

MEMORANDUM OF UNDERSTANDING
TANIKA TURLEY V. CHIPOTLE SERVICES, LLC; CASE NO. CGC-15-544936

The Parties agree to settle the above-referenced Action on a class-wide basis. The "Parties" include the named Plaintiffs in the Action and Defendant Chipotle Services, LLC, and any and all related entities ("Defendants").

The settlement will bind Plaintiffs, their heirs, successors, and assigns, and the current and former employees they seek to represent who do not opt-out, and Defendants and their insurers, brands, concepts, parents, affiliates, subsidiaries, successors, assigns, and any individual or entity that could be jointly liable with Defendants. The key settlement terms are:

1. The Court must approve the settlement. The Parties will cooperate in good faith and utilize best efforts to obtain approval, including in the preparation of all paperwork necessary to obtain approval. Absent Court approval there is no settlement.
2. The Parties will draft a separate long-form joint stipulation memorializing the settlement terms contained herein, i.e., a Joint Stipulation of Class Action Settlement. Plaintiffs will prepare the Joint Stipulation of Class Action Settlement within 21 business days of execution of this Memorandum of Understanding.
3. Subject to Court approval, the settlement class shall consist of all current and former non-exempt employees of Defendants that worked in California at any time between October 1, 2014 and the earlier of March 1, 2020-or preliminary approval ("Class Period"). Each person in the class is a "Class Member," and all such persons are referred to as the "Class."
4. There are approximately 77,043 Class Members who have worked approximately 1,300,000 pay periods from October 2, 2014 to October 4, 2019 during the Class Period. Of the total number of Class Members identified herein, approximately 7,000 are part of a certified subclass alleging claims for violation of Labor Code § 226 (the "Wage Statement Class Members"). The Wage Statement Class Members are all current and former non-exempt employees of Defendants, who were hired before August 1, 2014 and who worked in California at any time during the Class Period. The remaining Class Members, i.e., approximately 70,000, are referred to herein as the "Omnibus Class Members." If the number of Class Members exceeds 77,000 by more than 10%, or if the number of pay periods exceeds 1,300,000 more than 10 percent, the Gross Settlement Amount will increase by a proportionate percentage for all additional Class Member or pay periods above the 10 percent allowance. If the number of Wage Statement Class Members exceeds 6,993 by more than 10%, or if the number of wage statements exceeds 73,665 by more than 10 percent, the Gross Settlement Amount will increase by a proportionate percentage for all additional Wage Statement Class Member or wage statements above the 10 percent allowance. Excluded from the Class are any California employees that have opted in to the currently pending *Turner v. Chipotle Mexican Grill, Inc.*, Case No. 1:14-cv-02612-JLK-CBS or who have filed individual arbitrations related to that action, as well as any other person who has a pending arbitration as of the date hereof.
5. Prior to mediation, counsel for Plaintiff informed counsel for Defendants that Plaintiff intended to amend their operative class action complaint to add a new plaintiff and claims for overtime violations (Labor Code §§ 510, 1194 and 1198), unpaid minimum wages (Labor Code §§ 1194, 1194.2, 1197 and 1197.1) and failure to reimburse (Labor Code § 2802). As a condition of settlement, Plaintiff will amend her operative complaint to add a new plaintiff and claims for overtime violations (Labor Code §§ 510, 1194 and 1198), unpaid minimum wages (Labor Code §§ 1194, 1194.2, 1197 and 1197.1) and failure to reimburse (Labor Code § 2802).
6. In consideration for the release of claims and the dismissal with prejudice of the Action, Defendants shall pay, or cause to be paid, the total sum of \$3,050,000.00, consisting of \$2,250,000 in cash and up to

\$800,000 in food vouchers or cash, as described below, for payment of all claims, payment of claims administration, attorney fees, attorney expenses, a payment to the Labor Workforce Development Agency (the "LWDA"), and service awards for the named plaintiffs (the "Gross Settlement Amount"). The allocation of payment of claims between the class members and tax treatment of such claims shall be 25% wages, 25% interest, and 50% penalties and expense reimbursement.

7. The following litigation costs and costs of administration will be deducted from the Gross Settlement Amount: (a) attorneys' fees and recoverable costs; (b) settlement administration fees; (c) a payment to the Labor Workforce Development Agency in the amount of \$10,000; and (d) a service award to named plaintiffs not to exceed \$10,000 for each Class Representative.

8. The "Net Settlement Amount" will equal the net amount available for payment of claims to Class Members (after deducting the above-referenced fees and costs from the Gross Settlement Amount), as follows: \$1,750,000 payable to the Wage Statement Settlement Class ("Wage Statement Settlement Amount"), and up to \$800,000 in food vouchers or cash payable to the Omnibus Class Members ("Omnibus Settlement Amount").

9. Plaintiff's counsel intends to apply to the Court for a fee award, plus expenses and costs incurred. Defendants will not object to a claim for attorney fees of up to 35% of the Gross Settlement Amount, costs as documented in billing statements of the attorneys for the named Plaintiffs, and a service award to each named plaintiff of up to \$10,000.00. If the Court believes the fees, costs, or service awards should be reduced, the other terms of the settlement will remain in effect and any such reduction will not affect the remaining terms, other than adjusting the Net Settlement Amount. A reduction to the fees, costs, or service awards is not a ground for rescinding the settlement.

10. Wage Statement Class Members who do not affirmatively opt-out of the settlement will receive a pro-rata share of the Wage Statement Settlement Amount based on pay periods worked during the Class Period. All checks not cashed within 180 days of payment shall be paid to a *cy pres* of Defendants' selection, in accordance with Code of Civil Procedure section 384.

11. Omnibus Class Members who do not affirmatively opt-out of the settlement will receive payment in the form of a \$12.00 meal voucher ("Voucher Option") or \$6.00 in cash ("Cash Option"). The Omnibus Class Members shall have a sixty (60)-day period from the Notice Date within which to elect to receive the Cash Option or the Voucher Option. Any Omnibus Class Member who does not make an election within this time period shall receive the Voucher Option. The meal vouchers shall not expire, shall be fully transferable, and may be used in conjunction with other available vouchers, discounts or rebates.

12. Once the settlement is finalized, all Class Members who have not submitted timely and valid Exclusion Letters will release and discharge Defendants, their past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys from all claims, demands, rights, liabilities and causes of action that were or could have been asserted (whether in tort, contract or otherwise) for violation of the California Labor Code, the California Business and Professions Code, the applicable Industrial Welfare Commission Orders or any similar state or federal law, whether for economic damages, non-economic damages, liquidated damages, punitive damages, restitution, penalties, other monies, or other relief based on any facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions or failures to act pled or arising out of or reasonably related to the transactions and occurrences pled in the Complaint, the First Amended Complaint or the Third Amended Complaint, which are or could be the basis of claims for: (1) unpaid wages; (2) unpaid or underpaid overtime wages; (3) failure to provide meal periods and claims regarding meal period premium pay; (4) failure to provide rest periods and claims regarding rest period premium pay; (5) failure to reimburse expenses; (6) failure to provide accurate wage statements; (7) failure to timely pay wages upon termination and during employment; (8) claims for unfair competition arising

from the facts alleged in the operative complaints; and (9) any related claims for penalties pursuant to the Labor Code Private Attorneys General Act of 2004 (the "Released Claims"). The release will exclude claims for vested benefits, wrongful termination (apart from that of Plaintiff Turley who will execute a general release of claims under Civil Code section 1542), unemployment insurance, disability, workers' compensation, and claims outside of the Class Period.

13. The release of claims includes Released Claims which could have been pled based on the facts and claims alleged in the Complaint, First Amended Complaint or Second Amended Complaint, or arising out of or reasonably related to the transactions and occurrences pled in the Complaint, First Amended Complaint, or Second Amended Complaint, of which a Class Member does not know or suspect to exist in his or her favor against Defendants as of the date of Final Approval.

14. The parties desire to explore utilizing Kurtzman Carson Consultants as the settlement administrator. However, the parties will also seek bids from Phoenix, and Simpluris, and perhaps others.

15. Defendants are not making any admission of liability by entering this Memorandum of Understanding.

16. The Parties and their counsel shall issue no public statements and shall make no comments to media or press with respect to the Action, the settlement or this Memorandum of Understanding at any time (including but not limited to press releases), except as required by law. In addition, the Parties and their counsel shall not make, publish, circulate or cause to be made, published or circulated any statements that represent or suggest any wrongdoing by Defendants, or that this settlement or any order by the Court regarding the settlement represents or implies any wrongdoing by, or any admission of liability by, Defendants, or a finding by the Court of liability or wrongdoing.

17. Class members who do not opt-out of the settlement will be bound by a release of claims, as noted above.

18. The named Plaintiff will generally release all known and unknown claims against Defendants under Civil Code section 1542.

19. Class notice and other applicable forms will be provided to class members in a form approved by the Court. The Class Notice will explain the right of each Class Member to opt out.

20. If more than 10% of the class members opt-out of the settlement, Defendants may rescind the settlement.

21. This Memorandum of Understanding is a binding agreement, whether or not the Parties reach any subsequent long-form agreement. Once these settlement terms are confirmed by counsel for the Parties, they are admissible under Evidence Code §§ 1119 and 1123 and related Federal Rules of Evidence and enforceable under Code of Civil Procedure § 664.6 and related Federal Rules of Civil Procedure. Federal Rule of Evidence 408 does not bar admissibility of this Memorandum of Understanding.

22. In confirming these settlement terms, counsel for the Parties represent they have the full authority of their clients to do so.

23. The Court will retain continuing jurisdiction to enforce this Memorandum of Understanding.

24. This Memorandum of Understanding may be signed in counterparts.

25. Any dispute between the Parties on the remaining terms of the settlement or the Joint Stipulation of Class Action Settlement shall be presented to the mediator for resolution, with any related costs born equally by the Parties.

SIGNATURE PAGE FOLLOWS

Plaintiff

DocuSigned by:



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Tanika Turley

HARRIS & RUBLE



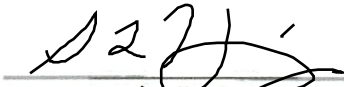
Attorneys for Plaintiff Tanika Turley

Chipotle Services, LLC



Authorized Representative

DLA PIPER, LLP



Attorneys for Defendants