, including those
14 owed by the Class Members, PAGA Aggrieved Employees, and Defendants as described
15 above; keeping track of objections; drafting and mailing checks to Class Members and
16 PAGA Aggrieved Employees; distributing Named Plaintiffs Enhancement Payments, the
17 Fees Award, the Costs Award, 75% of the PAGA Payment to the LWDA, and Settlement
18 Administration Costs; providing weekly status reports to counsel for the Parties; providing
19 a due diligence declaration for submission to the Court prior to the Final Approval hearing
20 and as otherwise required by the Court; and for such other tasks as the Parties mutually agree
21 or the Court orders the Settlement Administrator to perform. The Parties each represent they
22 do not have any financial interest in the Settlement Administrator or otherwise have a
23 relationship with the Settlement Administrator that could create a conflict of interest.

24 2. The Settlement Administrator's determination of eligibility for, and the
25 amounts of, any Class Member Payment and share of the PAGA Payment shall be
26 conclusive, final and binding on all Parties, including all Class Members and PAGA
27 Aggrieved Employees. The Settlement Administrator has no power or ability to increase
28 the amount of the Gross Settlement Amount.

1 3. To the extent any tax returns must be filed for the Gross Settlement
2 Amount pursuant to this Settlement Agreement, the Settlement Administrator shall cause to
3 be timely and properly filed all informational and other tax returns, if any, necessary with
4 respect to the Gross Settlement Amount. Such returns shall be consistent with this
5 paragraph. Any expenses and/or costs incurred in connection with the operation and
6 implementation of this paragraph (including, without limitation, reasonable expenses of tax
7 attorneys, accountants or other designees retained by the Settlement Administrator as
8 required for the preparation and filing of tax returns described in this paragraph) shall be
9 treated as, and considered to be, a cost of administration of the Settlement and shall be paid
10 from the Settlement Administration Costs.

11 4. No person shall have any claim against Defendants, the Released
12 Parties, Defendants' Counsel, Named Plaintiffs, Class Counsel or the Settlement
13 Administrator based on distributions and payments made in accordance with this Settlement
14 Agreement.

15 **G. Notice/Approval of Settlement and Settlement Implementation.** As part
16 of this Settlement, the Parties agree to the following procedures for obtaining preliminary
17 approval of the Settlement, notifying the Class and PAGA Aggrieved Employees, obtaining
18 final Court approval of the Settlement, and processing the settlement payments:

19 1. Preliminary Approval of Settlement

20 a. As set by the Court, Named Plaintiffs shall file a motion for
21 preliminary approval of the Settlement in the Lawsuit.

22 b. Named Plaintiffs' motion for preliminary approval shall include
23 this Settlement Agreement and will include proposed forms of all notices and other
24 documents as attached hereto necessary to implement the Settlement. Named Plaintiffs will
25 request an order from the Court preliminarily approving the Settlement, authorizing
26 distribution of notice of the Settlement, and setting a hearing date to determine Final
27 Approval of the Settlement. Class Counsel will be responsible for drafting all documents
28 necessary to obtain Preliminary Approval. Class Counsel shall make best efforts to provide

1 a draft Motion for Preliminary Approval a minimum of five (5) days prior to filing, to allow
2 Defendants' counsel opportunity to review and comment; however, this shall not be
3 construed as giving Defendants' or Defendants' counsel any right over the final form and
4 content of, or to require changes to, Plaintiffs' motion for preliminary approval. Should
5 Class Counsel fail to provide the documents five (5) days in advance of filing, Class Counsel
6 agree to stipulate to a reasonable extension of filing deadlines to allow Defendants' counsel
7 opportunity to review and comment should Defendants so elect.

8 2. LWDA Notice. Pursuant to the PAGA, concurrently with the filing of
9 the motion for preliminary approval, Named Plaintiffs will, pursuant to California Labor
10 Code § 2699(l), provide notice of the proposed Settlement to the LWDA. The Parties intend
11 and believe that the notice pursuant to the procedures described in this section complies with
12 the requirements of the PAGA.

13 3. CAFA Notice. Within ten (10) calendar days after Named Plaintiffs
14 move for preliminary approval of this Settlement, Defendants will mail notices to the
15 Attorney General of the United States, the Attorney General of the State of California, the
16 Attorney General of the State of Arizona, and the Attorney General of any other state where
17 a Class Member is believed to reside, in accordance with the Class Action Fairness Act of
18 2005.

19 4. Notice to Class.

20 a. Delivery of the Class Member and PAGA Aggrieved Employee
21 List. Within fourteen (14) days of entry of an order preliminarily approving this Settlement,
22 the Parties will provide the Class Member List and PAGA Aggrieved Employee List to the
23 Settlement Administrator, which shall be used solely for the administration of this
24 Settlement and for no other purpose, and shall not be shared with any persons or entity not
25 employed by the Settlement Administrator and working on the administration of this
26 Settlement. Access to such Class Member List and PAGA Aggrieved Employee List shall
27 be limited to employees of the Settlement Administrator with a need to use the lists for
28 administration of the Settlement. In the event that the Settlement Agreement is not finally

1 approved by the Court, or if it is in any way altered or disapproved on appeal, the Settlement
2 Administrator shall not thereafter use the Class Member List and PAGA Aggrieved
3 Employee List, and shall destroy any and all copies or versions of the lists (including any in
4 electronic form).

5 b. Notice By First-Class Mail. Within twenty-one (21) calendar
6 days after receipt of the Class Member List, the Settlement Administrator shall mail a
7 settlement notice to Class Members via first-class regular U.S. mail. Class Members will
8 have thirty (30) days from the mailing of the class notice to object to the Class Members
9 (the “Objection Deadline”). Prior to mailing, the Settlement Administrator will perform a
10 search based on the National Change of Address Database information to update and correct
11 for any known or identifiable address changes and, if necessary, perform reasonable skip-
12 tracing efforts to locate Class Members. If a new address is obtained by way of a returned
13 settlement notice, the Settlement Administrator shall promptly forward the original class
14 notice to the updated address via first-class regular U.S. mail indicating on the original class
15 notice the date of such re-mailing.

16 c. Notice Satisfies Due Process. Compliance with the notice
17 procedures specified in this Settlement Agreement shall constitute due and sufficient notice
18 to the Class of this Settlement and shall satisfy the requirements of due process. Nothing
19 else shall be required of, or done by, the Parties, Class Counsel or Defendants’ Counsel to
20 provide notice of the proposed Settlement. In the event that the procedures in this Settlement
21 Agreement are followed and the intended recipient of a Notice of Settlement still does not
22 receive the settlement notice, the intended recipient shall remain a Class Member and will
23 be bound by all the terms of the Settlement and the Final Approval entered by the Court if
24 the Settlement becomes effective.

25 5. Objections.

26 a. Procedure for Objecting. The settlement notice shall provide
27 that individuals in the Class who wish to object to the Settlement must submit a written
28 statement to the Settlement Administrator by the Objection Deadline. A written objection

1 must explain that the Class Member objects to the Settlement Agreement and the reasons for
2 objecting; contain the full name, address, telephone number, and last four digits of the Social
3 Security number of the objecting Class Member; be signed by the Class Member; and, be
4 postmarked on or before the Objection Deadline. No PAGA Aggrieved Employee may
5 object to the PAGA Payment, as no such right exists under the law. Unless otherwise
6 ordered by the court, no Class Member shall be entitled to be heard at the Final Approval
7 hearing (whether individually or through separate counsel) or to object to the Settlement,
8 and no written objections or briefs submitted by any individual in the Class shall be received
9 or considered by the Court at the Final Approval hearing, unless written notice of intention
10 to appear at the Final Approval hearing, and any written objections, have been provided to
11 the Settlement Administrator on or before the Objection Deadline. The Parties will be
12 permitted to respond in writing to such objections prior to the Final Approval hearing. Any
13 Class Member who fails to file and serve timely written objections in the manner specified
14 above shall remain a Class Member and shall be deemed to have waived any objections and
15 shall be foreclosed from making any objection (whether by appeal or otherwise) to the
16 Settlement.

17 b. No Solicitation of Settlement Objections. The Parties agree to
18 use their best efforts to carry out the terms of this Settlement. At no time shall any of the
19 Parties, or their counsel, seek to directly or indirectly solicit or otherwise encourage the Class
20 to submit written objections to the Settlement or appeal from the Court's final judgment.

21 6. Inclusion of Certified Class Members

22 a. The Court certified the Class in an order dated January 11, 2022.
23 Notice and an opportunity to request exclusion under Fed. R. Civ. P. 23(b)(3) was provided
24 to the Class on December 7, 2022. No Class Member requested exclusion by the deadline.
25 The Parties agree that no further opportunity to request exclusion is necessary, and no Party
26 will request such an opportunity from the Court.

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1 b. The Parties recognize that Class Members Robert Lira, Matthew
2 Lofton, Alejandro Patino-Garcia, Ernest Carter, and Guillermo Rosete (the “Blackstone
3 Class Members”) retained Blackstone Law APC (Blackstone) as their counsel after the close
4 of the class member exclusion deadline. None of the Blackstone Class Members submitted
5 a timely request for exclusion from the Class following class certification, nor at any time
6 after retaining Blackstone as their Counsel. It is Defendants’ position that, as part of the
7 certified class, the Blackstone Class Members have no right to seek or obtain exclusion from
8 this settlement. Plaintiffs and Class Counsel take no position as to whether the Blackstone
9 Class Members may seek or obtain exclusion from the instant settlement. This settlement is
10 not contingent upon the inclusion of the Blackstone Class Members; however, unless
11 otherwise ordered by the court, the Blackstone Class Members shall not be permitted any
12 special opportunity to opt-out.

13 7. Certification Reports by the Settlement Administrator.

14 a. The Settlement Administrator will, on a weekly basis during and
15 for a reasonable period following distribution of the settlement notice, provide updates to
16 Class Counsel and Defendants’ Counsel as to the number of individuals in the Class who
17 submitted objections. All written objections shall be provided to the Parties’ counsel within
18 five (5) calendar days of receipt by the Settlement Administrator. To the extent practicable,
19 the weekly updates shall also provide updated data on the number of settlement notices that
20 are returned undeliverable and any re-mailing efforts.

21 b. Within five (5) calendar days after the Objection Deadline, the
22 Settlement Administrator will prepare a declaration to be provided to Class Counsel and
23 Defendants’ Counsel for filing in support of Named Plaintiffs’ motion for Final Approval
24 attesting to the following: (i) its mailing efforts regarding the settlement notice; and (ii) any
25 objections received. The Settlement Administrator will also prepare and submit to Class
26 Counsel and Defendants’ Counsel for filing in support of the motion any supplemental
27 declaration(s) as may be needed.

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1 c. Nullification of Settlement Agreement. In the event the Court
2 does not enter a Final Approval order and final judgment as provided in this Settlement, a
3 Final Approval order or judgment entered in accordance with this Settlement is reversed by
4 an appellate court, or the Settlement does not become final for any other reason, this
5 Settlement Agreement shall be null and void and any order or judgment entered by the Court
6 in furtherance of this Settlement shall be treated as void ab initio. In such a case, the Parties
7 and any funds to be awarded under this Settlement shall be returned to their respective
8 statuses as of the date and time immediately prior to the execution of this Settlement
9 Agreement, and the Parties shall proceed in all respects as if this Settlement Agreement had
10 not been executed, except that any fees already incurred by the Settlement Administrator
11 shall be borne equally by the Parties. In the event an appeal is filed from the Court's final
12 judgment, or any other appellate review is sought prior to the Effective Date, administration
13 of the Settlement shall be stayed pending final resolution of the appeal or other appellate
14 review.

15 8. Final Approval Hearing and Entry of Final Judgment.

16 a. Following the expiration of the Objection Deadline, a Final
17 Approval hearing shall be set by the court and conducted to determine Final Approval of the
18 Settlement along with the amount properly payable for (i) the Fees Award and Costs Award,
19 (ii) Named Plaintiffs Enhancement Payments, (iii) Settlement Administrator's Expenses,
20 (iv) Class Member Payments; and (v) the PAGA Payments. Upon Final Approval of the
21 Settlement, the Parties shall present a proposed final judgment to the Court for its approval.
22 Class Counsel will be responsible for drafting all documents necessary to obtain Final
23 Approval, including a proposed order and judgment. Class Counsel shall provide these
24 documents a minimum of five (5) days prior to filing, to allow Defendants' counsel
25 opportunity to review and comment; however, this shall not be construed as giving
26 Defendants' or Defendants' counsel any right over the final form and content of, or to require
27 changes to, Plaintiffs' motion for final approval.

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

6 c. Upon completion of administration of the Settlement, Named
7 Plaintiffs and Class Counsel shall provide written certification, under penalty of perjury, of
8 such completion to the Court and Defendants' Counsel.

9 9. Administration Costs. All of Defendants' own legal fees, costs and
10 expenses incurred in the Lawsuit shall be borne by Defendants. As set forth above, claims
11 administration expenses will be paid from the Gross Settlement Amount. The Parties agree
12 to cooperate in the Settlement administration process and to make all reasonable efforts to
13 control and minimize the costs and expenses incurred in administration of the Settlement.

14 **IV. Other Provisions**

15 A. **Publicity.** The Parties agree that neither Defendants, Defendants' Counsel,
16 Named Plaintiffs, nor Class Counsel shall issue any public press release or public
17 announcement regarding the Settlement. Named Plaintiffs and Class Counsel agree that,
18 prior to preliminary approval of the Settlement, they will keep the terms of the Settlement
19 confidential except for purposes of communicating with Named Plaintiffs; however, this
20 term shall not be construed to limit or prohibit any required communications with the Class,
21 the court, or others necessary to satisfy counsel's professional/ethical obligations and/or the
22 duties and responsibilities as Class Counsel. Named Plaintiffs shall be informed that the
23 Settlement is confidential and shall be advised to keep the Settlement confidential. Named
24 Plaintiffs and Class Counsel may comment regarding the specific terms of the Settlement
25 (1) as required by law; (2) as required under the terms of the Settlement; or (3) as required
26 under counsel's duties and responsibilities as Class Counsel. Named Plaintiffs shall not, at
27 any time, advertise or mention the terms of the Settlement on social media; shall not discuss
28 the terms of the Settlement with media or general public or issue press releases; and shall

1 limit any statements regarding the terms of the Settlement to that information that is publicly
2 available. Class Counsel shall not, at any time, advertise or mention the terms of the
3 Settlement on personal or firm website(s); shall not discuss the terms of the Settlement with
4 media or general public or issue press releases; and shall limit any statements regarding the
5 terms of the Settlement to that information that is publicly available. Nothing in this
6 Paragraph is intended to interfere with Class Counsel's duties and obligations to faithfully
7 discharge their duties as Class Counsel.

8 **B. Privacy of Documents and Information.** Named Plaintiffs and Class
9 Counsel agree that none of the documents and information provided to them by Defendants
10 or as part of this Settlement shall be used for any purpose other than settlement of the
11 Lawsuit. This term shall not be construed to prohibit Plaintiffs and Class Counsel from
12 complying with a valid subpoena, court order, professional ethical obligations, or any other
13 obligations as required by law.

14 **C. No Admission by the Released Parties.**

15 1. The Released Parties, including Defendants, deny any and all claims
16 alleged in the Lawsuit and deny any and all wrongdoing whatsoever. This Settlement
17 Agreement is not a concession or admission, and shall not be used against Defendant or any
18 of the Released Parties as an admission or indication with respect to any claim of any fault,
19 concession or omission by Defendant or any of the Released Parties. Whether or not the
20 Settlement is finally approved, neither the Settlement, nor any document, statement,
21 proceeding or conduct related to this Settlement Agreement, nor any reports or accounts
22 thereof, shall in any event be: (1) construed as, offered or admitted in evidence as, received
23 as, or deemed to be evidence for any purpose adverse to the Released Parties, including, but
24 not limited to, evidence of a presumption, concession, indication or admission by any of the
25 Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or (2)
26 disclosed, referred to or offered or received in evidence against any of the Released Parties,
27 in any further proceeding in the Lawsuit, or any other civil, criminal or administrative action
28 or proceeding, except for purposes of settling the Lawsuit pursuant to this Settlement

1 Agreement.

2 2. The Released Parties, including Defendants, shall have the right to use
3 this Settlement, including the Releases set forth above, to defend against any claims asserted
4 by or on behalf of Class Members, PAGA Aggrieved Employees, or the LWDA, that are
5 encompassed within the Releases, whether such claims are asserted in the Lawsuit or any
6 other lawsuit.

7 **D. Headings.** The descriptive headings of any paragraphs or sections of this
8 Settlement Agreement are inserted for convenience of reference only and do not constitute
9 a part of this Settlement Agreement.

10 **E. Interim Stay of Proceedings.** The Parties agree to hold all proceedings in the
11 Lawsuit, except such proceedings necessary to implement and complete the Settlement, in
12 abeyance pending the Final Approval hearing to be conducted by the Court.

13 **F. Amendment or Modification.** This Settlement Agreement may be amended
14 or modified only by a written instrument signed by all Parties or their successors-in-interest.

15 **G. Entire Agreement.** This Settlement Agreement and any attached Exhibits
16 constitute the entire agreement among these Parties with respect to resolution of the Lawsuit.
17 To the extent there are any other oral or written agreements relating to the subject matter of
18 this Settlement Agreement, this Settlement Agreement controls and supersedes all such
19 agreements. No oral or written representations, warranties or inducements have been made
20 to any Party concerning this Settlement Agreement or its Exhibit other than the
21 representations, warranties and covenants contained and memorialized in this Settlement
22 Agreement and attached Exhibit.

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

1 cooperate with each other and use their best efforts to effect the implementation of the
2 Settlement.

3 **I. Binding on Successors and Assigns.** This Settlement Agreement shall be
4 binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as
5 previously defined.

6 **J. Arizona Law Governs.** All terms of this Settlement Agreement and the
7 Exhibit hereto shall be governed by and interpreted according to the laws of the State of
8 Arizona.

9 **K. Counterparts.** This Settlement Agreement may be executed in one or more
10 counterparts. All executed counterparts and each of them shall be deemed to be one and the
11 same instrument provided that counsel for the Parties to this Settlement Agreement shall
12 exchange among themselves original signed counterparts.

13 **L. This Settlement is Fair, Adequate and Reasonable.** The Parties believe this
14 Settlement is a fair, adequate and reasonable settlement of the Lawsuit and have arrived at
15 this Settlement in arms-length negotiations, taking into account all relevant factors, present
16 and potential. This Settlement was reached after extensive negotiations.

17 **M. Jurisdiction.** The Court shall retain jurisdiction with respect to the
18 interpretation, implementation and enforcement of the terms of this Settlement Agreement
19 and all orders and judgments entered in connection therewith, and the parties and their
20 counsel hereto submit to the jurisdiction of the Court for purposes of interpreting,
21 implementing and enforcing the settlement embodied in this Settlement Agreement and all
22 orders and judgments entered in connection therewith.

23 **N. Cooperation and Drafting.** Each of the parties has cooperated in the drafting
24 and preparation of this Settlement Agreement. Hence, in any construction made to this
25 Settlement Agreement, the same shall not be construed against any of the Parties.

26 **O. Invalidity of Any Provision.** Before declaring any provision of this
27 Settlement Agreement invalid, the Court shall first attempt to construe the provisions valid
28 to the fullest extent possible consistent with applicable precedents so as to define all

1 provisions of this Settlement Agreement valid and enforceable.

2 **P. Severability.** Should any clause or provision of this Settlement Agreement be
3 declared illegal or unenforceable, it shall be modified or reformed as minimally necessary
4 to be enforceable. If the provision cannot be modified or reformed to be enforceable, such
5 provision shall be severed and deemed null and void, leaving the remainder of this
6 Settlement Agreement in full force and effect.

7 **Q. Named Plaintiffs General Release Remains Effective.** Named Plaintiffs
8 agree to sign this Settlement Agreement, and by signing this Settlement Agreement they are
9 bound by the terms herein stated upon Final Approval, including without limitation the
10 general release set forth above. Named Plaintiffs shall each retain their right to participate
11 as a Class Member under this Settlement Agreement.

12 **R. No Liens or Encumbrances**

13 Named Plaintiffs and Class Counsel represent and warrant that there are no liens or
14 encumbrances on any amounts payable under this Settlement Agreement, including on the
15 Gross Settlement Amount and any of its components, including the amounts allocated for
16 Fees Award and Costs Award to Class Counsel, Named Plaintiffs Enhancement Payments,
17 the Class Member Payments, the PAGA Payments (which includes payments to the LWDA),
18 and Settlement Administration Costs.

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27 *(signatures on next page)*
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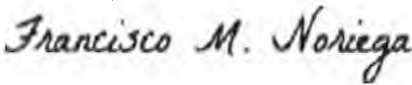
PLAINTIFF



Date: 04 / 20 / 2024

ROGER YANEZ

PLAINTIFF



Date: 04 / 19 / 2024

FRANCISCO NORIEGA

DEFENDANT KNIGHT TRANSPORTATION, INC.

Date:

By: Todd Carlson
Its: General Counsel

DEFENDANT KNIGHT TRUCK AND TRAILER SALES, LLC.

Date:

By: Todd Carlson
Its: General Counsel

APPROVED AS TO FORM BY:

MARLIN & SALTZMAN



Date: April 24, 2024

Cody Kennedy
Attorney for Roger Yanez, Francisco Noriega, and the Class

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Date:

John D. Ellis
Attorney for Knight Transportation, Inc. and Knight Truck and Trailer Sales, LLC

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PLAINTIFF

Date: _____ ROGER YANEZ

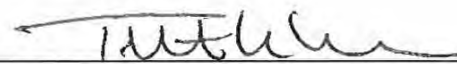
PLAINTIFF

Date: _____ FRANCISCO NORIEGA

DEFENDANT KNIGHT TRANSPORTATION, INC.

Date: 4-24-24 
By: Todd Carlson
Its: General Counsel

DEFENDANT KNIGHT TRUCK AND TRAILER SALES, LLC.

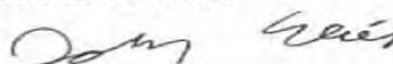
Date: 4-24-24 
By: Todd Carlson
Its: General Counsel

APPROVED AS TO FORM BY:

MARLIN & SALTZMAN

Date: _____
Cody Kennedy
Attorney for Roger Yanez, Francisco Noriega, and the Class

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Date: April 24, 2024 
John D. Ellis
Attorney for Knight Transportation, Inc. and Knight Truck and Trailer Sales, LLC