

1 **JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT**

2 This Joint Stipulation of Class Action and PAGA Settlement (“Settlement,” “Agreement,” or
3 “Settlement Agreement”) is made and entered into by and between Plaintiffs Ismael Mercado
4 (“Plaintiff Mercado”), Savannah Rhue (“Plaintiff Rhue”), and Alex Ortiz (“Plaintiff Ortiz”) (Plaintiffs
5 collectively referred to as “Plaintiffs” or “Class Representatives”), individually, and on behalf of all
6 others similarly situated and on behalf of the State of California with respect to aggrieved employees,
7 and Defendant Natural Alternatives International, Inc. (“Defendant”) (together, Plaintiffs and
8 Defendant are referred to as “Parties” and individually as “Party”).

9 This Settlement Agreement shall be binding on Plaintiffs, Settlement Class Members (as
10 defined herein), the State of California as to the employment of PAGA Employees (as defined herein),
11 and Defendant, subject to the terms and conditions hereof and the approval of the Court.

12 **RECITALS**

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14 1. On December 1, 2023, Plaintiffs Mercado and Rhue filed a putative “Class Action
15 Complaint for Damages” (“Class Action Complaint”) in the action entitled *Ismael Mercado et. al v.*
16 *Natural Alternatives International, Inc.*, San Diego County Superior Court Case No. 37-2023-
17 00052115-CU-OE-CTL (“Class Action”), thereby commencing a putative class action against
18 Defendant. On May 30, 2024, Defendant filed an Answer to the putative class action complaint
19 denying all allegations and asserting various affirmative defenses.

20 2. On June 21, 2024, Plaintiff Ortiz provided written notice to the Labor and Workforce
21 Development Agency (“LWDA”) by online submission and to Defendant by U.S. Certified Mail,
22 pursuant to California Labor Code Section 2699.3, of the specific provisions of the California Labor
23 Code alleged to have been violated by Defendant (“PAGA Letter”).

24 3. On August 26, 2024, Plaintiff Rhue filed a Complaint for Enforcement Action Under
25 the Private Attorneys General Act, Cal. Labor Code §§ 2698 *Et Seq.* in the action entitled *Alex Ortiz*
26 *v. Natural Alternatives International, Inc.*, San Diego County Superior Court Case No. 24CU008031C
27 (“PAGA Action”, together with the Class Action referred to as the “Actions”), which alleged one
28 cause of action under the Private Attorneys General Act of 2004 pursuant to California Labor Code

1 Section 2698 *et seq.* (“PAGA”) against Defendant. On November 27, 2024, Defendant filed an Answer
2 to the PAGA action denying all claims and asserting various affirmative defenses.

3 4. The Class Action Complaint alleges nine causes of action for violations of the
4 California Labor Code for failure to pay minimum wages, failure to pay overtime wages, failure to
5 provide compliant meal periods or premium payments in lieu thereof, failure to provide compliant rest
6 periods or premium payments in lieu thereof, failure to timely pay wages during employment, failure
7 to provide compliant wage statements, failure to timely pay wages upon termination, and failure to
8 reimburse necessary business expenses, and for violations of California Business & Professions Code
9 Section 17200, *et seq.* based on the aforementioned California Labor Code violations. The PAGA
10 Action alleges a sole cause of action for civil penalties under PAGA based on the aforementioned
11 California Labor Code violations.

12 5. Defendant denies any liability or wrongdoing of any kind whatsoever associated with
13 the claims alleged in the Actions, and further denies that, for any purpose other than settling these
14 Actions, these Actions are appropriate for class or representative treatment, and Defendant continues
15 to assert that its affirmative defenses apply. With respect to the claims in the Actions, Defendant
16 contends, among other things, that it has complied with all applicable state, federal and local laws
17 affecting Plaintiffs and the Class (as defined below). Notwithstanding, in the interest of avoiding
18 further litigation, Defendant desires to fully and finally settle the Actions, Released Class Claims (as
19 defined herein), and Released PAGA Claims (as defined herein). It is the desire of the Parties to fully,
20 finally and forever settle, compromise and discharge all disputes and claims arising from or related to
21 the Actions.

22 6. These Actions have been actively litigated since they were filed. There have been on-
23 going investigations by both Parties. Class Counsel diligently investigated the class and PAGA
24 claims against Defendant, including any and all applicable defenses and the applicable law. The
25 investigation included, *inter alia*, the exchange of information, data, and documents, and review of
26 corporate policies and practices. The Parties have engaged in sufficient informal discovery and
27 investigation to assess the relative merits of the claims and contentions of the Parties.

28 7. On July 3, 2025, the Parties participated in mediation with Monique Ngo-Bonnici (the

“Mediator”), a respected mediator of complex wage and hour actions. The Mediator evaluated the case and made a mediator’s proposal, which the Parties accepted. The Parties have executed a Memorandum of Understanding of Settlement which is now memorialized herein. The Parties’ settlement discussions were conducted at arm’s length, and the Settlement is the result of an informed and detailed analysis of Defendant’s potential liability, risks, and exposure in relation to the costs associated with continued litigation. Based on Class Counsel’s investigation and evaluation, Class Counsel believes that the settlement with Defendant for the consideration and on the terms set forth in this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class Members, State of California, and PAGA Employees in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation and various defenses asserted by Defendant. Defendant and Defendant's counsel also agree that the Settlement is fair and in the best interest of the Parties.

8. On September 5, 2025 the Parties orally stipulated before the Court to consolidated the Class Action and PAGA Action. The Court granted the Parties’ stipulation and issued a minute order consolidating the Actions, and designating the Class Action as the lead case, assigning Case No. 37-2023-00082116-CU-OE-CTL to the consolidated case. The allegations in the Class Action Complaint and the allegations in the PAGA Action Complaint are herein collectively referred to as “the Operative Complaint.”

9. The Parties expressly acknowledge that this Settlement Agreement is entered into solely for the purpose of compromising significantly disputed claims and defenses, and that nothing herein is an admission of liability or wrongdoing by Defendant. If for any reason this Settlement Agreement is not approved, it will be of no force or effect, and the Parties shall be returned to their original respective positions and resume litigation.

DEFINITIONS

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

a. “Attorneys’ Fees and Costs” means attorneys’ fees approved by the Court for Class Counsel’s litigation and resolution of the Actions and all actual costs and expenses incurred and

1 to be incurred by Class Counsel in connection with the Actions, as set forth in Paragraph 13.

2 b. “Class” or “Class Member(s)” means all current and former hourly-paid and/or
3 non-exempt employees who worked for Defendant in the State of California at any time during the
4 Class Period. The Class, however, shall not include any person who previously settled or released the
5 claims covered by the Released Class Claims (defined below), any person who previously was paid
6 or received awards through civil or administrative actions for the claims covered by the Released Class
7 Claims, or any person who submits a timely and valid Request for Exclusion as provided herein.

8 c. “Class Counsel” means Jonathan M. Genish, Barbara DuVan-Clarke, Danielle
9 L. GruppChang, P.J. Van Ert, Melissa Rodriguez, and Annabel Blanchard of Blackstone Law, APC,
10 who will seek to be appointed counsel for the Class.

11 d. “Class List” means a complete list of all Class Members that Defendant will
12 diligently and in good faith compile from its records and provide to the Settlement Administrator. The
13 Class List will be formatted in a readable Microsoft Office Excel spreadsheet containing the following
14 information for each Class Member: (1) full name; (2) last known mailing address; (3) Social Security
15 number; (4) dates worked for Defendant as an hourly-paid and/or non-exempt employee during the
16 Class Period; and (5) such other information as is necessary for the Settlement Administrator to
17 calculate Workweeks and Pay Periods.

18 e. “Class Notice” means the Notice of Class Action Settlement, substantially in
19 the form attached hereto as “**Exhibit A**.”

20 f. “Class Period” means the period from January 1, 2019, through September 3,
21 2025.

22 g. “Class Settlement” means the settlement and resolution of all Released Class
23 Claims.

24 h. “Court” means the Superior Court of the State of California for the County of
25 San Diego.

26 i. “Defendant’s Counsel” means David Fisher and Rob Phillips of FisherBroyles,
27 LLP.

28 j. “Dispute” means a letter submitted by a Class Member disputing the number of

1 Workweeks and/or Pay Periods which have been credited to them, which must: (a) contain the case
2 name and number of the Action; (b) contain the Class Member's full name, signature, address,
3 telephone number, and the last four (4) digits of the Class Member's Social Security number; (c)
4 clearly state that the Class Member disputes the number of Workweeks and/or Pay Periods credited to
5 the Class Member and what the Class Member contends is the correct number; and (d) be returned by
6 mail to the Settlement Administrator at the specified address, postmarked on or before the Response
7 Deadline.

8 k. "Effective Date" means the following: (i) if no Settlement Class Member
9 objects to the Class Settlement, then the Effective Date will be the date of Final Approval; or (ii) if
10 any Settlement Class Member objects to the Class Settlement, the Effective Date will be the sixty-first
11 (61st) calendar day after the date of Final Approval, provided no appeal is initiated by an objector; or
12 (iii) if a timely appeal is initiated by an objector, then the Effective Date will be the day after final
13 resolution of that appeal (including any requests for rehearing and/or petitions for certiorari), resulting
14 in final judicial approval of the Settlement.

15 l. "Employer Taxes" means the employer's share of taxes and contributions in
16 connection with the wages portion of Individual Settlement Shares, which shall be paid by Defendant
17 in addition to the Gross Settlement Amount.

18 m. "Enhancement Payment(s)" means the amount to be paid to each of the
19 Plaintiffs, in recognition of their effort and work in prosecuting the Actions on behalf of Class
20 Members and PAGA Employees, and general release of claims, as set forth in Paragraph 14.

21 n. "Final Approval" means the determination by the Court that the Settlement is
22 fair, reasonable, and adequate, and entry of the Final Approval Order and Judgment based thereon.

23 o. "Final Approval Hearing" means the hearing at which the Court will consider
24 and determine whether the Settlement should be granted Final Approval.

25 p. "Final Approval Order and Judgment" means the order granting final approval
26 of the Settlement and entering judgment thereon, in a form and content mutually agreed to by the
27 Parties, and subject to approval by the Court.

28 q. "Gross Settlement Amount" means the amount of One Million Two Hundred

1 and Fifty Thousand Dollars and Zero Cents (\$1,250,000.00) to be paid by Defendant in full satisfaction
2 of the Actions, Released Class Claims, and Released PAGA Claims, which includes all Attorneys'
3 Fees and Costs, Enhancement Payment, PAGA Amount, Settlement Administration Costs, and Net
4 Settlement Amount to be paid to the Settlement Class Members. Defendant shall pay the Employer
5 Taxes separately and in addition to the Gross Settlement Amount. The Gross Settlement Amount is
6 non-reversionary; no portion of the Gross Settlement Payment will be returned to Defendant. The
7 Gross Settlement Amount is subject to increase, as provided in Paragraph 17. Unless triggered by the
8 Escalator Clause described in Paragraph 17, and except for the employer's portion of taxes, the Gross
9 Settlement Amount will be the maximum total payment under the Settlement that Defendant will pay.

10 r. "Individual PAGA Payment" means the *pro rata* share of the PAGA Employee
11 Amount that a PAGA Employee may be eligible to receive under the PAGA Settlement, to be
12 calculated in accordance with Paragraph 19.

13 s. "Individual Settlement Payment" means the net payment of each Settlement
14 Class Member's Individual Settlement Share, after reduction for the employee's share of taxes and
15 withholdings with respect to the wages portion of the Individual Settlement Share, as provided in
16 Paragraph 20.

17 t. "Individual Settlement Share" means the *pro rata* share of the Net Settlement
18 Amount that a Class Member may be eligible to receive under the Class Settlement, to be calculated
19 in accordance with Paragraph 18.

20 u. "LWDA Payment" means the amount of Thirty-Two Thousand and Five
21 Hundred Dollars and Zero Cents (\$32,500.00) i.e., 65% of the PAGA Amount that the Parties have
22 agreed to allocate from the Gross Settlement Amount as consideration for the release of the Released
23 PAGA Claims, as set forth in Paragraph 15.

24 v. "Net Settlement Amount" means the portion of the Gross Settlement Amount
25 that is available for distribution to Settlement Class Members, which is the Gross Settlement Amount
26 less the Court-approved Attorneys' Fees and Costs, Enhancement Payments, PAGA Amount, and
27 Settlement Administration Costs.

28 w. "Notice of Objection" means a Settlement Class Member's written objection to

the Class Settlement, which must: (a) contain the case name and number of the Action; (b) contain the objector's full name, signature, address, telephone number, and the last four (4) digits of the objector's Social Security number; (c) contain a written statement of all grounds for the objection accompanied by any legal support for such objection; (d) contain copies of any papers, briefs, or other documents upon which the objection is based; and (e) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

x. "PAGA Amount" means the allocation of Fifty Thousand Dollars and Zero Cents (\$50,000.00), from the Gross Settlement Amount for the PAGA Settlement. Sixty-five percent (65%) of the PAGA Amount, or \$32,500.00 will be paid to the LWDA (i.e., the LWDA Payment) and the remaining thirty-five percent (35%), or \$17,500.00 will be distributed to the PAGA Employees (i.e., the PAGA Employee Amount).

y. "PAGA Employee(s)" means all current and former hourly-paid and/or non-exempt employees who worked for Defendant in the State of California at any time during the PAGA Period.

z. "PAGA Employee Amount" means the amount of Seventeen Thousand Five Hundred Dollars and Zero Cents (\$17,500.00), i.e., 35% of the PAGA Amount, to be distributed to PAGA Employees on a *pro rata* basis based on their Pay Periods.

aa. "PAGA Period" means the period from June 21, 2023, through September 3, 2025

bb. "PAGA Settlement" means the settlement and resolution of all Released PAGA Claims.

cc. "Pay Periods" means the number of pay periods each PAGA Employee worked for Defendant as an hourly-paid and/or non-exempt employee in California during the PAGA Period. Pay Periods will be calculated by the Settlement Administrator.

dd. "Preliminary Approval" means the date on which the Court enters the Preliminary Approval Order.

ee. "Preliminary Approval Order" means the order granting preliminary approval of the Settlement, in a form and content mutually agreed to by the Parties, and subject to approval by

1 the Court.

2 ff. “Released Class Claims” means any and all claims under state, federal and local
3 law which were alleged or which could have been reasonably alleged based on the factual allegations
4 in the Operative Complaint, arising during the Class Period, which shall specifically include, but are
5 not limited to, claims for Defendant’s alleged failure to pay overtime and minimum wages, provide
6 compliant meal and rest periods and associated premium payments, including second meal period
7 premiums, unpaid wages, unpaid overtime or double time wages, unpaid minimum wages, off-the-
8 clock work, regular rate of pay, failure to pay wages of any kind during employment or due at
9 separation, failure to provide accurate and itemized wage statements, failure to maintain payroll
10 records as required by law, failure to reimburse for business expenses, unfair competition, unfair
11 business practices, unlawful business practices, fraudulent business practices, working conditions and
12 compensation arrangements, penalties, interest, fees, costs, and any other claims of violations of
13 California Labor Code Sections 201, 202, 203, 204, 210, 226(a), 226.7, 510, 512(a), 1194, 1197,
14 1197.1, 1198, 2800, and 2802, the applicable Industrial Welfare Commission Wage Order, and
15 California Business and Professions Code sections 17200, *et seq.*

16 gg. “Released PAGA Claims” means any and all claims arising from, or which
17 could reasonably arise from, any of the factual allegations in the PAGA Letter and the Operative
18 Complaint, arising during the PAGA Period, for civil penalties under the Private Attorneys General
19 Act of 2004, California Labor Code Sections 2698 *et seq.*, which include, but are not limited to, claims
20 for Defendant’s alleged failure to pay overtime and minimum wages, provide compliant meal and rest
21 periods and associated premium payments, timely pay wages during employment and upon
22 termination, provide compliant wage statements, maintain complete and accurate payroll records, and
23 reimburse necessary business-related expenses in violation of California Labor Code Sections 201,
24 202, 203, 204, 210, 226(a), 226.7, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802,
25 and the applicable Industrial Welfare Commission Wage Order.

26 hh. “Released Parties” shall collectively mean: (i) Defendant Natural Alternatives
27 International, Inc.; (ii) each of Defendant’s respective past, present and future parents, subsidiaries
28 and affiliates including, without limitation, any corporation, limited liability company, partnership,

1 trust, foundation and non-profit entity which controls, is controlled by, or is under common control
2 with Defendant; (iii) the past, present and future shareholders, directors, officers, agents, employees,
3 attorneys, insurers, member, partner, manager, contractor, agent, consultant, representative,
4 administrator, fiduciary, benefit plan, transferee, predecessors, successors and assigns of any of the
5 foregoing; and (iv) any individual or entity which could be jointly liable with any of the foregoing.

6 ii. “Request for Exclusion” means a letter submitted by a Class Member indicating
7 a request to be excluded from the Class Settlement, which must: (a) contain the case name and number
8 of the Action; (b) contain the Class Member’s full name, signature, address, telephone number, and
9 last four (4) digits of the Class Member’s Social Security number; (c) clearly state that the Class
10 Member does not wish to be included in the Class Settlement; and (d) be returned by mail to the
11 Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

12 jj. “Response Deadline” means the deadline by which Class Members must submit
13 a Request for Exclusion, Notice of Objection, and/or Dispute, which shall be the date that is sixty (60)
14 calendar days from the initial mailing of the Class Notice by the Settlement Administrator to Class
15 Members, unless the 60th day falls on a Sunday or Federal holiday, in which case the Response
16 Deadline will be extended to the next day on which the United States Postal service is open. The
17 Response Deadline may also be extended by express agreement between Class Counsel and
18 Defendant’s Counsel. In the event that a Class Notice is re-mailed to a Class Member, the Response
19 Deadline for that Class Member shall be extended fourteen (14) calendar days from the original
20 Response Deadline.

21 kk. “Settlement Administrator” means Apex Class Action Administration or any
22 other third-party class action settlement administrator agreed to by the Parties and approved by the
23 Court for purposes of administering the Settlement. The Parties and their counsel each represent that
24 they do not have any financial interest in the Settlement Administrator or otherwise have a relationship
25 with the Settlement Administrator that could create a conflict of interest.

26 ll. “Settlement Administration Costs” means the costs payable from the Gross
27 Settlement Amount to the Settlement Administrator for administering the Settlement, as set forth in
28 Paragraph 16.

1 mm. “Settlement Class” or “Settlement Class Member(s)” means all Class Members
2 who do not submit a timely and valid Request for Exclusion.

3 nn. “Workweeks” means the number of weeks each Class Member worked for
4 Defendant as an hourly-paid and/or non-exempt employee in California during the Class Period.
5 Workweeks will be calculated by the Settlement Administrator.

6 **CLASS CERTIFICATION**

7 11. For the sole purposes of settlement of these Actions only, the Parties stipulate to the
8 certification of the Class and agree that the requisites for establishing class certification with respect
9 to the Settlement Class have been and are met. More specifically, for the purposes of settlement, the
10 Parties stipulate and agree that:

11 a. The Settlement Class is ascertainable and so numerous as to make it
12 impracticable to join all Class Members.

13 b. There are common questions of law and fact including, but not limited to, the
14 following:

15 i. Whether Defendant complied with applicable laws affecting Plaintiffs
16 and the Settlement Class under the California Labor Code and the Wage Orders of the California
17 Industrial Welfare Commission; and

18 ii. Whether Defendant engaged in unfair, unlawful or fraudulent business
19 practices affecting Plaintiffs and the Settlement Class in violation of California Business and
20 Professions Code sections 17200, *et seq.* in connection with the alleged Labor Code claims.

21 iii. Whether Plaintiffs and the Settlement Class are entitled to alleged
22 unpaid overtime, premiums for meal and rest periods, minimum wages, unpaid wages, and penalties.

23 c. Plaintiffs believe their claims are typical of the claims of the members of the
24 Settlement Class.

25 d. Plaintiffs believe they will fairly and adequately protect the interests of the
26 Settlement Class, and that Blackstone Law, APC should be deemed “Class Counsel,” and will fairly
27 and adequately protect the interests of the Settlement Class.
28

1 e. The prosecution of separate actions by individual members of the Settlement
2 Class would create the risk of inconsistent or varying adjudications, which would establish
3 incompatible standards of conduct.

4 f. With respect to the Settlement Class, Plaintiffs believe that questions of law and
5 fact common to the members of the Settlement Class predominate over any questions affecting any
6 individual member in such Class, and a class action is superior to other available means for the fair
7 and efficient adjudication of the controversy.

8 12. The Parties agree that certification for the purpose of settlement is not an admission
9 that certification is proper under Section 382 of the California Code of Civil Procedure. Should, for
10 whatever reason, the Court not grant Final Approval, the Parties' stipulation to class certification as
11 part of the Settlement, including conditional admissions as to each factor of class certification as stated
12 above in Paragraph 11 for settlement purposes, shall become null and void ab initio and shall have no
13 bearing on, and shall not be admissible in connection with, the issue of whether or not certification
14 would be appropriate or inappropriate in a non-settlement context.

15 **TERMS OF THE AGREEMENT**

16 NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set
17 forth herein, the Parties agree, subject to the Court's approval, as follows:

18 13. Attorneys' Fees and Costs. Defendant agrees not to oppose or impede any application
19 or motion by Class Counsel for attorneys' fees in the amount up to Thirty-Five percent (35%) of the
20 Gross Settlement Amount (i.e., \$437,500.00 if the Gross Settlement Amount is \$1,250,000.00) and
21 reimbursement of actual costs and expenses associated with Class Counsel's litigation and settlement
22 of the Actions, in an amount not to exceed Forty Thousand Dollars and Zero Cents (\$40,000.000),
23 both of which will be paid from the Gross Settlement Amount. These amounts will cover any and all
24 work performed and any and all costs incurred by Class Counsel in connection with the litigation of
25 the Actions, including without limitation all work performed and costs incurred to date, and all work
26 to be performed and all costs to be incurred in connection with obtaining the Court's approval of this
27 Settlement Agreement, including any objections raised and any appeals necessitated by those
28 objections. Class Counsel shall be solely and legally responsible for correctly characterizing this

1 compensation for tax purposes and for paying any taxes on the amounts received. The Settlement
2 Administrator shall issue an IRS Form 1099 to Class Counsel for the Attorneys' Fees and Costs. Any
3 portion of the requested Attorneys' Fees and Costs that is not awarded by the Court to Class Counsel
4 shall be reallocated to the Net Settlement Amount for the benefit of the Settlement Class Members.

5 14. Enhancement Payment(s). Defendant agrees not to oppose or impede any application
6 or motion by Plaintiffs for an Enhancement Payment in the amount up to Ten Thousand Dollars and
7 Zero Cents (\$10,000.00) to each Plaintiff (for a total of \$30,000.00). The Enhancement Payments,
8 which will be paid from the Gross Settlement Amount, subject to Court approval, will be in addition
9 to their Individual Settlement Payment as a Settlement Class Member and Individual PAGA Payment
10 as a PAGA Employee. Plaintiffs shall be solely and legally responsible for correctly characterizing
11 this compensation for tax purposes and for paying any taxes on the amounts received. The Settlement
12 Administrator shall issue an IRS Form 1099 to Plaintiffs for the Enhancement Payment. Any portion
13 of the requested Enhancement Payment that is not awarded by the Court to Plaintiffs shall be
14 reallocated to the Net Settlement Amount for the benefit of the Settlement Class Members.

15 15. PAGA Amount. Subject to approval by the Court, the Parties agree that the amount of
16 Fifty Thousand Dollars and Zero Cents (\$50,000.00) shall be allocated from the Gross Settlement
17 Amount toward penalties under the Private Attorneys General Act, California Labor Code Section
18 2698, *et seq.* (i.e., the PAGA Amount), of which sixty-five percent (65%), or \$32,500.00, will be paid
19 to the LWDA (i.e., the LWDA Payment) and thirty-five percent (35%), or \$17,500.00 will be
20 distributed to PAGA Employees (i.e., the PAGA Employee Amount) on a *pro rata* basis, based on the
21 total number of Pay Periods worked by each PAGA Employee during the PAGA Period (i.e., the
22 Individual PAGA Payments).

23 16. Settlement Administration Costs. The Settlement Administrator will be paid for the
24 reasonable costs of administration of the Settlement and distribution of payments under the Settlement,
25 which is currently estimated not to exceed Eight Thousand Five Hundred Dollars and Zero Cents
26 (\$8,500.00). These costs, which will be paid from the Gross Settlement Amount, subject to Court
27 approval, will include, *inter alia*, printing, distributing, and tracking Class Notices and other
28 documents for the Settlement, calculating and distributing payments due under the Settlement, issuing

of 1099 and W-2 IRS Forms and all required tax reporting, filings, withholdings, and remittances, providing necessary reports and declarations, and other duties and responsibilities set forth herein to process the Settlement, and as requested by the Parties. To the extent the actual Settlement Administrator's costs are greater than the estimated amount stated herein, such excess amount will be deducted from the Gross Settlement Amount, subject to approval by the Court. Any portion of the estimated, designated, and/or awarded Settlement Administration Costs which are not in fact required to fulfill payment to the Settlement Administrator to undertake the required settlement administration duties shall be reallocated to the Net Settlement Amount for the benefit of the Settlement Class Members.

17. Escalator Clause. Defendant has represented that the Class Members worked a total of 42,634 Workweeks during the Class Period. If it is determined by the Settlement Administrator that the total number of Workweeks worked by the Class Members during the Class Period actually exceeds 42,634 by more than 10% (*i.e.*, if the Workweeks exceed 46,897), then the Gross Settlement Amount will be increased on a *pro rata* basis equal to the percentage increase in the number of Workweeks worked by the Class Members above 10%. For example, if the number of Workweeks increases by 11%, then the Gross Settlement Amount will increase by 1%. Alternatively, Defendant will have the option of rolling back the end of the Class and PAGA release periods to the date in which 46,897 workweeks is met.

18. Individual Settlement Share Calculations. Individual Settlement Shares will be calculated and apportioned from the Net Settlement Amount based on the Class Members' number of Workweeks, as follows:

a. After Preliminary Approval, the Settlement Administrator will divide the Net Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Workweek Value," and multiply each Class Member's individual Workweeks by the Estimated Workweek Value to yield each Class Member's estimated Individual Settlement Share that the Class Member may be entitled to receive under the Class Settlement.

b. After Final Approval, the Settlement Administrator will divide the final Net Settlement Amount by the Workweeks of all Settlement Class Members to yield the "Final Workweek

Value,” and multiply each Settlement Class Member’s individual Workweeks by the Final Workweek Value to yield each Settlement Class Member’s final Individual Settlement Share.

19. Individual PAGA Payment Calculations. Individual PAGA Payments will be calculated and apportioned from the PAGA Employee Amount based on the PAGA Employees’ number of Pay Periods, as follows: The Settlement Administrator will divide the PAGA Employee Amount, i.e., 35% of the PAGA Amount, by the Pay Periods of all PAGA Employees to yield the “Pay Period Value,” and multiply each PAGA Employee’s individual Pay Periods by the Pay Period Value to yield each PAGA Employee’s Individual PAGA Payment.

20. Tax Treatment of Individual Settlement Shares and Individual PAGA Payments. Each Individual Settlement Share will be allocated as follows: ten percent (10%) for wages and ninety percent (90%) for penalties, interest, and non-wage damages. The portion allocated to wages will be reported on an IRS Form W-2 and the portions allocated to penalties, interest, and non-wage damages will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator. The Settlement Administrator will withhold the employee’s share of taxes and withholdings with respect to the wages portion of the Individual Settlement Shares, and issue checks to Settlement Class Members for their Individual Settlement Payments (*i.e.*, payment of their Individual Settlement Share net of these taxes and withholdings). The Employer Taxes will be paid separately and in addition to the Gross Settlement Amount. 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.

21. Administration of Taxes by the Settlement Administrator. The Settlement Administrator will be responsible for issuing any tax forms (*e.g.*, IRS Forms W-2, IRS Forms 1099) to Plaintiffs, Settlement Class Members, PAGA Employees, and Class Counsel, as may be required by law for all amounts paid pursuant to this Settlement Agreement. The Settlement Administrator will also be responsible for calculating the Employer Taxes and forwarding all payroll taxes and other legally required withholdings to the appropriate government authorities.

22. Tax Liability. Plaintiffs, Class Counsel, Defendant, and Defendant’s Counsel do not intend anything contained in this Settlement Agreement to constitute advice regarding taxes or taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiffs, Settlement

1 Class Members, and PAGA Employees are not relying on any statement, representation, or calculation
2 by Defendant, the Settlement Administrator, or Class Counsel in this regard. Plaintiffs, Settlement
3 Class Members, and PAGA Employees understand and agree that Plaintiffs, Settlement Class
4 Members, and PAGA Employees will be solely responsible for the payment of any taxes and penalties
5 assessed on the payments described in this Settlement Agreement. Plaintiffs, Settlement Class
6 Members, and PAGA Employees should consult with their tax advisors concerning the tax
7 consequences of any payment they receive under the Settlement.

8 23. Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT
9 (FOR PURPOSES OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY
10 TO THIS SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN
11 “OTHER PARTY”) ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS
12 SETTLEMENT AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE
13 BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISORS, IS
14 OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE
15 CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE
16 MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART
17 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY
18 UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE
19 (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS SETTLEMENT AGREEMENT, (B)
20 HAS NOT ENTERED INTO THIS SETTLEMENT AGREEMENT BASED UPON THE
21 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY
22 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR
23 DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY
24 TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
25 ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION
26 THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY’S OR ADVISOR’S
27 TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY
28 BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX

1 TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY
2 TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

3 24. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the
4 Settlement shall be deemed to be paid to the payee solely in the year in which such payments actually
5 are issued to the payee. It is expressly understood and agreed that payments made under this
6 Settlement shall not in any way entitle Plaintiffs, Settlement Class Members, or any PAGA Employee
7 to additional compensation or benefits under any new or additional compensation or benefits, or any
8 bonus, contest, or other compensation or benefit plan or agreement in place during the Class Period,
9 nor will it entitle Plaintiffs, Settlement Class Members, or any PAGA Employee to any increased
10 retirement, 401K benefits or matching benefits, or deferred compensation benefits (notwithstanding
11 any contrary language or agreement in any benefit or compensation plan document that might have
12 been in effect during the Class Period). It is the intent of this Settlement Agreement that the Settlement
13 Awards provided for in this Agreement are the sole payments to be made by Defendant to the Class
14 Members in connection with this Settlement, and that the Class Members are not entitled to any new
15 or additional compensation or benefits as a result of having received the Settlement Awards
16 (notwithstanding any contrary language or agreement in any benefit or compensation plan document
17 that might have been in effect during the period covered by this Settlement Agreement).

18 25. Duties of the Parties with Respect to Obtaining Preliminary Approval of the Settlement.
19 Plaintiffs will obtain a hearing date from the Court for Plaintiffs' motion for preliminary approval of
20 the Settlement, which Class Counsel will be responsible for drafting, and submit this Settlement
21 Agreement to the Court in support of said motion. Class Counsel will provide Defendant's Counsel a
22 draft of the preliminary approval motion before filing it with the Court. Defendant agrees not to
23 oppose the motion for preliminary approval of the Settlement consistent with this Settlement
24 Agreement. By way of said motion, Plaintiffs will apply for the entry of the Preliminary Approval
25 Order seeking the following:

- 26 a. Conditionally certifying the Class for settlement purposes only;
- 27 b. Granting Preliminary Approval of the Settlement;
- 28 c. Preliminarily appointing Plaintiffs as the representative of the Class;

- 1 d. Preliminarily appointing Class Counsel as counsel for the Class;
- 2 e. Approving as to form and content, the mutually agreed upon and proposed Class
- 3 Notice and directing its mailing by First Class U.S. Mail;
- 4 f. Approving the manner and method for Class Members to request exclusion
- 5 from or object to the Class Settlement as contained herein and within the Class Notice; and
- 6 g. Scheduling a Final Approval Hearing at which the Court will determine whether
- 7 Final Approval of the Settlement should be granted.

8 26. Notice of Settlement to the LWDA. Pursuant to California Labor Code § 2699(1)(2),

9 Class Counsel shall notify the LWDA of the Settlement.

10 27. Delivery of Class List. Within fourteen (14) calendar days of Preliminary Approval,

11 Defendant will provide the Class List to the Settlement Administrator.

12 28. Notice by First-Class U.S. Mail.

13 a. Within seven (7) calendar days after receiving the Class List from Defendant,

14 the Settlement Administrator will perform a search based on the National Change of Address Database

15 or any other similar services available, such as provided by Experian, for information to update and

16 correct for any known or identifiable address changes, and will mail a Class Notice in English (in the

17 form attached as **Exhibit A** to this Settlement Agreement) to all Class Members via First-Class U.S.

18 Mail, using the most current, known mailing addresses identified by the Settlement Administrator.

19 b. Any Class Notice returned to the Settlement Administrator as undeliverable on

20 or before the Response Deadline will be sent promptly via First-Class U.S. Mail to the forwarding

21 address affixed thereto and the Settlement Administrator will indicate the date of such re-mailing on

22 the Class Notice. If no forwarding address is provided, the Settlement Administrator will promptly

23 attempt to determine the correct address using a skip-trace or other search, using the name, address,

24 and/or Social Security number of the Class Member, and perform a single re-mailing within five (5)

25 calendar days.

26 c. Compliance with the procedures described herein above shall constitute due and

27 sufficient notice to Class Members of the Settlement and shall satisfy the requirements of due process.

28 Nothing else shall be required of or done by the Parties, Class Counsel, or Defendant's Counsel to

1 provide notice of the Settlement.

2 29. Disputes Regarding Workweeks and/or Pay Periods. Class Members will have an
3 opportunity to dispute the number of Workweeks and/or Pay Periods which have been credited to
4 them, as reflected in their respective Class Notices, by submitting a timely and valid Dispute to the
5 Settlement Administrator, by mail, postmarked on or before the Response Deadline. The date of the
6 postmark on the return mailing envelope will be the exclusive means to determine whether a Dispute
7 has been timely submitted. Absent evidence rebutting the accuracy of Defendant's records and data
8 as they pertain to the number of Workweeks and/or Pay Periods to be credited to a disputing Class
9 Member, Defendant's records will be presumed to be correct and determinative of the dispute.
10 However, if a Class Member produces information and/or documents to the contrary, the Settlement
11 Administrator will evaluate the materials submitted by the Class Member and the Settlement
12 Administrator will resolve and determine the number of eligible Workweeks and/or Pay Periods that
13 the disputing Class Member should be credited with under the Settlement. The Settlement
14 Administrator's decision on such disputes will be final and non-appealable.

15 30. Requesting Exclusion from the Class Settlement. Any Class Member wishing to be
16 excluded from the Class Settlement must submit a timely and valid Request for Exclusion to the
17 Settlement Administrator, by mail, postmarked on or before the Response Deadline. The date of the
18 postmark on the return mailing envelope will be the exclusive means to determine whether a Request
19 for Exclusion has been timely submitted. The Settlement Administrator will certify jointly to Class
20 Counsel and Defendant's Counsel the number of timely and valid Requests for Exclusion that are
21 submitted, and also identify the individuals who have submitted a timely and valid Request for
22 Exclusion in a declaration that is to be filed with the Court in advance of the Final Approval Hearing.
23 At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members
24 to request exclusion from the Class Settlement. Any Class Member who submits a Request for
25 Exclusion is prohibited from making any objection to the Class Settlement. Any Class Member who
26 submits a timely and valid Request for Exclusion will not be bound by the Class Settlement and will
27 not be issued an Individual Settlement Payment. Any Class Member who does not affirmatively
28 request exclusion from the Class Settlement by submitting a timely and valid Request for Exclusion

1 will be bound by all of the terms of the Class Settlement, including and not limited to those pertaining
2 to the Released Class Claims, as well as any judgment that may be entered by the Court if it grants
3 Final Approval to the Settlement. Notwithstanding the above, all PAGA Employees will be bound to
4 the PAGA Settlement and will be issued their Individual PAGA Payment, irrespective of whether they
5 submit a Request for Exclusion.

6 31. Objecting to the Class Settlement. To object to the Class Settlement, Settlement Class
7 Members must submit a timely and complete Notice of Objection to the Settlement Administrator, by
8 mail, postmarked on or before the Response Deadline. The date of the postmark on the return mailing
9 envelope will be the exclusive means to determine whether a Notice of Objection has been timely
10 submitted. The Settlement Administrator will certify jointly to Class Counsel and Defendant's
11 Counsel the number of Notices of Objection that are submitted (specifying which ones were timely
12 and complete and which were not), and also attach them to a declaration that is to be filed with the
13 Court in advance of the Final Approval Hearing. At no time will any of the Parties or their counsel
14 seek to solicit or otherwise encourage Settlement Class Members to object to the Class Settlement or
15 appeal from the Final Approval Order and Judgment. Settlement Class Members, individually or
16 through counsel, may also present their objection orally at the Final Approval Hearing, regardless of
17 whether they have submitted a Notice of Objection.

18 32. Reports by the Settlement Administrator. The Settlement Administrator shall provide
19 weekly reports to counsel for the Parties providing: (a) the number of undeliverable and re-mailed
20 Class Notices; (ii) the number of Class Members who have submitted Disputes; (iii) the number of
21 Class Members who have submitted Requests for Exclusion; and (iv) the number of Settlement Class
22 Members who have submitted Notices of Objection. Additionally, the Settlement Administrator will
23 provide to counsel for the Parties any updated reports regarding the administration of the Settlement
24 Agreement as needed or requested and immediately notify the Parties when it receives a request from
25 an individual or any other entity regarding inclusion in the Class and/or Settlement or regarding a
26 Dispute.

27 33. Defendant's Right to Rescind. If more than ten percent (10%) of the Class Members
28 submit timely and valid Requests for Exclusion, Defendant may elect to rescind the Settlement

1 Agreement. Defendant must exercise this right of rescission in writing that is provided to Class
2 Counsel within seven (7) calendar days of the Settlement Administrator notifying the Parties of the
3 number of Class Members who have submitted timely and valid Requests for Exclusion following the
4 Response Deadline. If Defendant exercises this option, Defendant shall pay any costs of settlement
5 administration owed to the Settlement Administrator incurred up to that date.

6 34. Certification of Completion. Upon completion of administration of the Settlement, the
7 Settlement Administrator will provide a written declaration under oath to certify such completion to
8 the Court and counsel for all Parties.

9 35. Duties of the Parties with Respect to Obtaining Final Approval of the Settlement. After
10 the Response Deadline, a Final Approval Hearing will be conducted to determine whether Final
11 Approval of the Settlement should be granted, along with the amounts properly payable for: (a)
12 Individual Settlement Shares; (b) Individual PAGA Payments; (c) LWDA Payment; (d) Attorneys'
13 Fees and Costs; (e) Enhancement Payment; and (f) Settlement Administration Costs. The Final
14 Approval Hearing will not be held earlier than thirty (30) calendar days after the Response Deadline.
15 Plaintiffs and Class Counsel will be responsible for drafting the motion seeking Final Approval of the
16 Settlement. Class Counsel will provide Defendant's Counsel a draft of the final approval motion
17 before filing it with the Court. By way of said motion, Plaintiffs will apply for the entry of the Final
18 Approval Order and Judgment, which will provide for, in substantial part, the following:

19 a. Approval of the Settlement as fair, reasonable, and adequate, and directing
20 consummation of its terms and provisions;

21 b. Certification of the Settlement Class;

22 c. Approval of the application for Attorneys' Fees and Costs to Class Counsel;

23 d. Approval of the application for Enhancement Payments to Plaintiffs;

24 e. Directing Defendant to fund all amounts due under the Settlement Agreement
25 and ordered by the Court; and

26 f. Entering judgment in the Action, while maintaining continuing jurisdiction, in
27 conformity with this Settlement Agreement and California Rules of Court 3.769, and permanently
28 barring and enjoining all members of the Settlement Class from prosecuting against the Released Parties any

Released Claims, upon satisfaction of all payments and obligations hereunder.

36. Funding of the Gross Settlement Amount. No later thirty (30) calendar days after the Effective Date, Defendant will deposit the Gross Settlement Amount into a Qualified Settlement Fund (“QSF”) within the meaning of Treasury Regulation Section 1.468B-1, *et seq.*, to be established by the Settlement Administrator. Defendant shall provide all information necessary for the Settlement Administrator to calculate necessary payroll taxes including its official name, 8-digit state unemployment insurance tax ID number, and other information requested by the Settlement Administrator, no later than five (5) business days after the Effective Date.

37. Distribution of the Gross Settlement Amount. Within five (5) business days of the funding of the Gross Settlement Amount, the Settlement Administrator will issue the Individual Settlement Payments to Settlement Class Members, Individual PAGA Payments to PAGA Employees, LWDA Payment to the LWDA, Enhancement Payment to Plaintiffs, Attorneys’ Fees and Costs to Class Counsel, and Settlement Administration Costs to itself. The Settlement Administrator shall also set aside the Employer Taxes and all employee-side payroll taxes, contributions, and withholding, and timely forward these to the appropriate government authorities.

38. Settlement Checks. The Settlement Administrator will be responsible for undertaking appropriate deductions, required tax reporting, and issuing the Individual Settlement Payments by way of check to the Settlement Class Members and the Individual PAGA Payments by way of check to the PAGA Employees in accordance with this Settlement Agreement. When issuing payments, the Settlement Administrator may combine the Individual Settlement Payment and Individual PAGA Payment into one check if the intended recipient for both payments is one individual. Settlement Class Members and PAGA Employees are not required to submit a claim to be issued an Individual Settlement Payment and/or Individual PAGA Payment. Each Individual Settlement Payment and Individual PAGA Payment check will be valid and negotiable for one hundred and eighty (180) calendar days from the date the checks are issued, and thereafter, shall be canceled. Any funds associated with such canceled checks shall be distributed by the Settlement Administrator to the State of California’s Unclaimed Property Division in the name of the Settlement Class Member and/or PAGA Employee. The Parties agree that this disposition results in no “unpaid residue” under California Civil Procedure Code Section 384, as the entire Net Settlement Amount will be paid out to

1 Settlement Class Members, whether or not they cash their settlement checks. Therefore, Defendant
2 will not be required to pay any interest on such amounts. The Settlement Administrator shall undertake
3 amended and/or supplemental tax filings and reporting required under applicable local, state, and
4 federal tax laws that are necessitated due to the cancelation of any Individual Settlement Payment
5 and/or Individual PAGA Payment checks. Settlement Class Members whose Individual Settlement
6 Payment checks are canceled shall, nevertheless, be bound by the Class Settlement, and PAGA
7 Employees whose Individual PAGA Payment checks are canceled shall, nevertheless, be bound by the
8 PAGA Settlement.

9 39. Class Settlement Release. Upon the Effective Date and full funding of the Gross
10 Settlement Amount, Plaintiffs and all Settlement Class Members will be deemed to have fully, finally,
11 and forever released, settled, compromised, relinquished, and discharged the Released Parties of all
12 Released Class Claims.

13 40. PAGA Settlement Release. Upon the Effective Date and full funding of the Gross
14 Settlement Amount, Plaintiffs, the State of California with respect to all PAGA Employees, and all
15 PAGA Employees will be deemed to have fully, finally, and forever released, settled, compromised,
16 relinquished, and discharged the Released Parties of all Released PAGA Claims.

17 41. Plaintiffs' General Release. Upon the Effective Date and full funding of the Gross
18 Settlement Amount, Plaintiffs, individually and on their own behalf, will be deemed to have fully,
19 finally, and forever released, settled, compromised, relinquished, and discharged the Released Parties
20 from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys'
21 fees, damages, or causes of action of any kind or nature whatsoever, known or unknown, suspected or
22 unsuspected, asserted or unasserted, arising out of, relating to, or resulting from their employment
23 and/or separation of employment with Defendant, which Plaintiffs, at any time up until the execution
24 of this Settlement Agreement, had or claimed to have or may have. It is agreed that this is a general
25 release and is to be broadly construed as a release of all claims, provided that, notwithstanding the
26 foregoing, this Paragraph expressly does not include a release of any claims that cannot be released
27 hereunder by law. Any and all rights granted under any state or federal law or regulation limiting the
28 effect of this Settlement Agreement, including the provisions of Section 1542 of the California Civil

Code, ARE HEREBY EXPRESSLY WAIVED. Section 1542 of the California Civil Code reads as follows:

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.

42. Final Approval Order and Judgment. The Parties shall provide the Settlement Administrator with a copy of the Final Approval Order and Judgment once it is entered by the Court, and the Settlement Administrator shall post the Final Approval Order and Judgment on its website for sixty (60) calendar days. No individualized notice of the Final Approval Order and Judgment to the Class will be required.

43. Continued Jurisdiction. After entry of the judgment pursuant to the Settlement, the Court will have continuing jurisdiction pursuant to Rule 3.769 of the California Rules of Court and Section 664.6 of the California Code of Civil Procedure, for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement, (b) settlement administration matters, and (c) such post-judgment matters as may be appropriate under court rules or as set forth in this Settlement Agreement.

44. Effects of Termination or Rescission of Settlement. Termination or rescission of the Settlement Agreement shall have the following effects:

a. The Settlement Agreement shall be void and shall have no force or effect, and no Party shall be bound by any of its terms;

b. In the event the Settlement Agreement is terminated, Defendant shall have no obligation to make any payments to any Party, Class Member, or attorney, except that the terminating Party shall pay the Settlement Administrator for services rendered up to the date the Settlement Administrator is notified that the Settlement has been terminated;

c. The Preliminary Approval Order and Final Approval Order and Judgment, including any order certifying the Class, shall be vacated;

1 d. The Settlement Agreement and all negotiations, statements, and proceedings
2 relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be
3 restored to their respective positions in the Action prior to the execution of the Settlement Agreement;

4 e. Neither this Settlement Agreement, nor any ancillary documents, actions,
5 statements, or filings in furtherance of the Settlement (including all matters associated with the
6 mediation) shall be admissible or offered into evidence in the Action or any other action for any
7 purpose whatsoever; and

8 f. Any documents generated to bring the Settlement into effect, will be null and
9 void, and any order or judgment entered by the Court in furtherance of this Settlement Agreement will
10 likewise be treated as void from the beginning.

11 45. The Parties agree to confidentiality through the settlement's court approval. The
12 Plaintiffs and Class Counsel will not make any public disclosure of the Settlement or this Confidential
13 Memorandum of Understanding, except for the filing of pleadings, class notice, and declarations with
14 the Court in support of preliminary and final approval of the Settlement. Class Counsel will take all
15 steps necessary to ensure that the Plaintiffs are aware of the restriction against any public disclosure
16 of the Settlement or this Confidential Memorandum of Understanding

17 46. Following preliminary approval of the Settlement, the Plaintiffs and Class Counsel will
18 not initiate any communications (directly or indirectly) with the media regarding the Action. Class
19 Counsel will take all steps necessary to ensure the Plaintiffs are aware of, and will ensure that they
20 will adhere to, the restriction against any media comment on the Settlement and its terms. This
21 provision permits Class Counsel to post general information about the Settlement on their web site,
22 and the Parties agree such post(s) will not include Defendant's name or the words "NAI" or
23 "supplements" or "nutrition" or "nutritional products," and will only describe Defendant generally as
a "National Retailer."

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

28 48. Exhibits Incorporated by Reference. The terms of this Settlement include the terms set

1 forth in any attached exhibits, which are incorporated by this reference as though fully set forth herein.
2 Any exhibits to this Settlement Agreement are an integral part of the Settlement.

3 49. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the
4 entirety of the Parties' agreement relating to the settlement and transaction completed thereby, and all
5 prior or contemporaneous agreements, understandings, representations, and statements, whether oral
6 or written and whether by a Party or such Party's legal counsel, are merged herein. No other prior or
7 contemporaneous written or oral agreements may be deemed binding on the Parties. The Parties
8 expressly recognize California Civil Code Section 1625 and California Code of Civil Procedure
9 Section 1856(a), which provide that a written agreement is to be construed according to its terms and
10 may not be varied or contradicted by extrinsic evidence, and the Parties agree that no such extrinsic
11 oral or written representations or terms will modify, vary, or contradict the terms of this Settlement
12 Agreement.

13 50. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in
14 the Action (including with respect to California Code of Civil Procedure Section 583.310), except
15 such proceedings necessary to implement and complete this Settlement Agreement, pending the Final
16 Approval Hearing to be conducted by the Court.

17 51. Amendment or Modification. Prior to the filing of the motion for preliminary approval
18 of the Settlement, the Parties may not amend or modify any provision of this Settlement Agreement
19 except by written agreement signed by counsel for all Parties. After the filing of the motion for
20 preliminary approval of the Settlement, the Parties may not amend or modify any provision of this
21 Settlement Agreement except by written agreement signed by counsel for all the Parties and subject
22 to Court approval. A waiver or amendment of any provision of this Settlement Agreement will not
23 constitute a waiver of any other provision.

24 52. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and
25 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
26 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
27 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
28 effectuate the terms of this Settlement Agreement. The Parties warrant that they understand and have
full authority to enter into this Settlement Agreement, and further intend that this Settlement
Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible

1 and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation
2 confidentiality provisions that otherwise might apply under state or federal law.

3 53. Signatories. It is agreed that because the members of the Class are so numerous, it is
4 impossible or impractical to have each Settlement Class Member or PAGA Employee execute this
5 Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the
6 Class Settlement as to the Settlement Class Members and the binding nature of the PAGA Settlement
7 as to the PAGA Employees, and the releases provided for by this Settlement Agreement shall have
8 the same force and effect as if this Settlement Agreement were executed by each Settlement Class
9 Member and PAGA Employee.

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

12 55. California Law Governs. All terms of this Settlement Agreement and attached exhibits
13 hereto will be governed by and interpreted according to the laws of the State of California.

14 56. Execution and Counterparts. This Settlement Agreement is subject only to the
15 execution of all Parties. However, this Settlement Agreement may be executed in one or more
16 counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned
17 copies of the signature page, will be deemed to be one and the same instrument.

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

27 58. Invalidity of Any Provision. Before declaring any provision of this Settlement
28 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

1 Agreement valid and enforceable.

2 59. Plaintiffs' Cooperation. Plaintiffs agree to sign this Settlement Agreement and, by
3 signing this Settlement Agreement, is hereby bound by the terms herein and agree to fully cooperate
4 to implement the Settlement.

5 60. Non-Admission of Liability. The Parties enter into this Settlement Agreement to
6 resolve the dispute that has arisen between them and to avoid the burden, expense, and risk of
7 continued litigation. In entering into this Settlement Agreement, Defendant does not admit, and
8 specifically denies, it has violated any federal, state, or local law; violated any regulations or guidelines
9 promulgated pursuant to any statute or any other applicable laws, regulations, or legal requirements;
10 breached any contract; violated or breached any duty; engaged in any misrepresentation or deception;
11 or engaged in any other unlawful conduct with respect to its employees. Neither this Settlement
12 Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be
13 construed as an admission or concession by Defendant of any such violations or failures to comply
14 with any applicable law. Except as necessary in a proceeding to enforce the terms of this Settlement
15 Agreement, this Settlement Agreement and its terms and provisions shall not be offered or received
16 as evidence in any action or proceeding to establish any liability or admission on the part of Defendant
17 or to establish the existence of any condition constituting a violation of, or a non-compliance with,
18 federal, state, local, or other applicable law.

19 61. Captions. The captions and paragraph numbers in this Settlement Agreement are
20 inserted for the reader's convenience, and in no way define, limit, construe, or describe the scope or
21 intent of the provisions of this Settlement Agreement.

22 62. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and
23 conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be
24 construed more strictly against one Party than another merely by virtue of the fact that it may have
25 been prepared by counsel for one of the Parties, it being recognized that, because of the arms-length
26 negotiations between the Parties, all Parties have contributed equally to the preparation of this
27 Settlement Agreement.

28 63. Representation By Counsel. The Parties acknowledge that they have been represented

1 by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and
2 that this Settlement Agreement has been executed with the consent and advice of counsel and reviewed
3 in full.

4 64. All Terms Subject to Final Court Approval. All amounts and procedures described in
5 this Settlement Agreement herein will be subject to final Court approval.

6 65. Notices. All notices, demands, and other communications to be provided concerning
7 the Settlement Agreement shall be in writing and deemed to have been duly given as of the third
8 business day after mailing by First Class U.S. Mail, or the day sent by email or messenger, addressed
9 as follows:

10 To Plaintiffs and Class Counsel:

11 Jonathan M. Genish

12 jgenish@blackstonepc.com

13 Barbara DuVan-Clarke

14 BDC@blackstonepc.com

15 Danielle GruppChang

16 dgruppchang@blackstonepc.com

17 P.J. Van Ert

18 pjvanert@blackstonepc.com

19 Melissa Rodriguez

20 m.rodriguez@blackstonepc.com

21 Annabel Blanchard

22 ablanchard@blackstonepc.com

23 **BLACKSTONE LAW, APC**

24 8383 Wilshire Boulevard, Suite 745

25 Beverly Hills, California 90211

26 Tel: (310) 622-4278 / Fax: (855) 786-6356

27 To Defendant:

28 David Fisher

David.fisher@fisherbroyles.com

Rob Phillips

Rob.phillips@fisherbroyles.com

Heath Havey

Heath.havey@fisherbroyles.com

FISHERBROYLES, LLP

Fisherbroyles.com

145 S. Fairfax Ave., 2nd Floor

Los Angeles, California 90036

Tel: (702) 518-1239

66. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate with each other in good faith and use their best efforts to implement the Settlement and facilitate entry of judgment, including and not limited to, executing all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties may seek the assistance of the Mediator and then the Court to resolve such disagreement.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily execute this Joint Stipulation of Class Action and PAGA Settlement between Plaintiffs and Defendant:

IT IS SO AGREED.

PLAINTIFF ISMAEL MERCADO

Dated: 01/05/2026

Ismael Mercado
Plaintiff Ismael Mercado

PLAINTIFF SAVANNAH RHUE

Dated: _____

Plaintiff Savannah Rhue

PLAINTIFF ALEX ORTIZ

Dated: _____

Plaintiff Alex Ortiz

66. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate with each other in good faith and use their best efforts to implement the Settlement and facilitate entry of judgment, including and not limited to, executing all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties may seek the assistance of the Mediator and then the Court to resolve such disagreement.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily execute this Joint Stipulation of Class Action and PAGA Settlement between Plaintiffs and Defendant:

IT IS SO AGREED.

PLAINTIFF ISMAEL MERCADO

Dated: _____

Plaintiff Ismael Mercado

PLAINTIFF SAVANNAH RHUE

Dated: 01/22/2026

Savannah Rue

Plaintiff Savannah Rhue

PLAINTIFF ALEX ORTIZ

Dated: _____

Plaintiff Alex Ortiz

66. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate with each other in good faith and use their best efforts to implement the Settlement and facilitate entry of judgment, including and not limited to, executing all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties may seek the assistance of the Mediator and then the Court to resolve such disagreement.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily execute this Joint Stipulation of Class Action and PAGA Settlement between Plaintiffs and Defendant:

IT IS SO AGREED.

PLAINTIFF ISMAEL MERCADO

Dated: _____

Plaintiff Ismael Mercado

PLAINTIFF SAVANNAH RHUE

Dated: _____

Plaintiff Savannah Rhue

PLAINTIFF ALEX ORTIZ

Dated: 01/06/2026



Plaintiff Alex Ortiz

**DEFENDANT NATURAL ALTERNATIVES
INTERNATIONAL, INC.**

Dated: _____

Full Name: _____

Title: _____
On behalf of Defendant Natural Alternatives
International Inc.

APPROVED AS TO FORM ONLY:

BLACKSTONE LAW, APC

Dated: 01/21/2026


Jonathan M. Genish
Barbara DuVan-Clarke
Attorneys for Plaintiffs
and Proposed Class Counsel

FISHERBROYLES, LLP

Dated: _____

Rob Phillips
Attorneys for Defendant Natural Alternatives
International Inc.

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DEFENDANT NATURAL ALTERNATIVES
INTERNATIONAL, INC.

Dated: 1/22/2026

7 LA Wolf

Full Name: KENNETH WOLF

Title: PRESIDENT & COO

On behalf of Defendant Natural Alternatives
International Inc.

APPROVED AS TO FORM ONLY:

BLACKSTONE LAW, APC

Dated: _____

Jonathan M. Genish
Barbara DuVan-Clarke
Attorneys for Plaintiffs
and Proposed Class Counsel

FISHERBROYLES, LLP

Dated: 1/22/26

[Signature]

Rob Phillips
Attorneys for Defendant Natural Alternatives
International Inc.