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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

LUZ HERNANDEZ, TYLER SMITH, individually, on behalf of all others similarly situated, the State of California and other aggrieved employees,

Plaintiffs,

v.

UNITED GROUND EXPRESS, INC., a corporation; and DOES 1 through 10, inclusive,

Defendants.

Case No.: CIVSB2326322
Consolidated with Case Nos. CIVSB2405630 and CIVSB2410517

Assigned to: Hon. David E Driscoll, Dept. S22

Complaint filed: October 30, 2023
FAC filed: September 11, 2024
SAC filed: December 19, 2025
Trial date: Not set

CLASS & PAGA ACTION

DECLARATION OF ALAN WILCOX IN SUPPORT OF PLAINTIFFS' MOTION FOR FINAL APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT

FINAL APPROVAL HEARING
Date: August 4, 2026
Time: 8:30 a.m.
Dept.: S22

I, Alan Wilcox, declare as follows:

1. I am admitted and in good standing to practice as an attorney in the State of California. I am an Attorney at Wilshire Law Firm, PLC ("WLF"), counsel of record for plaintiffs Luz Hernandez and Tyler Smith (collectively the "Plaintiffs" or "Class Representatives"). I, along with the above-captioned attorneys of WLF (inclusively "Class Counsel"), have reviewed the case files for this matter as routinely kept by WLF in the course of litigation. Based upon the information available to Class Counsel through WLF's record-keeping processes, I am competent to make this declaration (this "Declaration"). This Declaration is submitted concurrently with and in support of Plaintiffs' Motion for Final Approval of Class Action Settlement (the "Motion").

CASE BACKGROUND

2. This is a wage and hour class and Private Attorneys General Act ("PAGA") (Lab. Code §§ 2699, *et seq.*) representative action. Plaintiffs and the putative class members worked in California as hourly-paid employees who worked for Defendant United Ground Express, Inc. ("Defendant," and together with Plaintiffs the "Parties") from October 30, 2019, to April 12, 2025 (the "Class Period") (each a "Class Member(s)" collectively the "Class"). Similarly, Plaintiffs and the "Aggrieved Employee(s)" were employed by Defendant in California and classified as hourly-paid employees who worked for Defendant from December 11, 2022, to April 12, 2025 (the "PAGA Period"). Defendant is a subsidiary of United Airlines, Inc. and provides critical functions related to safety, security, customer service, operational efficiency and regulatory compliance.

3. Plaintiffs allege that Defendant's payroll, timekeeping, and wage and hour practices resulted in Labor Code violations. Plaintiffs allege that Defendant failed to pay for all hours worked. Plaintiffs further allege that Defendant failed to: provide employees with legally compliant meal and rest periods; and Defendant failed to reimburse business expenses. Based on these allegations, Plaintiffs assert related claims for failure to pay wages during employment, failure to pay all final wages at termination, failure to provide accurate wage statements, failure to keep requisite payroll records, unfair business practices, and civil penalties under PAGA.

4. On October 30, 2023, Plaintiff Hernandez filed a putative wage and hour class action on behalf of herself and all hourly-paid, non-exempt employees in California against

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Defendant for: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) failure to indemnify employees for expenditures; and (8) violation of California's Unfair Competition Law, California Business and Professions Code §§17200, et seq. Plaintiff Hernandez sent a notice to Defendant and the California Labor & Workforce Development Agency ("LWDA") alleging similar wage and hour violations pursuant to the PAGA on December 11, 2023. On January 25, 2024, Defendant removed the Hernandez Class Action to the Central District of California, Case No. 5:24-cv-00168. On February 14, 2024, Plaintiff Hernandez filed a separate PAGA action in San Bernardino County, Case No. CIVSB2405630. On March 28, 2024, Plaintiff Smith filed a separate class action in San Bernardino County Superior Court entitled Tyler Smith v. United Ground Express, Inc., Case No. CIVSB2410517. On April 2, 2024, Plaintiff Hernandez's Motion to Remand was granted and the Hernandez Class Action was remanded to the San Bernardino County Superior Court. On September 11, 2024, Plaintiffs filed an Amended Consolidated Complaint, consolidating the Hernandez Class Action, the Hernandez PAGA Action, and the Smith Class Action. Plaintiffs sent an amended notice to Defendant and the California Labor & Workforce Development Agency ("LWDA") alleging similar wage and hour violations pursuant to the PAGA on June 16, 2025. On December 1, 2025, Plaintiffs filed a Joint Stipulation for Leave to File Second Amended Consolidated Class and Representative Action Complaint ("SAC") to effectuate the terms of the settlement and the SAC was filed on December 19, 2025 (collectively the "Action" or "Operative Complaint").

DISCOVERY, INVESTIGATION, AND SETTLEMENT

5. Following the filing of the Action, both Plaintiff and Defendant propounded multiple sets of formal written discovery, and the Parties exchanged information, data, and documents before going to mediation. ***Defendant also deposed both Plaintiffs and Plaintiff took a deposition of Defendant's Person Most Knowledgeable.*** Defendant produced a sampling of time and pay records for Class Members. Defendant also provided copies of its wage and hour policies

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and practices in effect for the Class Members during the Class Period and information regarding the total number of current and former employees. The Parties have engaged in sufficient formal and informal discovery and investigation to assess the relative merits of the claims and contentions of the Parties.

6. After reviewing Defendant's discovery responses and documents regarding Defendant's wage and hour policies and practices and analyzing Defendant's timekeeping and payroll records, Class Counsel was able to evaluate the probability of class certification, success on the merits, and Defendant's maximum monetary exposure for all claims. Class Counsel also investigated the applicable law regarding the claims and defenses asserted in the Action. Class Counsel also investigated the applicable law regarding the claims and defenses asserted in the Action. Class Counsel reviewed these records and utilized a third-party consultant to prepare a damages analysis prior to mediation.

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SETTLEMENT NEGOTIATIONS

7. On February 18, 2025, the Parties participated in private mediation with experienced class action mediator Michael E. Dickstein. The mediation was conducted via Zoom, which led to an agreement to settle this action. The settlement negotiations were at arm's length and, although conducted in a professional manner, were adversarial. The Parties went into the mediation willing to explore the potential for a settlement of the dispute, but each side was also prepared to litigate their position through trial and appeal if a settlement had not been reached. After extensive negotiations and discussions regarding the strengths and weaknesses of the Parties' positions regarding the settlement terms, the Parties reached a settlement for $1,500,000.00 (the "Gross Settlement Amount"), as memorialized in the Class Action and PAGA Settlement Agreement and Class Notice (the "Settlement"). A true and correct copy of the Settlement is attached as **Exhibit 1**.

8. Class Counsel has conducted a thorough investigation into the facts of this Action. Based on the foregoing discovery and their independent investigation, and evaluation, Class Counsel is of the opinion that the Settlement is fair, just, reasonable, and adequate and is in the best interests of the Class Members in light of all known facts and circumstances, the risk of

significant delay, the defenses that could be asserted by Defendant both to certification and on the merits, trial risk, and appellate risk.

9. Following the execution of the Settlement Agreement, the Court granted Plaintiffs' Motion for Preliminary Approval of Class Action Settlement on March 24, 2026. The deadline for Class Members to opt out or object to the Settlement was June 8, 2026. The reaction of the Class to the Settlement has been overwhelmingly positive. Indeed, as of the filing of the Motion, one Class Member has timely opted out of the Settlement, and no Class Member has objected to the Settlement.

10. The Settlement obviates the significant risk that the Court may deny certification of all or some of Plaintiffs' claims. While Plaintiffs are confident in the merits of their claims, a legitimate controversy exists as to each cause of action. Plaintiffs also recognize that proving the amount of wages due to each Class Member would be an expensive, time-consuming, and an uncertain proposition. Furthermore, even if Plaintiffs obtained certification of all or some of the claims, continued litigation would be expensive, involving a trial and possible appeals, substantially delaying and reducing any recovery by the Class.

11. The proposed Settlement Agreement was provided to the LWDA in advance of Plaintiffs' filing of the Motion for Preliminary Approval of Class Action Settlement. Attached as **Exhibit 2** is a true and correct copy of proof of Plaintiffs' submission of the Settlement to the LWDA.

CLASS REPRESENTATIVE SERVICE PAYMENTS ARE REASONABLE

12. Throughout this Action, the Plaintiffs, who are former employees of Defendant, has cooperated immensely with WLF and has taken many actions to protect the interests of the Class. Plaintiffs provided valuable information regarding the off-the-clock, meal period, and rest period claims. Plaintiffs also informed WLF of developments and information relevant to this Action, participated in decisions concerning this Action, and made themselves available to answer questions during the mediation. Before we filed this Action, Plaintiffs provided Class Counsel with documents regarding the claims alleged in this Action. The information and documentation provided by Plaintiffs were instrumental in establishing the wage and hour violations alleged in

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this Action, and the recovery provided for in the Settlement would have been impossible to obtain without Plaintiffs' participation.

13. At the same time, Plaintiffs faced many risks in adding themselves as the Class Representative in this Action. Plaintiffs faced actual risks with their future employment, as putting themselves on public record in an employment lawsuit could also very well affect their likelihood for future employment. Furthermore, as part of this Settlement, Plaintiffs are executing general releases of all claims against Defendant.

14. In turn, Class Members will now have the opportunity to participate in a Settlement, reimbursing them for alleged wage violations they may have never known about on their own or been willing to pursue on their own. If these Class Members would have each tried to pursue their legal remedies on their own, that would have resulted in each having to expend a significant amount of their own monetary resources and time, which were obviated by Plaintiffs putting themselves on the line on behalf of these other Class Members.

15. In the final analysis, this Action would not have been possible without the aid of Plaintiffs, who put their own time and effort into this Action, sacrificed the value of their own individual claims, and placed themselves at risk for the sake of the Class Members. The requested payment of up to $15,000.00 to each ($30,000.00 total) Plaintiff for their service as the Class Representatives and in exchange for their general release of their individual claims (the "Class Representative Service Payments"), is a relatively small amount of money. Considering the time and effort put into the Action, and in comparison to similar service awards granted in other class actions, the Class Representative Service Payments are reasonable.

THE REQUEST FOR ATTORNEYS' FEES AND COSTS IS REASONABLE

16. The Settlement provides for an attorneys' fee payment in an amount up to 33 and 1/3% of the Gross Settlement Amount for a maximum payment of $500,000.00 (the "Class Counsel Fees Payment"), plus a payment for litigation expenses of up to $50,000.00 (the "Class Counsel Litigation Expenses Payment").

17. The total current lodestar for WLF is not less than the following:

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Person	Role	Hours	Rate	Lodestar
Benjamin H. Haber	Partner	92.4	$950.00	$87,780.00
Daniel J. Kramer	Senior Attorney	141.2	$850.00	$120,020.00
Alan Wilcox	Senior Attorney	23.1	$950.00	$21,945.00
Angela		5.4	$750.00	$4,050.00
Rebecca Padilla	Paralegal	20.5	$200.00	$4,100.00
Coley Hayes	Paralegal	18.2	$200.00	$3,640.00
Justin F. Marquez[1]	Senior Partner	25	$1,200.00	$30,000.00
Total:		325.8		$271,535.00

18. WLF has spent approximately 325.8 hours, for a lodestar of $271,535.00 litigating this Action to bring it to resolution, not including time which will be expended monitoring the administration of the Settlement and distribution of funds to the Class Members. Efforts expended by Class Counsel to achieve this result include, but are not limited to, the following:

a. the investigation of the Action, including meeting with Plaintiffs, reviewing Defendant's policies, and requesting and reviewing Plaintiffs' time and pay records, personnel files, and exploring the corporate structure of Defendant;
b. filing the Action;
c. attending hearings and meeting and conferring with Defendant regarding the Action;
d. meeting and conferring with Defendant regarding mediation, exchange of informal discovery beforehand, and negotiating with opposing counsel regarding the parameters thereof;
e. selecting mediator and mediation date;
f. working with opposing counsel and an expert consultant for the receipt of a

[1] Justin F. Marquez is no longer with Wilshire Law Firm, PLC as of December 2024. I have conservatively estimated that at least the above hours of work were performed by Mr. Marquez on this matter, which includes, but is not limited to, assisting with the complaint, participating in several meetings regarding the case and case strategy, prepared early pleadings, and assisted with successfully causing this matter to be remanded back to State Court after Defendant's removal.

representative sampling and analyzing the same with the aid of expert consultant and Plaintiffs to perform analyses of liability and exposure prior to attendance of each mediation in this Action;

g. reviewing policy documents from Defendant and researching applicable defenses;

h. preparation of a mediation brief and damages model for use at three mediations;

i. attendance at mediation by the Parties and Class Counsel;

j. communicating with Plaintiffs who requested updates or other information regarding this Action;

k. engaging in settlement negotiations, followed by finalizing and fully executing the Settlement Agreement;

l. preparing and assisting in the drafting of the Motion for Preliminary Approval of Class Action Settlement and supporting documents;

m. communicating with Class Members who sought additional information regarding the Settlement, including answering questions regarding the Settlement;

n. communicating with the Administrator to ensure the Class Notice was properly distributed and engaging in extensive follow-up communications with the Administrator regarding Class Members who sought additional information about the Settlement; and

o. preparing the instant Motion and supporting documents.

19. There are additional hours devoted by Class Counsel to this Action that are not reflected in the request for the Class Counsel Fees Payment.

20. We can provide additional billing records in the event the Court requests them but would request the opportunity to redact attorney-client privileged information and any other privileged information.

21. I believe that the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment are reasonable. WLF invested significant time and resources into the Action, with payment deferred to the end of the case, and then, of course, contingent on the outcome.

22. It is further estimated that WLF will need to expend at least another 10 to 15 hours

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to monitor the process leading up to payments made to the Class. WLF also bears the risk of taking the necessary actions if Defendant fails to pay.

23. The risk to WLF has been significant, particularly if we would not be successful in pursuing this Action. In that case, we would have been left with no compensation for all the time taken in litigating this Action. The contingent risk in these types of cases is very real and they do occur regularly. WLF was precluded from focusing on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain.

24. Because most individuals cannot afford to pay for representation in litigation on an hourly basis, WLF represents all employment law clients on a contingency fee basis. Pursuant to this arrangement, we are not compensated for our time unless we prevail at trial or successfully settle our clients' cases. Because WLF is taking the risk that we will not be reimbursed for our time unless our client settles or wins his or her case, we cannot afford to represent an individual employee on a contingency basis if, at the end of our representation, all we are to receive is our regular hourly rate for services. It is essential that we recover more than our regular hourly rate when we win or settle to remain in practice and continue representing other individuals in civil rights employment disputes.

25. As of the date of filing this Motion, WLF has incurred around $43,968.53 in costs, and Defendant has agreed that they will not oppose a Class Counsel Litigation Expenses Payment request of up to $50,000.00. Accordingly, Class Counsel respectfully requests reimbursements of $43,968.53 in expenses, which should be reimbursed in full. Attached as **Exhibit 3** is a true and correct copy of our list of the costs and the categories of costs for the costs incurred in this Action to date by WLF.

CLASS COUNSEL'S EXPERIENCE AND QUALIFICATIONS

26. WLF was selected by Best Lawyers and U.S. News & World Report as one of the nation's Best Law Firms for every year since 2020 and is comprised of more than 100 attorneys and over 600 employees. WLF is actively and continuously practicing in employment litigation, representing employees in both individual and class actions in both state and federal courts throughout California.

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27. WLF is qualified to handle this Action because its attorneys are experienced in litigating Labor Code violations in both individual, class action, and representative action cases. WLF has handled, and is currently handling, numerous wage and hour class action lawsuits, as well as class actions involving consumer rights and data privacy litigation.

<u>CLASS COUNSELS' EXPERIENCE</u>

<u>Benjamin H. Haber's Qualifications</u>

28. Benjamin H. Haber is a Partner at WLF. He graduated from the University of California, Los Angeles, in 2012 and received his Juris Doctor from the University of California, Hastings College of the Law (now the University of California College of Law, San Francisco) in 2016. During law school, he was a member of the executive board for the *Hastings Law Journal;* a student mediator at the San Francisco Superior Court, Small Claims Division; and a managing editor for *SCOCAblog,* which continues to be a leading online publication for analysis regarding trends and cases before the California Supreme Court. Since graduating from law school, he has focused his legal work primarily on wage-and-hour litigation and has helped obtain more than one hundred class settlements on behalf of tens of thousands of workers in California. He was also selected as a "Southern California Rising Star" in 2024, 2025, and 2026.

29. He has been appointed as class counsel in numerous wage-and-hour cases throughout California. Below is a non-exhaustive list of cases where he was appointed as class counsel or he and other members of WLF were appointed as class counsel:

a. *Colter v. Propulsion Controls Engineering*, San Diego County, Case No. 37-2020-00030682-CU-OE-CTL; Motion for Final Approval granted on October 28, 2022.

b. *Rodriguez v. Modesto Restaurant Group, LLC*, Stanislaus County, Case No. CV-21-000269; Motion for Final Approval granted on January 10, 2023.

c. *Kingsbury v. Caravan Foods II, Inc.*, Alameda County, Case No. RG21096357; Motion for Final Approval granted on January 31, 2023.

d. *Frias-Estrada v. Trek Retail Corporation*, Contra Costa County, Case No. MSC20-01916; Motion for Final Approval granted on March 3, 2023.

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e. *Varez v. Valley Connection, LLC dba Carl's Jr.*, Merced County, Case No. 22CV-00985; Motion for Final Approval granted on April 27, 2023.

f. *Reyes v. Everytable, PBC, et al.*, Los Angeles County, Case No. 21STCV35987; Motion for Final Approval granted on May 3, 2023.

g. *Ortiz v. Tara Materials, Inc.*, San Diego County, Case No. 37-2021-0001473-CU-OE-CTL; Motion for Final Approval granted on May 30, 2023.

h. *Cruz-Sanchez v. Eagle Lath & Plaster, Inc.*, Sacramento County, Case No. 34-2021-00293739-CU-OE-GDS; Motion for Final Approval granted on May 30, 2023.

i. *Garduno v. New Generation Framing, Inc., et al.*, Stanislaus County, Case No. CV-21-000544; Motion for Final Approval granted on August 11, 2023.

j. *Hernandez, et al. v. Burford Farming Company, Inc.*, Fresno County, Case No. 21CECG03817; Motion for Final Approval granted on August 21, 2023.

k. *Barajas v. Final Phase Construction, Inc.*, San Bernardino County, Case No. CIVSB2118622; Motion for Final Approval granted on September 13, 2023.

l. *Jaimes, et al. v. Infiniti Health LLC*, Los Angeles County, Case No. 22STCV07261; Motion for Final Approval granted on October 17, 2023.

m. *Nunez v. Gabriel Container*, Los Angeles County, Case No. 21STCV09787; Motion for Final Approval granted on November 2, 2023.

n. *Gutierrez v. Next Level Door & Millwork, Inc.*, Riverside County, Case No. CVRI2105455; Motion for Final Approval granted on January 11, 2024.

o. *Lupercio v. Western CNC, Inc.*, San Diego County, Case No. 37-2021-00010314-CU-OE-CTL; Motion for Final Approval granted on January 26, 2024.

p. *Jackson, et al. v. Apple Valley Communications, Inc., et al.*, San Bernardino County, Case No. CIVSB2124721; Motion for Final Approval granted on February 1, 2024.

q. *Cuadras, et al. v. Guinn Corporation*, Kern County, Case No. BCV-21-101520;

Motion for Final Approval granted on February 22, 2024.

r. *Canton, et al v. John B. Sanfilippo & Sons, Inc.*, Merced County, Case No. 22-CV-01145; Motion for Final Approval granted on March 15, 2024.

s. *Williams v. Total Longterm Care, Inc., et al.*, San Bernardino County, Case No. CIVSB2213347; Motion for Final Approval granted on April 2, 2024.

t. *Espinoza v. Delallo's Italian Foods, Inc.*, Butte County, Case No. 21CV02640; Motion for Final Approval granted on April 24, 2024.

u. *Meza v. Argus Management Company, LLC*, *et al.*, Los Angeles County, Case No. 21STCV31612; Motion for Final Approval granted on May 20, 2024.

v. *Wade v. Mallory Safety and Supply LLC*, Siskiyou County, Case No. 23CV00951; Motion for Final Approval granted on July 11, 2024.

w. *Abarca-Rueda, et al. v. Foley Family Wines, Inc., et al.*, Sonoma County, Case No. S-CV-268148; Motion for Final Approval granted on August 21, 2024.

x. *Aguilar v. American Pasteurization Company, Inc., et al.*, Sacramento County, Case No. 34-2021-00312027-CU-OE-GDS; Motion for Final Approval granted on September 3, 2024.

y. *Hayes, et al. v. Gonzales Park, LLC, et al.*, Butte County, Case No. 21CV02456; Motion for Final Approval granted on May 1, 2024.

z. *Hernandez v. KW California, et al.*, Kern County, Case No. BCV-23-100346; Motion for Final Approval Granted on December 4, 2024.

aa. *Arias v. The Shyft Group GTB, LLC, et al.,* Los Angeles County, Case No.22STCV37390; Motion for Final Approval granted on December 3, 2024.

bb. *Barajas Maya v. United Facilities Group, Inc., et al.*, Santa Clara County, Case No. 22CV397353; Motion for Final Approval granted on November 22, 2024.

30. The In support of the reasonableness of WLF's hourly rates, attached as **Exhibit 4** is a true and correct excerpt from the *2025 Real Rate Report* published by Wolters Kluwer. The Real Rate Report is widely relied upon in the legal industry because it is derived from anonymized billing data taken from actual law firm invoices that were submitted to clients and approved for

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payment, rather than from voluntary surveys or self-reported rates. Although the report refers to "2025" rates, the data reflects rates charged by law firms during the first half of 2024 and therefore represents the most recent available objective evidence of prevailing market rates.

a. The report provides rate information filtered by geographic market, practice type, and timekeeper role. Page 26 reports third-quartile rates for attorneys handling litigation matters in San Francisco and San Jose, which are the primary Northern California legal markets and serve as the dominant rate-setting centers for complex litigation throughout the region. In San Francisco, the dataset shows third-quartile hourly rates of $1,378 for litigation partners and $875 for associates. In San Jose, the report shows third-quartile hourly rates of $1,250 for litigation partners and $1,030 for associates. The report's in-depth city analyses for San Francisco and San Jose further confirm that these markets consistently reflect some of the highest billing rates in the country for experienced litigators and serve as the benchmark markets for Northern California legal services. Courts evaluating fee requests in Sacramento routinely look to the prevailing rates in the nearest major metropolitan markets as benchmarks when assessing reasonableness. The closest and most relevant comparison markets for Sacramento litigation are San Francisco and San Jose, where experienced partners routinely bill well above $1,200 per hour based on rates actually charged to clients.

b. The 2025 Real Rate Report's practice-area-specific data further supports this conclusion. Page 81 provides third-quartile rates for the detailed practice category "Employment and Labor: Other Litigation," which is directly analogous to the type of work performed in this case. That dataset includes 24 partners and 14 associates and shows a third-quartile rate of $1,252 per hour for partners and $564 per hour for associates. These figures demonstrate that even within the specialized employment litigation market, partners regularly bill well above $1,200 per hour based on rates actually charged to clients. When this practice-specific benchmark is considered together with the broader regional market data, it confirms that WLF's

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hourly rate for highly experienced counsel in a representative employment action falls within the upper range of prevailing market rates rather than outside it.

31. In an article entitled "Big Law Rates Topping $2,000 Leave Value 'In Eye of Beholder,'" written by Roy Strom and published by Bloomberg Law on June 9, 2022, the author describes how Big Law firms have crossed the $2,000-per hour rate. The article also notes that law firm rates have been increasing by just under 3% per year. A true and correct copy of this article is attached hereto as **Exhibit 5**.

Alan Wilcox's Qualifications

32. Alan Wilcox is a Senior Attorney at Wilshire Law Firm. He graduated from the University of California, Berkeley in 2007, and graduated from Pepperdine University's School of Law and became a member of the California State Bar in 2012. Throughout his career, Alan has represented clients in both state and federal Courts in a wide variety of matters, including contract disputes, wrongful foreclosure, unlawful detainer, divorce, product defect, tort, and employment matters. From 2014 to the present, he has exclusively practiced complex civil litigation representing plaintiff employees in employment matters. He has handled both individual wrongful discharge and collective wage and hour actions, with the class action and PAGA matters including *Flores v. Aqua Terra Culinary, Inc.*, Monterey Superior Court Case No. 17CV002672, *Garcia v. Construction Innovations Group, LLC*, Sacramento Superior Court Case No. 34-2020-00285239, *Kim v. Sheraton Operating Corp.*, Central District of California Case No. 2:17-cv-09247-FMO-E, *Pease v. Wattrans, Inc.*, San Bernardino Superior Court Case No. CIVDS1919832, and *Lachman v. Berlitz Languages, Inc.*, Los Angeles Superior Court Case No. 19STCV01533, among others.

Daniel J. Kramer's Qualifications

33. Daniel J. Kramer is a ninth-year Senior Attorney at WLF. He is admitted to practice law in the State of California in 2017 and is also admitted to the Central, Eastern, Southern, and Northern Districts of California. He graduated from Stanford University with a Bachelor of Arts in History and Political Science, and received his Juris Doctor from Loyola Law School, Los Angeles in 2016. During law school, he was a research editor for the Loyola of Los Angeles

International and Comparative Law Review. Before joining WLF, he practiced briefly at a firm that focused on municipal law and code enforcement and then moved to a respected plaintiff-side firm to practice wage and hour class action litigation. He has several years of work experience litigating wage and hour class actions.

Angela Leong's Qualifications

34. Angela Leong is a 12-year Associate Attorney at WLF. She is admitted to practice law in the State of California and the Central Districts of California. She graduated from the University of Macau with a Bachelor's Degree in English Communications, received a Master of Science from the Southern Illinois University Carbondale, and received her Juris Doctor from Whittier Law School in 2014. In the early years of her legal career, Ms. Leong advocated for low-income individuals, which eventually led her to pursue employment law. Angela's practice now focuses on litigating wage and hour class actions.

Rebecca Padilla's Qualifications

35. Rebecca Padilla is a Paralegal at WLF with seven years of experience working at law firms, including over five years of experience working on class action cases. She is a graduate of the California State University, Northridge with a Bachelor of Science degree in Business Administration – Business Law.

Coley Hayes's Qualifications

36. Coley Hayes is a Paralegal at WLF with seven years of experience specializing in wage and hour class actions and representative actions class action cases. She is a graduate of Austin Peay State University with a Bachelor of Science degree in Mathematics and a Master's degree in Curriculum and Instruction.

Justin F. Marquez's Qualifications

37. Justin F. Marquez is a former Senior Partner at WLF who was actively involved in the litigation and resolution of this Action from its inception through December 2024. He graduated from University of California, Los Angeles's College Honors Program in 2004 with Bachelor of Arts degrees in History and Japanese, magna cum laude and Phi Beta Kappa. He graduated from Notre Dame Law School with a Juris Doctorate. He was admitted to the State Bar

of California in 2009. His practice focused primarily on advocating for the rights of consumers and employees in class action litigation and appellate litigation. He received numerous awards for his legal work: from 2017 to 2020, Super Lawyers selected him as a "Southern California Rising Star," and from 2022 to 2025, he was selected as a "Southern California Super Lawyer"; he was selected as one of the "Best Lawyers in America" from 2023 to 2025; and in 2024, he, along with his colleagues at WLF, received a CLAY (California Lawyer Attorneys of the Year) award for their work on a false advertising case against Apple which ultimately led to a $25 million settlement. He also was selected to speak at multiple CELA conferences throughout his career – in 2019, he spoke on the topic of manageability of class actions at CELA's 2019 Advanced Wage & Hour Seminar, and in 2024, he spoke on the topic of dealings with multiple cases against the same defendant at CELA's 2024 Advanced Wage & Hour Seminar. He served as lead or co-lead in negotiating class action settlements worth over $10 million in gross recovery to class members for each year since 2020, including over $37.5 million in 2022 and over $75 million in 2023. I declare under penalty of perjury under the laws of the State of California and the United States that the foregoing is true and correct.

Executed on July 13, 2026, in Santa Rosa, California.

Alan Wilcox

Alan Wilcox

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Exhibit 1

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between plaintiffs Luz Hernandez and Tyler Smith (collectively, "Plaintiffs") and defendant United Ground Express, Inc. ("Defendant" or "UGE"). The Agreement refers to Plaintiffs and Defendant collectively as "Parties," or individually as "Party."

1. DEFINITIONS.

1.1. "Action" means the Plaintiffs' lawsuit alleging wage and hour violations against Defendant captioned *Luz Hernandez and Tyler Smith v. United Ground Express, Inc.*, Case No. CIVSB2326322 initiated on October 30, 2023 and pending in Superior Court of the State of California, County of San Bernardino.

1.2. "Administrator" means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

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

1.4. "Aggrieved Employee" means all persons employed by Defendant in California and classified as an hourly-paid employee who worked for Defendant during the PAGA Period.

1.5. "Class" means all persons employed by Defendant in California and classified as hourly-paid employees who worked for Defendant during the Class Period.

1.6. "Class Counsel" means Benjamin H. Haber and Daniel J. Kramer of Wilshire Law Firm, PLC.

1.7. "Class Counsel Fees Payment" and "Class Counsel Litigation Expenses Payment" mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action.

1.8. "Class Data" means each Class Member's name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.

1.9. "Class Member" or "Settlement Class Member" means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

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

1.11. "Class Notice" means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English, with a Spanish translation, if applicable, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.12. "Class Period" means the period from October 30, 2019 to April 21, 2025. Plaintiffs acknowledge that October 30, 2019 is the first date on which they may assert any claim in the Action under the applicable statute of limitations.

1.13. "Class Representative(s)" means the named Plaintiffs in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

1.14. "Class Representatives' Service Payments" means the payment to the Class Representatives for initiating the Action and providing services in support of the Action.

1.15. "Court" means the Superior Court of California, County of San Bernardino.

1.16. "Defendant" means named Defendant United Ground Express, Inc.

1.17. "Defense Counsel" means Jonathan L. Brophy, Bailey K. Bifoss, Heather E. Horn, and Miguel A. Ramirez of Seyfarth Shaw LLP.

1.18. "Effective Date" means the date on which the later of the following events has occurred: (a) the period for filing any appeal, writ, or other appellate proceeding opposing Final Approval of the settlement and Final Judgment has elapsed without any appeal, writ, or other appellate proceeding having been filed (*i.e.*, 61 days following Final Judgment being entered); (b) when any appeal, writ, or other appellate proceeding opposing the settlement has been dismissed finally and conclusively with no right to pursue further remedies or relief; or (c) when any appeal, writ, or other appellate proceeding has upheld the Court's Final Approval Order with no right to pursue further remedies or relief.

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

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

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

1.22. "Gross Settlement Amount" means $1,500,000.00, which is the total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 8 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representatives' Service Payments and the Administration Expenses Payment.

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

1.24. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.25. "Judgment" means the judgment entered by the Court based upon the Final Approval.

1.26. "LWDA" means the California Labor and Workforce Development Agency, the agency which helps to enforce The Labor Code Private Attorneys General Act under Labor Code section 2698.

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

1.28. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representatives' Service Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

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

1.30. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.31. "PAGA Period" means the period from December 11, 2022 to April 21, 2025.

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

1.33. "PAGA Notice" means Plaintiff Hernandez's December 11, 2023 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd. (a), as well as all amendments thereto, including the amendment contemplated by Paragraph 2.7 below.

1.34. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees ($12,500.00) and the 75% to LWDA ($37,500.00) in settlement of PAGA claims.

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

1.36. "Plaintiffs" means Luz Hernandez and Tyler Smith, the named plaintiffs in the Action.

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

1.38. "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

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

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

1.41. "Released Parties" means: Defendant and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

1.42. "Request for Exclusion" means a Class Member's submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43. "Response Deadline" means 45 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.

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

1.45. "Workweek" means any week during which a Class Member worked for Defendant for at least one day, during the Class Period.

2. RECITALS.

2.1. On October 30, 2023, Plaintiff Hernandez commenced this Action by filing a Complaint alleging causes of action against Defendant for failure to pay minimum and straight time wages; failure to pay overtime wages; failure to provide meal periods; failure to authorize and permit rest periods; failure to timely pay final wages at termination; failure to provide accurate itemized wage statements; failure to indemnify employees for expenditures; and violation of California's Unfair Competition Law (the "*Hernandez* Class Action").

2.2. On January 25, 2024, Defendant removed the Hernandez Class Action to the Central District of California, Case No. 5:24-cv-00168.

2.3. On February 14, 2024, Plaintiff Hernandez filed a separate PAGA action in San Bernardino County, Case No. CIVSB2405630 (the "*Hernandez* PAGA Action").

2.4. On March 28, 2024, Plaintiff Smith filed a separate class action in San Bernardino County Superior Court entitled *Tyler Smith v. United Ground Express, Inc.,* Case No. CIVSB2410517 (the "*Smith* Class Action").

2.5. On April 2, 2024, Plaintiff Hernandez's Motion to Remand was granted and the *Hernandez* Class Action was remanded to the San Bernardino County Superior Court.

2.6. On September 11, 2024, Plaintiffs filed an Amended Consolidated Complaint, consolidating the *Hernandez* Class Action, the *Hernandez* PAGA Action, and the *Smith* Class Action.

2.7. Plaintiffs will submit an amended notice to the LWDA, exhausting their administrative remedies under PAGA as to claims for failure to pay sick leave wages, unlawful deductions, failure to pay reporting time pay, failure to pay vested vacation time, and failure to provide suitable seating under the PAGA. Thereafter, Plaintiffs will file a Second Amended Consolidated Class Action Complaint, adding appropriate class and PAGA allegations based on the Amended LWDA Notice. The Second Amended Consolidated Complaint will be the operative complaint in the Action (the "Operative Complaint"). Absent a contrary order from the Court or this Settlement becoming null and void as provided for herein, Defendant shall not be required to file a responsive pleading to the Operative Complaint.

2.8. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.

2.9. Pursuant to Labor Code section 2699.3, subd. (a), Plaintiffs gave timely written notice to Defendant and the LWDA by sending the PAGA Notice.

2.10. On February 18, 2025 the Parties participated in an all-day mediation presided over by Michael E. Dickstein, which led to this Agreement to settle the Action.

2.11. Prior to mediation, Plaintiffs obtained, through formal and informal discovery, documents relevant to the case, including timekeeping records and payroll information for a sampling of the class, Defendant's policies relating to Plaintiffs' claims, and Plaintiffs' personnel file. Plaintiffs' investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("***Dunk/Kullar***").

2.12. The Court has not granted class certification.

3. MONETARY TERMS.

3.1. <u>Gross Settlement Amount</u>. Except as otherwise provided by Paragraph 8 below, Defendant promises to pay $1,500,000.00 and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendant has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

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

3.2.1. To Plaintiffs: Class Representatives' Service Payments to the Class Representatives of not more than $15,000.00 each ($30,000.00 total) (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representatives are entitled to receive as Participating Class Members. Defendant will not oppose Plaintiffs' request for Class Representatives' Service Payments that do not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, Plaintiffs will seek Court approval for any Class Representatives' Service Payments no later than 16 court days prior to the Final Approval Hearing. The amount of any Class Representatives' Service Payments is not a material term of this Agreement and, if the Court approves Class Representatives' Service Payments less than the amount requested, such award shall not be a basis on which to abrogate this Agreement and the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representatives' Service Payments using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the Class Representatives' Service Payments.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than 33 and 1/3%, which is currently estimated to be $500,000.00, and a Class Counsel Litigation Expenses Payment of not more than $50,000.00. Defendant will not oppose requests for these payments provided they do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. The amount of any Class Counsel Fees Payment or Class Counsel Litigation Expenses Payment is not a material term of this Agreement and, if the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, such award shall not be a basis on which to abrogate this Agreement and the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3. To the Administrator: An Administration Expenses Payment not to exceed $12,950 except for a showing of good cause and as approved by the Court. The amount of any Administration Expenses Payment is not a material term of this Agreement and, to the extent the Administration Expenses are less or the Court approves payment less than $12,950, such award shall not be a basis on which to abrogate this Agreement and the Administrator will retain the remainder in the Net Settlement Amount.

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

3.2.4.1. Tax Allocation of Individual Class Payments. 25% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining 75% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

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

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of $50,000.00 to be paid from the Gross Settlement Amount, with 75% ($37,500.00) allocated to the LWDA PAGA Payment and 25% ($12,500.00) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties ($12,500.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2. The Court has authority under this Agreement to increase or reduce PAGA Penalties up to and including at the Final Approval stage. However, some approval of PAGA Penalties is a material term of this Agreement. If the Court does not approve any PAGA Penalties without leave to amend, then the entire Agreement will be, at Defendant's sole discretion, void and unenforceable. In such case the Parties shall be returned to their respective statuses as of the date and time immediately prior to the execution of this Agreement and the Parties shall proceed in all respects as if this Agreement had not been executed. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

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4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendant estimates there are 1,376 Class Members who collectively worked a total of 68,358 Workweeks, and 888 Aggrieved Employees who worked a total of 19,411 PAGA Pay Periods.

4.2. Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3. Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than 30 days after the Effective Date.

4.4. Payments from the Gross Settlement Amount. Within 14 days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representatives' Service Payments. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representatives' Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

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

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

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

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

5. **RELEASES OF CLAIMS**. Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, in their individual capacities and as a proxy for the State, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 Plaintiffs' Release. Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint, (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiffs' PAGA Notice, or ascertained during the Action, and (c) any other claims, debts, liabilities, demands, damages, obligations, actions and causes of action, of any nature whatsoever, whether known or unknown, suspected or unsuspected, arising out of or in connection with their employment with Defendant, the separation of such employment, or any other act, omissions, or event occurring between the Parties at any time **("Plaintiffs' Release")**. Plaintiffs' **Release does not extend to any claims or actions to enforce this Agreement, or** to any claims for vested benefits, unemployment benefits, disability benefits, social **security benefits, workers' compensation benefits that arose at any time. Plaintiffs** acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that

Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

5.1.1 Plaintiffs' Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or Released Party

5.2 Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from any and all claims that were or could have been asserted based on the facts pled in the Operative Complaint or the PAGA Notice, irrespective of theory of liability. This release specifically includes but is not limited to, state wage and hour claims for any and all violations of California's Labor Code and Unfair Competition Law based on Defendant's alleged failure to pay for all hours worked (including minimum, straight time, and overtime wages); meal period violations, including but not limited to failure to provide meal periods and failure to correctly calculate the appropriate rate of pay for meal period premiums; rest period violations, including but not limited to failure to authorize and permit rest periods and failure to correctly calculate the appropriate rate of pay for rest period premiums; failure to maintain accurate and/or complete records; failure to timely pay final wages during employment and/or at termination; failure to furnish accurate itemized wage statements; paid sick leave violations, including but not limited to failure to pay sick leave wages and failure to correctly calculate the appropriate rate of pay for sick leave; failure to reimburse business expenses; failure to pay vested vacation time; unlawful deductions; failure to pay reporting time pay; failure to provide suitable seating; unfair and/or unlawful competition and/or business practices; and all damages, interest, penalties, attorneys' fees, costs, and other amounts recoverable under said causes of action under California law, to the extent permissible, including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 221, 223, 225.5, 226, 226.3, 226.7, 227.3, 245-248.5, 256, 432, 432.5, 432.7, 510, 512, 516, 558, 558.1, 1024.5, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2699, 2699.3, 2802, 2810.5 and the applicable Wage Orders. Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

5.3 Release by Aggrieved Employees: The LWDA, Plaintiff as a proxy for the State, and all Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were or could have been asserted based on the facts pled in the Operative Complaint or the PAGA

Notice, irrespective of theory of liability. This release specifically includes but is not limited to, state wage and hour claims for any and all violations of California's Labor Code and Unfair Competition Law based on Defendant's alleged failure to pay for all hours worked (including minimum, straight time, and overtime wages); meal period violations, including but not limited to failure to provide meal periods and failure to correctly calculate the appropriate rate of pay for meal period premiums; rest period violations, including but not limited to failure to authorize and permit rest periods and failure to correctly calculate the appropriate rate of pay for rest period premiums; failure to maintain accurate and/or complete records; failure to timely pay final wages during employment and/or at termination; failure to furnish accurate itemized wage statements; paid sick leave violations, including but not limited to failure to pay sick leave wages and failure to correctly calculate the appropriate rate of pay for sick leave; failure to reimburse business expenses; failure to pay vested vacation time; unlawful deductions; failure to pay reporting time pay; failure to provide suitable seating; unfair and/or unlawful competition and/or business practices; and all damages, interest, penalties, attorneys' fees, costs, and other amounts recoverable under said causes of action under California law, to the extent permissible, including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 221, 223, 225.5, 226, 226.3, 226.7, 227.3, 245-248.5, 256, 432, 432.5, 432.7, 510, 512, 516, 558, 558.1, 1024.5, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2699, 2699.3, 2802, 2810.5 during the PAGA Period. Aggrieved Employees only release these claims for the duration of the PAGA Period.

6. **MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

6.1 Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and/or the Administrator; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); and (vii) all facts relevant to any actual or potential conflict of interest with Class Members, and/or the Administrator.

6.2 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

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

7. SETTLEMENT ADMINISTRATION.

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

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

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

7.4 Notice to Class Members.

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

7.4.2 Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice, with Spanish translation, if applicable, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of

Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

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

7.4.4 The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 45 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

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

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

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

7.6 <u>Challenges to Calculation of Workweeks</u>. Each Class Member shall have 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.

7.7 <u>Objections to Settlement.</u>

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

7.7.2 Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than 60 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class

Members whose Class Notice was re-mailed).

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

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

7.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representatives' Service Payments, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails.

7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

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

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

7.8.5 Administrator's Declaration. Not later than 14 days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible **for filing the Administrator's declaration(s) in Court.**

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

8. **CLASS SIZE ESTIMATES AND ESCALATOR CLAUSE.** Based on its records, Defendant estimates that, as of the date of this Settlement Agreement, there are 1,376 Class Members who worked 68,358 Total Workweeks during the Class Period. If the total number of workweeks exceeds this total by more than 10% (*i.e.*, if the Total Workweeks is more than 75,194), Defendant shall have the option to increase the Gross Settlement Amount proportionally for each workweek in excess of 75,194. Defendant may also choose to limit the Class Period such that the Class Period ends on the date when Class Members have worked no more than 75,194 workweeks.

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

10. **MOTION FOR FINAL APPROVAL.** Not later than 16 court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval Order and a proposed Judgment **(collectively "Motion for Final Approval"). Plaintiff**s shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

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

10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

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

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

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

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

12. ADDITIONAL PROVISIONS.

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

12.2 Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, insurers, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) the court in any related matter; (4) to the extent necessary to report income to appropriate taxing authorities; (5) in response to a court order or subpoena; or (6) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

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

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

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

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

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

12.8 No Tax Advice. Neither Plaintiffs, Class Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

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

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

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

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

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

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

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

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

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

To Plaintiff:
Benjamin H. Haber
benjamin.haber@wilshirelawfirm.com
Daniel J. Kramer
daniel.kramer@wilshirelawfirm.com
WILSHIRE LAW FIRM, PLC
3055 Wilshire Blvd., 12th Floor
Los Angeles, California 90010
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

To Defendant:
Jonathan L. Brophy
jbrophy@seyfarth.com
Bailey K. Bifoss
bbifoss@seyfarth.com
Heather E. Horn
hhorn@seyfarth.com
Miguel A Ramirez
mramirez@seyfarth.com
SEYFARTH SHAW LLP
2099 Century Park East, Suite 3500
Los Angeles, California 90067
Telephone: (310) 277-7200
Facsimile: (310) 201-5219

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

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

Dated: 9/10/2025

DocuSigned by:
CE70FDC040FB47E...
Luz Hernandez
Plaintiff

Dated: 9/17/2025

Signed by:
D74998CEC10A485...
Tyler Smith
Plaintiff

Dated: 9/17/2025

WILSHIRE LAW FIRM PLC
Benjamin H. Haber
Daniel J. Kramer
Attorneys for Plaintiffs

Dated: 9/18/2025

UNITED GROUND EXPRESS, INC.
By: Nicholas Hollinger
Its: MD Finance

Dated: September 17, 2025

SEYFARTH SHAW LLP
Jonathan L. Brophy
Heather E. Horn
Bailey K. Bifoss
Miguel A. Ramirez
Attorneys for Defendant

Exhibit A

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

Luz Hernandez, et al., v. United Ground Express, Inc., Case No. CIVSB2326322

The Superior Court for the State of California authorized this Notice. Read it carefully!

It is not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit ("Action") against United Ground Express, Inc. ("UGE" or "Defendant" is used herein as a placeholder) for alleged wage and hour violations. The Action was filed by former UGE employees Luz Hernandez and Tyler Smith (collectively, "Plaintiffs") and seeks payment of (1) back wages and other relief for a class of hourly-paid employees ("Class Members") who worked for Defendant during the Class Period (October 30, 2019 to April 21, 2025) and (2) penalties under the California Private Attorney General Act ("PAGA") for all hourly-paid employees who worked for Defendant during the PAGA Period (December 11, 2022 to April 21, 2025) ("Aggrieved Employees").

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

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

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

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or do not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiffs and Plaintiffs' attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment that requires Defendant to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendant.

If you worked for Defendant during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

(1) **Do Nothing**. You do not have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendant.

(2) **Opt-Out of the Class Settlement**. You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Defendant. If you are an Aggrieved Employee, you will remain eligible for an Individual PAGA Payment even if you exclude yourself from the Class Settlement. You cannot opt-out of the PAGA portion of the proposed Settlement.

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

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Do Not Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendant that are covered by this Settlement (Released Claims).
You Can Opt-Out of the Class Settlement but Not the PAGA Settlement **The Opt-out Deadline is ________**	If you do not want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section **6** of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendant must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).

Participating Class Members Can Object to the Class Settlement but Not the PAGA Settlement **Written Objections Must be Submitted by __________________**	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiffs who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiffs, but every dollar paid to Class Counsel and Plaintiffs reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiffs if you think they are unreasonable. See Section **7** of this Notice.
You Can Participate in the _______________ Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on ___________. You do not have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/Pay Periods **Written Challenges Must be Submitted by ____________________**	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Defendant's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by____. See Section **4** of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiffs are former UGE employees. The Action accuses UGE of violating California labor laws by, among other things, failing to pay overtime wages, minimum wages, meal period violations, rest period violations, failure to maintain accurate and/or complete records, failure to timely pay final wages during employment and/or at termination, failure to furnish accurate itemized wage statements, paid sick leave violations, failure to reimburse business expenses, failure to pay vested vacation time, unlawful deductions, failure to pay reporting time pay, failure to provide suitable seating, and unfair and/or unlawful competition and/or business practices. Based on the same claims, Plaintiffs have also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Plaintiffs are represented by attorneys in the Action: Benjamin H. Haber and Daniel J. Kramer of Wilshire Law Firm, PLC ("Class Counsel.")

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

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

So far, the Court has made no determination whether Defendant or Plaintiffs are correct on the merits. In the meantime, Plaintiffs and Defendant hired an experienced, neutral mediator in an effort to resolve the Action by negotiating an to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a written settlement agreement ("Agreement") and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiffs and Defendant have negotiated a proposed Settlement that is subject to the Court's Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendant does not admit any violations or concede the merit of any claims.

Plaintiffs and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Defendant has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

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

1. <u>Defendant Will Pay $1,500,000.00 as the Gross Settlement Amount (Gross Settlement).</u> Defendant has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representatives' Service Payments, Class Counsel's attorney's fees and expenses, the Administrator's Expenses, and penalties to be paid to the California Labor and Workforce Development Agency ("LWDA"). Assuming the Court grants Final Approval, Defendant will fund the Gross Settlement not more than 30 days after the Effective Date of the Agreement.

2. <u>Court Approved Deductions from Gross Settlement.</u> At the Final Approval Hearing,

Plaintiffs and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

A. Up to $500,000.00 (1/3 of the Gross Settlement) to Class Counsel for attorneys' fees and up to $50,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.

B. Up to $15,000.00 to each named Plaintiff as Class Representatives' Service Payments for filing the Action, working with Class Counsel and representing the Class. The Class Representatives' Service Payments will be the only monies Plaintiffs will receive other than Plaintiffs' Individual Class Payments and any Individual PAGA Payments.

C. Up to $12,950 to the Administrator for services administering the Settlement.

D. Up to $50,000.00 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the "Net Settlement") by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.

4. Taxes Owed on Payments to Class Members. Plaintiffs and Defendant are asking the Court to approve an allocation of 25% of each Individual Class Payment to taxable wages ("Wage Portion") and 75% to interest and penalties ("Non-Wage Portion.). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendant will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

   Although Plaintiffs and Defendant have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you do not cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name.

If the monies represented by your check is sent to the Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than ______________, that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the ________________ Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class **Member's name, present address, telephone number, and a simple statement electing to be** excluded from the Settlement. Excluded Class Members (*i.e.*, Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against Defendant.

   You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Defendant based on the PAGA Period facts alleged in the Action.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and Defendant have agreed that, in either case, the Settlement will be void. Defendant will not pay any money and Class Members will not release any claims against Defendant.

8. Administrator. The Court has appointed a neutral company, ILYM Group, Inc. (the **"Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide** Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the **Settlement. The Administrator's contact** information is contained in Section 9 of this Notice.

9. **Participating Class Members' Release.** After the Judgment is final and Defendant has fully funded the Gross Settlement (and separately paid all employer payroll taxes), Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that, unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant or related entities for claims alleged in the Action and resolved by this Settlement.

   The Participating Class Members will be bound by the following release:

   All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from any and all claims that were or could have been asserted based on the facts pled in the Operative Complaint or the PAGA Notice, irrespective of theory of liability. This release specifically includes but is not limited to, state wage and hour claims for any and all violations of California's Labor Code and Unfair Competition Law based on Defendant's alleged failure to pay for all hours worked (including minimum, straight time, and overtime wages); meal period violations, including but not limited to failure to provide meal periods and failure to correctly calculate the appropriate rate of pay for meal period premiums; rest period violations, including but not limited to failure to authorize and permit rest periods and failure to correctly calculate the appropriate rate of pay for rest period premiums; failure to maintain accurate and/or complete records; failure to timely pay final wages during employment and/or at termination; failure to furnish accurate itemized wage statements; paid sick leave violations, including but not limited to failure to pay sick leave wages and failure to correctly calculate the appropriate rate of pay for sick leave; failure to reimburse business expenses; failure to pay vested vacation time; unlawful deductions; failure to pay reporting time pay; failure to provide suitable seating; unfair and/or unlawful competition and/or business practices; and all damages, interest, penalties, attorneys' fees, costs, and other amounts recoverable under said causes of action under California law, to the extent permissible, including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 221, 223, 225.5, 226, 226.3, 226.7, 227.3, 245-248.5, 256, 432, 432.5, 432.7, 510, 512, 516, 558, 558.1, 1024.5, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2699, 2699.3, 2802, 2810.5 and the applicable Wage Orders. Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

10. <u>Aggrieved Employees' PAGA Release</u>. After the Court's judgment is final, and Defendant has paid the Gross Settlement (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against Defendant, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Defendant or its related entities based on the PAGA claims alleged in the Action and resolved by this Settlement.

The Aggrieved Employees' Releases for Participating and Non-Participating Class Members are as follows:

The LWDA, Plaintiff as a proxy for the State, and all Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were or could have been asserted based on the facts pled in the Operative Complaint or the PAGA Notice, irrespective of theory of liability. This release specifically includes but is not limited to, state wage and hour claims for any and all violations of California's Labor Code and Unfair Competition Law based on Defendant's alleged failure to pay for all hours worked (including minimum, straight time, and overtime wages); meal period violations, including but not limited to failure to provide meal periods and failure to correctly calculate the appropriate rate of pay for meal period premiums; rest period violations, including but not limited to failure to authorize and permit rest periods and failure to correctly calculate the appropriate rate of pay for rest period premiums; failure to maintain accurate and/or complete records; failure to timely pay final wages during employment and/or at termination; failure to furnish accurate itemized wage statements; paid sick leave violations, including but not limited to failure to pay sick leave wages and failure to correctly calculate the appropriate rate of pay for sick leave; failure to reimburse business expenses; failure to pay vested vacation time; unlawful deductions; failure to pay reporting time pay; failure to provide suitable seating; unfair and/or unlawful competition and/or business practices; and all damages, interest, penalties, attorneys' fees, costs, and other amounts recoverable under said causes of action under California law, to the extent permissible, including, but not limited to, California Labor Code sections 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 221, 223, 225.5, 226, 226.3, 226.7, 227.3, 245-248.5, 256, 432, 432.5, 432.7, 510, 512, 516, 558, 558.1, 1024.5, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2699, 2699.3, 2802, 2810.5 during the PAGA Period. Aggrieved Employees only release these claims for the duration of the PAGA Period.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

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

2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing $______________by the total number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual Aggrieved Employee.

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

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

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (*i.e.*, every Class Member who doesn't opt-out)

including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment.

2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (*i.e.*, every Non-Participating Class Member).

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

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

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request to be excluded. Be sure to personally sign your request, identify the Action as *Luz Hernandez, et al., v. United Ground Express, Inc.*, Case No. CVSB2326322, and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by_________________, or it will be invalid. Section 9 of the Notice has the Administrator's contact information.**

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiffs and Defendant are asking the Court to approve. At least 16 days before the ______________ Final Approval Hearing, Class Counsel and/or Plaintiffs will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiffs are requesting as Class Representatives' Service Awards. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website __________(url)__________ or the Court's website___________(url)___________.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiffs are too high or too low. **The deadline for sending written objections to the Administrator is**______________. Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action *Luz Hernandez, et al., v. United Ground Express, Inc.*, Case No. CVSB2326322, and include your name, current address, telephone number, and approximate dates of employment for Defendant and sign the objection. Section 9 of this Notice has the Administrator's contact information.

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

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on _______________ at __(time)__ in Department S22 of the San Bernardino Superior Court, located at 247 West Third Street, San Bernardino, California 92415. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via online remote access (https://www.sb-court.org/general-information/remote-access). **Check the Court's website for the most current inform**ation. **It's** possible the Court will reschedule the Final Approval Hearing. You should check the **Administrator's website**___________________ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendant and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to____(specify entity)______________________**'s website at** ________________________(url)____. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (https://cap.sb-court.org/search) and entering the Case Number for the Action, Case No. CIVSB2326322.

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

Class Counsel:
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Daniel J. Kramer
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WILSHIRE LAW FIRM, PLC
3055 Wilshire Blvd., 12th Floor
Los Angeles, California 90010
Telephone: (213) 784-3830
Facsimile: (213) 381-9989

Settlement Administrator: Name of Company:
Email Address:
Mailing Address:
Telephone:
Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you should consult the Unclaimed Property Fund for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

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

Exhibit 2

Department of Industrial Relations
STATE OF CALIFORNIA

PAGA NOTICE PUBLIC SEARCH - CASE DETAIL

Case Information

Case Number: LWDA-CM-999164-23
Plaintiff for PAGA Case: Luz Hernandez
Filer/Attorney for PAGA Case: Justin Marquez
Law Firm for PAGA Plaintiff: Wilshire Law Firm
Employer: United Ground Express, Inc.
Date Case Received:
Employer Filer Firm:
Court Type: California Superior Courts
Court Name: San Bernardino County Superior Court
PAGA Court Case Number: CIVSB2326322
Violation Type:
Related BOFE Case:

Attachments

Attachment Name	Description	Date Submitted	Type
Additional Document Submitted with Proposed Settlement on 12/23/2025 06:07:52 PM by Benjamin Haber	2025 12-22 UGE - Hernandez Decl ISO MPA (FINAL).pdf	12/23/2025 06:08 PM	Proposed Settlement
Additional Document Submitted with Proposed Settlement on 12/23/2025 06:07:52 PM by Benjamin Haber	2025 12-22 UGE - Smith Decl ISO MPA (FINAL).pdf	12/23/2025 06:08 PM	Proposed Settlement
Additional Document Submitted with Proposed Settlement on 12/23/2025 06:07:52 PM by Benjamin Haber	2025 12-22 UGE - Prop Order (FINAL).pdf	12/23/2025 06:08 PM	Proposed Settlement
Additional Document Submitted with Proposed Settlement on 12/23/2025 06:07:52 PM by Benjamin Haber	2025 12-22 UGE - Haber Decl ISO MPA (FINAL).pdf	12/23/2025 06:08 PM	Proposed Settlement
Amended Notice Submitted on 06/16/2025 04:37:35 PM by Benjamin Haber	2025 06-16 United Ground Express Inc. - Amended PAGA Letter (FINAL).pdf	06/16/2025 04:37 PM	Amended Notice
Court Complaint Submitted on 02/02/2026 10:52:37 AM by Benjamin Haber	2025 12-19 SACC.pdf	02/02/2026 10:52 AM	Court Complaint
Court Complaint Submitted on 10/01/2024 09:52:55 AM by Justin Marquez	2024 09-11 UGE - Amended Consolidated Compl (CONFORMED).pdf	10/01/2024 09:52 AM	Court Complaint
Court Order/Judgment submitted on 03/24/2026 05:23:18 PM by Alan Wilcox	2026-03-24 Order Granting MPA - United Ground Express.pdf	03/24/2026 05:23 PM	Court Order/Judgment
PAGA Notice Submitted on 12/11/2023 04:35:08 PM by Justin Marquez	2023 12-11 United Ground Express Inc. PAGA (FINAL).pdf	12/11/2023 04:35 PM	PAGA Notice
Proposed Settlement Submitted on 12/23/2025 06:07:52 PM by Benjamin Haber	2025 12-22 UGE - MPA (FINAL).pdf	12/23/2025 06:07 PM	Proposed Settlement

Exhibit 3

Wilshire Law Firm, PLC

Transaction Detail by Account

All Transactions

11/8/2024

Accrual Basis

Type	Date	Num	Memo	Description	Amount	Balance
COS						
Mediation Fees						
	02/12/2025	965	Mediation Fees - Dickstein Dispute Resolution	50% Mediation Fees	$17,250.00	$17,250.00
Total MEDIATION FEES					$17,250.00	$17,250.00
Consultant Fees						
	2/20/2025	14423	Consultant Fees - Berger Consulting Group, LLC	26.30 hours of work	$11,835.00	$11,835.00
Total CONSULTANT FEES					$11,835.00	$11,835.00
Filing, Service, Deposition and Remote Appearance Fees						
	11/03/2023	67054	Filing Fee - Valpro Attorney Services, LLC	New Case Filing	$1,722.50	$1,722.50
	12/14/2023		Filing Fee - Department of Industrial Relations	PAGA Notice	$75.00	$1,797.50
	12/27/2023	s69493	Service Fee - Valpro Attorney Services, LLC	Serve:United Ground Express	$141.00	$1,938.50
	12/28/2023	69539	Filing Fee - Valpro Attorney Services, LLC	File POS	$45.00	$1,983.50
	03/26/2024	22246355	Filing Fee - One Legal LLC	PAGA - CCCS, Summons, and Complaint	$1,498.13	$3,481.63
	04/22/2024	22726500	Filing Fee - One Legal LLC	Initial trial set conf stmnt	$20.68	$3,502.31
	04/23/2024	22557772	Filing Fee - One Legal LLC	CCCS,Summ,Comp	$1,538.64	$5,040.95
	04/29/2024	45411	Remote Appearance Fee - CourtCall	CourtCall	$72.00	$5,112.95
	05/01/2024	45413	Remote Appearance Fee - CourtCall	CourtCall	-$72.00	$5,040.95
	05/07/2024	45419	Remote Appearance Fee - CourtCall	CourtCall	$72.00	$5,112.95
	05/08/2024	22549616	Filing Fee - One Legal LLC	ntc	$21.71	$5,134.66
	05/21/2024	22798156	Filing Fee - One Legal LLC	Advanced JF ntc	$176.25	$5,310.91
	05/22/2024	22756360	Filing Fee - One Legal LLC	Notice	$21.71	$5,332.62
	08/02/2024	23338533	Filing Fee - One Legal LLC	Stip	$16.42	$5,349.04
	08/02/2024	23338572	Filing Fee - One Legal LLC	Stip	$42.42	$5,391.46
	08/02/2024	23338450	Filing Fee - One Legal LLC	Stip	$42.42	$5,433.88
	09/10/2024	23694612	Filing Fee - One Legal LLC	Trial Setting CS	$21.83	$5,455.71
	09/11/2024	23606078	Filing Fee - One Legal LLC	Amended Complaint	$16.42	$5,472.13
	09/18/2024	45553	Remote Appearance Fee - CourtCall	CourtCall	$72.00	$5,544.13
	09/25/2024	23713592	Filing Fee - One Legal LLC	Amended Complaint	$21.83	$5,565.96
	01/09/2025		Deposition Fees - Planet Depos LLC		$1,134.60	$6,700.56
	01/09/2025		Deposition Fees - Planet Depos LLC		$1,138.56	$7,839.12
	02/13/2025	47625	Deposition Fees - California Deposition Reporters	Deposition of Patrick Reid	$5,834.00	$13,673.12
	02/26/2025	2262025	Remote Appearance Fee - CourtCall	CourtCall	$72.00	$13,745.12
	09/02/2025	CC093025TA-1037	Filing Fee - One Legal LLC	Change of Address	$23.63	$13,768.75
	10/10/2025	47625-2	Deposition Fees - California Deposition Reporters	Deposition	$450.70	$14,219.45
	12/17/2025	CC123125TA-1854	Filing Fee - One Legal LLC	Stipulation	$45.32	$14,264.77
	01/12/2026	CC013126TA-0816	Filing Fee - One Legal LLC	Declar,Prop Order/Judgment	$87.86	$14,352.63
	02/04/2026	CC022826TA-0645	Filing Fee - One Legal LLC	Stipulation	$2.84	$14,355.47
	02/04/2026	CC022826TA-0646	Filing Fee - One Legal LLC	Stipulation	$63.00	$14,418.47
	03/26/2026	CC033126TA-2539	Filing Fee - One Legal LLC	Order	$0.11	$14,418.58
	03/26/2026	CC033126TA-2541	Filing Fee - One Legal LLC	Order	$2.50	$14,421.08
	03/31/2026	JE033126JC-01	Remote Appearance Fee - CourtCall	CourtCall	$72.00	$14,493.08
	04/03/2026	CC043026TA-0246	Filing Fee - One Legal LLC	Ntc of Ruling	$24.73	$14,517.81
	FUTURE			Filing Fees and CourtCall	$350.00	$14,867.81
Total FILING, SERVICE, DEPOSITION AND REMOTE APPEARANCE FEES					$14,867.81	$14,867.81
Other Costs						
	01/24/2023	E-3122886	Docusign Envelope		$1.89	$1.89

	02/05/2023		Rapid Sign Now		$5.97	$7.86
	02/12/2023		Rapid Sign Now		$5.97	$13.83
	5/14/2024	E-3210024	Docusign Envelope		$1.89	$15.72
Total OTHER COSTS					$15.72	$15.72
TOTAL					**$43,968.53**	**$43,968.53**

Exhibit 4

ELM Solutions

2025 Real Rate Report® powered by LegalVIEW® DynamicInsights

The industry's leading analysis of law firm rates, trends, and practices

Wolters Kluwer

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NOTE:
You may experience an issue that can sometimes occur in PDF viewer. Thin lines (like table borders) may appear to "disappear" or look broken when zoomed out in a PDF viewer. This is usually a display/rendering issue rather than a problem with the actual content of the PDF.

Solution:
- Open the PDF in Acrobat and go to Edit > Preferences > Page Display.
- Uncheck Enhance thin lines (if it's checked).
- Restart Acrobat and reopen the PDF.

A Letter to Our Readers

Welcome to the latest edition of the Real Rate Report®, the legal industry's most trusted benchmark for legal billing rates.

Since 2010, the Real Rate Report has helped legal departments and law firms make smarter decisions about pricing, resourcing, and vendor management. That hasn't changed. What has changed is how we deliver those insights.

This year, the Real Rate Report is powered by LegalVIEW® DynamicInsights—our new digital-first platform that brings the same trusted LegalVIEW data to life in a more interactive, flexible, and timely way. Leveraging Wolters Kluwer's LegalVIEW database, with over $200B in anonymized, approved, invoice data, LegalVIEW DynamicInsights offers dynamic filters, quarterly updates, and calendar-year alignment to help users tailor benchmarks to their unique needs, on demand.

The Real Rate Report remains a vital snapshot of the market, and we know many of you rely on it as a reference tool. But DynamicInsights goes further. It enables deeper exploration of rate trends by role, experience, geography, practice area, industry, and more. Whether you're negotiating rates, evaluating law firm performance, or planning budgets, DynamicInsights gives you the agility and precision today's legal environment demands.

As always, we welcome your feedback and thank our data contributors for making this work possible. We're proud to be your partner in legal analytics and look forward to continuing to deliver insights that drive better business outcomes.

Sincerely,

Brian Jorgenson
Vice President, Product Management
Wolters Kluwer ELM Solutions

Real Rate Report Overview

The Real Rate Report is powered by LegalVIEW DynamicInsights, a web-based solution that delivers dynamic, invoice-backed insights through approved legal billing rates. It enables legal professionals to analyze rate trends by role, experience, industry, geography, practice area, and more using the world's largest repository of legal spend data.

DynamicInsights leverages the same trusted LegalVIEW database that has powered the Real Rate Report for years, now encompassing over $200B+ in anonymized, approved legal invoice data. As with previous Real Rate Reports, our data is sourced from corporations' and law firms' e-billing and time management solutions. We have included lawyer and paralegal rate data filtered by specific practice and sub-practice areas, metropolitan areas, and types of matters. This level of granularity gives legal departments and law firms the precision they need to identify areas of opportunity.

What's different with DynamicInsights?

Same source, same methodology: DynamicInsights uses the same rigorous data validation and methodology as the Real Rate Report.

- **Enhanced flexibility:** With dynamic filters, DynamicInsights enables users to tailor benchmarks to their unique needs and on demand.
- **Full year data:** DynamicInsights now aligns to a calendar year view—January through December—replacing the previous July-to-June format used in the Real Rate Report, reducing confusion and improving consistency across reporting periods.
- **More up to date:** Unlike the annual and static Real Rate Report, DynamicInsights is refreshed quarterly, offering more timely insights.
- **Digital-first access:** Delivered via a secure online interface, users can interact with the data, bookmark views, and share insights in real time.

DynamicInsights provides the same level of credibility and analytical power long trusted in the Real Rate Report with more agility and transparency for today's legal environment.

2025 Real Rate Report use considerations

- Examines law firm rates over time
- Identifies rates by location, experience, firm size, areas of expertise, industry, and timekeeper role (i.e., partner, associate, and paralegal)
- Itemizes variables that drive rates up or down

All the analyses included in DynamicInsights and this report are derived from the actual rates charged by law firm professionals as recorded on invoices submitted and approved for payment.

Examining real, approved rate information, along with the ranges of those rates and their changes over time, highlights the role these variables play in driving aggregate legal cost and income. The analyses can energize questions for both corporate clients and law firm principals.

Legal departments might ask whether they are paying the right amount for different types of legal services, while law firm principals might ask whether they are charging the right amount for legal services and whether to modify their pricing approach.

Examples of data to consider when reviewing rates:

- **Industry** – Compare spend and rate trends across various industries
- **Practice area** – Analyze cost variations in different legal practice areas
- **Detailed practice area** – Drill down into niche legal specialties for precise benchmarking
- **Am Law** – Benchmark against top-ranked law firms for competitive rate analysis
- **City** – Understand rate trends in specific metropolitan areas
- **Country** – Gain a global perspective on legal costs and spend management
- **Role** – Assess legal spend distribution across different law firm roles

Real Rate Report Overview

Understanding key statistical terms

To help interpret the legal rate data presented in DynamicInsights and this report, it's important to understand the statistical measures used. Below are definitions of the core metrics:

- **Mean (average):** The sum of all rate values divided by the total number of values added. It provides a general sense of the central tendency of the rates but can be influenced by extreme values (outliers).
- **Median:** The middle value when all rates are arranged in ascending order. If there is an even number of rates being analyzed, the median is the average of the two middle rates. It is a robust measure of central tendency of rates that is less affected by outliers.
- **First quartile (Q1):** The value below which 25% of the rates fall. It marks the lower boundary of the middle 50% of the rates and helps identify the lower range of typical values.
- **Third quartile (Q3):** The value below which 75% of the rates fall. It marks the upper boundary of the middle 50% of the rates and helps identify the upper range of typical values.
- **n:** The number of unique timekeepers contributing to the data.

These metrics are used to provide a more nuanced view of legal rates, helping users identify trends, outliers, and benchmarks across various dimensions.


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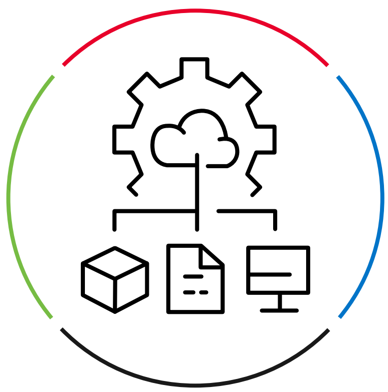

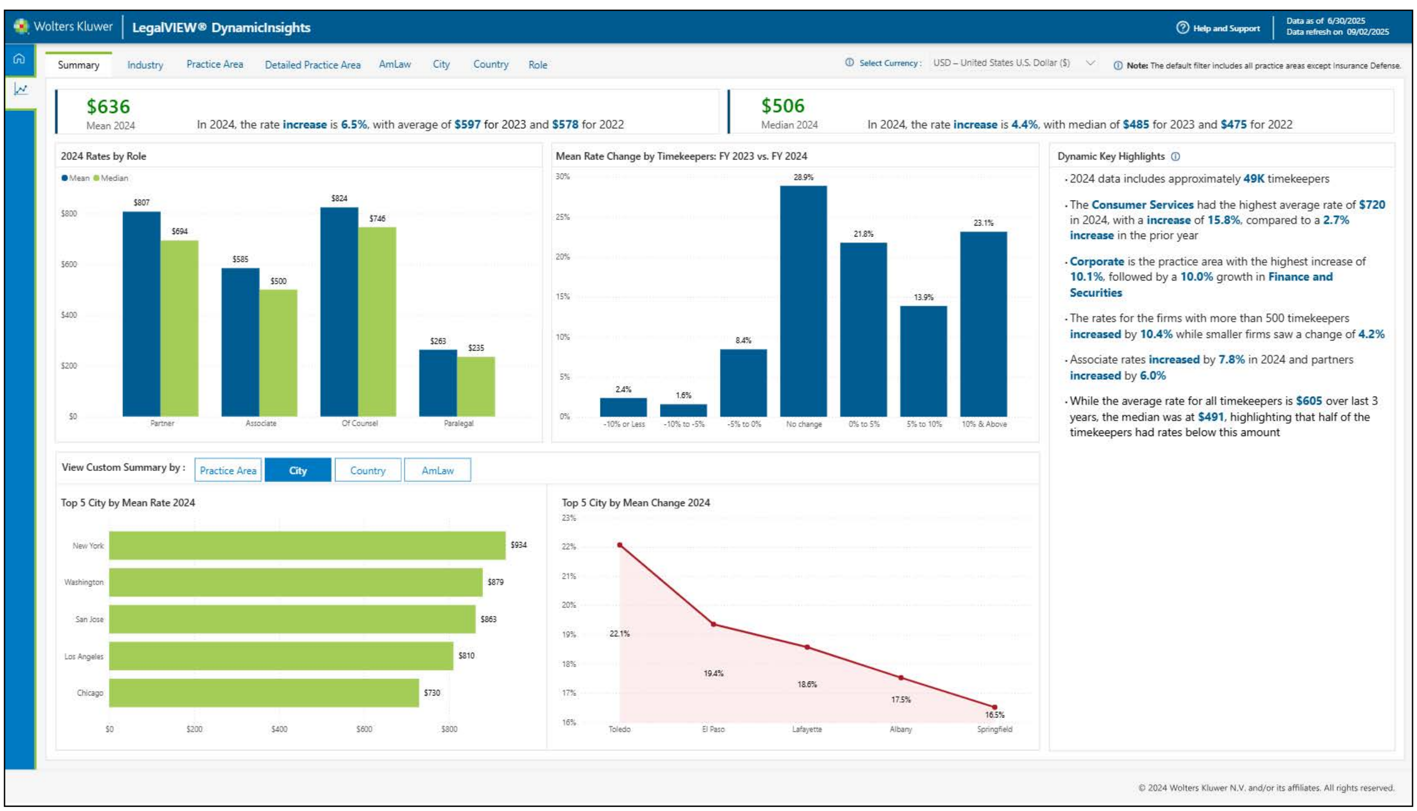

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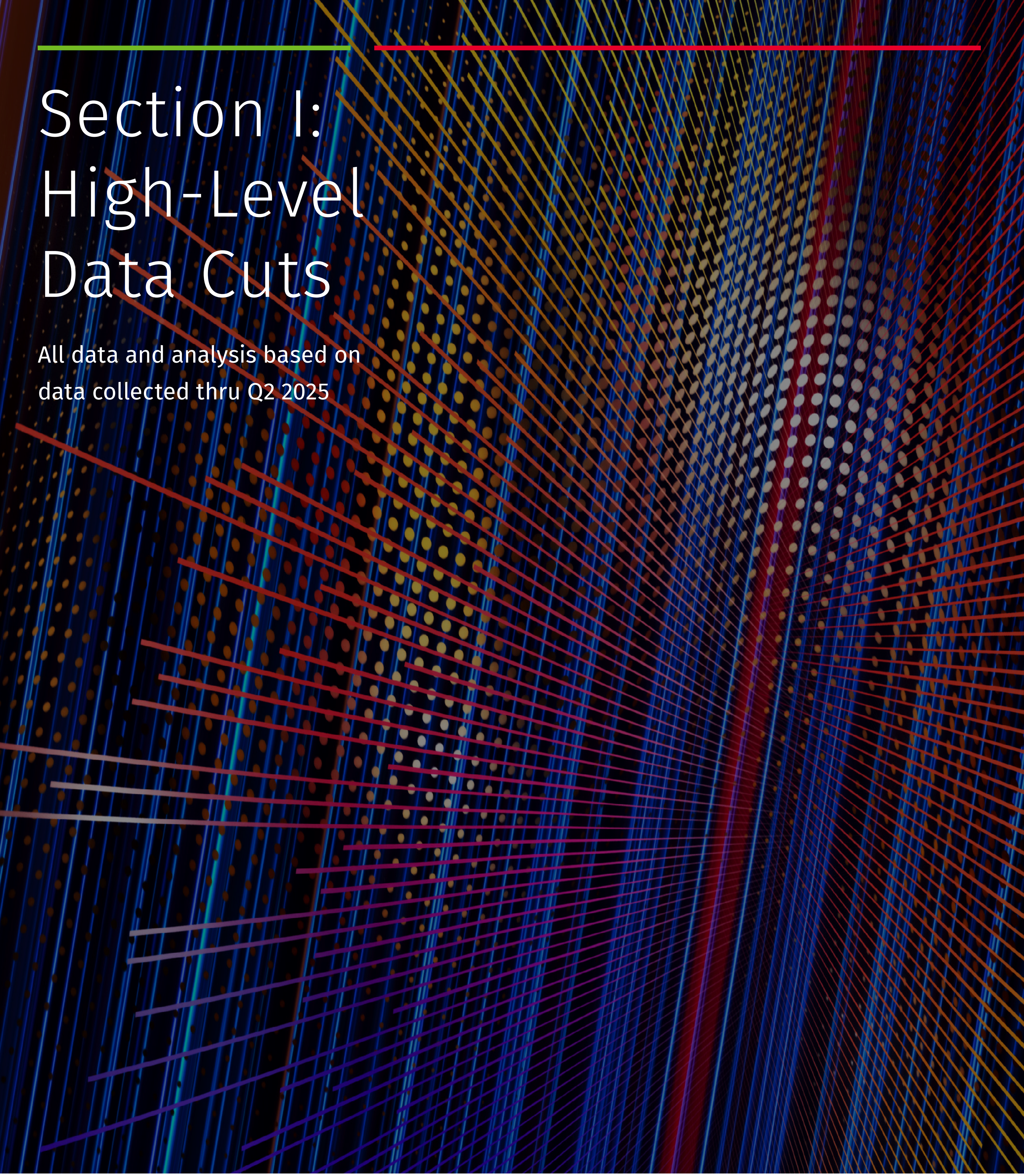

Section I: High-Level Data Cuts

All data and analysis based on data collected thru Q2 2025

Section I: High-Level Data Cuts

Cities

By Role

2025 Real Rates for Associate and Partner | **Trend Analysis - Mean**

City	Role	n	First Quartile	Median	Third Quartile	2025	2024	2023
Los Angeles CA	Partner	565	$517	$925	$1,365	$993	$979	$913
	Associate	518	$485	$720	$982	$761	$741	$684
Louisville KY	Partner	32	$291	$395	$500	$411	$395	$380
	Associate	19	$275	$290	$342	$304	$274	$268
Madison WI	Partner	10	$275	$420	$491	$420	$443	$563
Memphis TN	Partner	22	$325	$394	$470	$404	$428	$387
Miami FL	Partner	191	$250	$525	$733	$547	$570	$575
	Associate	128	$175	$330	$479	$357	$389	$393
Milwaukee WI	Partner	32	$364	$459	$649	$524	$581	$525
	Associate	18	$322	$455	$690	$498	$462	$404
Minneapolis MN	Partner	138	$475	$694	$918	$692	$673	$637
	Associate	111	$333	$450	$620	$485	$467	$432

Section I: High-Level Data Cuts

Cities
By Years of Experience

2025 Real Rates for Partner | **Trend Analysis - Mean**

City	Years of Experience	n	First Quartile	Median	Third Quartile	2025	2024	2023
Phoenix AZ	21 or More Years	25	$350	$490	$674	$559	$499	$540
Pittsburgh PA	Fewer Than 21 Years	41	$501	$600	$810	$669	$658	$599
	21 or More Years	72	$480	$691	$860	$705	$733	$669
Portland ME	21 or More Years	18	$386	$435	$484	$418	$421	$381
Portland OR	Fewer Than 21 Years	17	$402	$465	$525	$599	$536	$509
	21 or More Years	32	$470	$525	$639	$594	$607	$553
Raleigh NC	21 or More Years	12	$396	$475	$510	$489	$477	$477
Richmond VA	Fewer Than 21 Years	10	$604	$703	$855	$707	$746	$687
	21 or More Years	24	$431	$713	$1,084	$739	$756	$726
Salt Lake City UT	Fewer Than 21 Years	12	$395	$447	$459	$422	$445	$412
	21 or More Years	16	$350	$463	$521	$480	$433	$407
San Diego CA	21 or More Years	33	$438	$785	$1,334	$894	$898	$882

Section II: Industry Analysis

All data and analysis based on data collected thru Q2 2025

Section II: Industry Analysis

Consumer Services

By Detailed Practice Area and Matter Type

2025 - Real Rates for Associate and Partner **Trend Analysis - Mean**

Practice Area	Matter Type	Role	n	First Quartile	Median	Third Quartile	2025	2024	2023
Employment and Labor: Discrimination, Retaliation and Harassment / EEO	**Litigation**	Partner	27	$393	$495	$613	$509	$463	$436
		Associate	19	$400	$475	$493	$437	$387	$370
Employment and Labor: Other	**Litigation**	Partner	24	$564	$692	$1,252	$956	$782	$683
		Associate	14	$384	$469	$564	$553	$484	$458
	Non-Litigation	Partner	25	$450	$574	$695	$579	$573	$548
		Associate	25	$397	$450	$525	$465	$472	$456
Intellectual Property: Patents	**Non-Litigation**	Partner	41	$350	$595	$691	$605	$652	$634
		Associate	51	$208	$373	$517	$382	$378	$389
Real Estate: Leasing	**Non-Litigation**	Partner	17	$410	$539	$865	$616	$664	$667
		Associate	10	$278	$404	$617	$482	$444	$478
Real Estate: Other	**Non-Litigation**	Partner	58	$480	$626	$940	$694	$612	$540
		Associate	39	$320	$460	$733	$503	$468	$415

Exhibit 5

Business & Practice

Big Law Rates Topping $2,000 Leave Value 'In Eye of Beholder'

By Roy Strom

Column
June 9, 2022, 2:30 AM

Welcome back to the Big Law Business column on the changing legal marketplace written by me, Roy Strom. Today, we look at a new threshold for lawyers' billing rates and why it's so difficult to put a price on high-powered attorneys. Sign up to receive this column in your inbox on Thursday mornings. Programming note: Big Law Business will be off next week.

Some of the nation's top law firms are charging more than $2,000 an hour, setting a new pinnacle after a two-year burst in demand.

Partners at Hogan Lovells and Latham & Watkins have crossed the threshold, according to court documents in bankruptcy cases filed within the past year.

Other firms came close to the mark, billing more than $1,900, according to the documents. They include Kirkland & Ellis, Simpson Thacher & Bartlett, Boies Schiller Flexner, and Sidley Austin.

Simpson Thacher & Bartlett litigator Bryce Friedman, who helps big-name clients out of jams, especially when they're accused of fraud, charges $1,965 every 60 minutes, according to a court document.

In need of a former acting US Solicitor General? Hogan Lovells partner Neal Katyal bills time at $2,465 an hour. Want to hire famous litigator David Boies? That'll cost $1,950 an hour (at least). Reuters was first to report their fees.

Eye-watering rates are nothing new for Big Law firms, which typically ask clients to pay higher prices at least once a year, regardless of broader market conditions.

"Value is in the eye of the beholder," said John O'Connor, a San Francisco-based expert on legal fees. "The perceived value of a good lawyer can reach into the multi-billions of dollars."

Kirkland & Ellis declined to comment on its billing rates. None of the other firms responded to requests to comment.

Charge It Up

Big Law firms are crossing the $2,000-an-hour threshold after two years of surging rates driven by an increase in demand for lawyers.

Firm	Highest Billing Rate
Hogan Lovells	$2,465
Latham & Watkins	$2,075
Kirkland & Ellis	$1,995
Simpson Thacher & Bartlett	$1,965
Boies Schiller Flexner	$1,950
Sidley Austin	$1,900

Source: Court documents

Bloomberg Law

Law firms have been more successful raising rates than most other businesses over the past 15 years.

Law firm rates rose by roughly 40 percent from 2007 to 2020, or just short of 3 percent per year, Thomson Reuters Peer Monitor data show. US inflation rose by about 28% during that time.

The 100 largest law firms in the past two years achieved their largest rate increases in more than a decade, Peer Monitor says. The rates surged more than 6% in 2020 and grew another 5.6% through November of last year. Neither level had been breached since 2008.

The price hikes occurred during a once-in-a-decade surge in demand for law services, which propelled profits at firms to new levels. Fourteen law firms reported average profits per equity partner in 2021 over $5 million, according to data from The American Lawyer. That was up from six the previous year.

The highest-performing firms, where lawyers charge the highest prices, have outperformed their smaller peers. Firms with leading practices in markets such as mergers and acquisitions, capital markets, and real estate were forced to turn away work at some points during the pandemic-fueled surge.

Firms receive relatively tepid pushback from their giant corporate clients, especially when advising on bet-the-company litigation or billion-dollar deals.

The portion of bills law firms collected—a sign of how willingly clients pay full-freight—rose during the previous two years after drifting lower following the Great Financial Crisis. Collection rates last year breached 90% for the first time since 2009, Peer Monitor data show.

Professional rules prohibit lawyers from charging “unconscionable” or “unreasonable” rates. But that doesn’t preclude clients from paying any price they perceive as valuable, said Jacqueline Vinaccia, a San Diego-based lawyer who testifies on lawyer fee disputes.

Lawyers’ fees are usually only contested when they will be paid by a third party.

That happened recently with Hogan Lovells’ Katyal, whose nearly $2,500 an hour fee was contested in May by a US trustee overseeing a bankruptcy case involving a Johnson & Johnson unit facing claims its talc-based powders caused cancer.

The trustee, who protects the financial interests of bankruptcy estates, argued Katyal’s fee was more than $1,000 an hour higher than rates charged by lawyers in the same case at Jones Day and Skadden Arps Slate Meagher & Flom.

A hearing on the trustee’s objection is scheduled for next week. Hogan Lovells did not respond to a request for comment on the objection.

Vinaccia said the firm’s options will be to reduce its fee, withdraw from the case, or argue the levy is reasonable, most likely based on Katyal’s extensive experience arguing appeals.

Still, the hourly rate shows just how valuable the most prestigious lawyers’ time can be—even compared to their highly compensated competitors.

“If the argument is that Jones Day and Skadden Arps are less expensive, then you’re already talking about the cream of the crop, the top-of-the-barrel law firms,” Vinaccia said. “I can’t imagine a case in which I might argue those two firms are more reasonable than the rates I’m dealing with.”

Worth Your Time

On Cravath: Cravath Swaine & Moore is heading to Washington, opening its first new office since 1973 by hiring former heads of the U.S. Securities and Exchange Commission and Federal Deposit Insurance Corporation. Meghan Tribe reports the move comes as Big Law firms are looking to add federal government expertise as clients face more regulatory scrutiny.

On Big Law Promotions: It’s rare that associates get promotions to partner in June, but Camille Vasquez is now a Brown Rudnick partner after she shot to fame representing Johnny Depp in his defamation trial against ex-wife Amber Heard.

On Working From Home: I spoke this week with Quinn Emanuel’s John Quinn about why he thinks law firm life is never going back to the office-first culture that was upset by the pandemic. Listen to the podcast here.

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That's it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.

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Documents

Trustee's Objection

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