

Gilberto Gonzalez v. Costco Wholesale Corp.

Los Angeles Superior Court No. 22AHCV00255 (Hon. Margaret Oldendorf)

**CLASS ACTION AND PAGA SETTLEMENT
AGREEMENT AND CLASS NOTICE**

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between the Plaintiff, Gilberto Gonzalez (“Plaintiff”), and the Defendant, Costco Wholesale Corporation (“Costco”). The Agreement refers to Plaintiff and Costco collectively as “Parties,” or to one of them individually as “Party.”

1. DEFINITIONS.

- 1.1 “Action” means *Gilberto Gonzalez v. Costco Wholesale Corp.*, initiated on May 3, 2022, and now pending in the Superior Court of the State of California, County of Los Angeles.
- 1.2 “Administrator” means 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 an individual classified as a Class Member as defined immediately below. There are three groups of Aggrieved Employees. Aggrieved Employee Group 1 employees are the same individuals who are Group 1 Class Members. Aggrieved Employee Group 2 employees are the same individuals who are Group 2 Class Members. Aggrieved Employee Group 3 employees are the same individuals who are Group 3 Class Members. Some Aggrieved Employees will belong to more than one Aggrieved Employee Group.
- 1.5 “Class” refers to the following individuals, who are all Class Members by virtue of belonging to any of the three groups of Class Members. *Group 1 Class Members* are all individuals employed by Costco in California as non-exempt employees who received a meal premium payment during the period April 12, 2021 through October 10, 2021 (the “Hero Pay” period) at any of 22 Costco warehouses that were subject to local ordinances (commonly known as “Hero Pay” ordinances) that mandated additional pay to certain workers during the Covid-19 pandemic. The 22 locations are Van Nuys (#48), San Leandro (#118), Los Feliz (#130), San Francisco (#144), San Jose (#148), S. San Francisco (#422), Alhambra (#428), Northridge (# 437), Irvine (#454), Almaden (#470), El Camino (#475), Culver City (#479), Richmond (#482), Burbank BCTR (#653), S San Francisco BCTR (#654), Burbank (#677), San Jose BCTR (#848), NE San Jose (#1004), Redwood City (#1042), Pacoima (#1071), Woodland Hills (#1205), and Great Oaks (#1267). *Group 2 Class Members* are all individuals employed by Costco in California as

non-exempt employees during the Settlement Period who received an Extra Check and who also received a meal premium during the measuring period for that Extra Check. *Group 3 Class Members* are all individuals employed by Costco in California as non-exempt employees during the period July 7, 2022 through the end of the Settlement Period who received an Extra Check and who also received pay for sick leave during the measuring period for that Extra Check. Some Class Members will belong to more than one Group. Excluded from each group of class members are any individuals who currently have lawsuits pending against Costco that involve any of the claims released by this Agreement.

- 1.6 “Class Counsel” means the law firm of Haig B. Kazandjian Lawyers, APC.
- 1.7 “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for attorneys’ fees and for reimbursement of reasonable litigation expenses.
- 1.8 “Class Data” means personally identifying information in Costco’s possession, including Class Member names, last-known mailing addresses, Social Security numbers, and the numbers of qualifying days worked.
- 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 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 April 12, 2021 through whichever of these two dates occurs first: (a) the date of Preliminary Approval or (b) January 29, 2024.
- 1.13 “Class Representative” means the Plaintiff, Gilberto Gonzalez.
- 1.14 “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action.
- 1.15 “Court” means the Superior Court of California, County of Los Angeles.
- 1.16 “Costco” means named the Defendant, Costco Wholesale Corporation.
- 1.17 “Defense Counsel” means Seyfarth Shaw LLP, acting through attorneys David Jacobson and Lauren Schwartz.

- 1.18 “Effective Date” means the date by which all of the following have occurred:
- (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (i) if no Participating Class Member objects to the Settlement, then the day the Court enters Judgment; (ii) if a Participating Class Member objects to the Settlement, then the day after the deadline for filing a notice of appeal from the Judgment if no appeal is filed, or, if a timely appeal from the Judgment is filed, then the day after the appellate court affirms the Judgment and issues a remittitur.
- 1.19 “Extra Check” means Costco’s semi-annual payment of a bonus or “extra check” to qualifying long-term employees.
- 1.20 “Final Approval” means the Court’s order granting final approval of the Settlement.
- 1.21 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.
- 1.22 “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.
- 1.23 “Gross Settlement Amount” means \$2,950,000, which is the total amount Costco agrees to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Litigation Expenses Payment, Class Representative Service Payment, and the Administrator’s Expenses Payment.
- 1.24 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Qualified Days Worked by that Participating Class Member during relevant periods.
- 1.25 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Qualified Days Worked by that Aggrieved Employee during relevant periods.
- 1.26 “Judgment” means the judgment entered by the Court based upon the Final Approval.
- 1.27 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subdivision (i).
- 1.28 “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subdivision (i).
- 1.29 “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 Representative Service Payment, 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.

- 1.30 “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.
- 1.31 “Operative Complaint” means the Second Amended Complaint that Plaintiff shall as part of this Settlement, to include, without limitation: class and PAGA claims for unpaid compensation related to (1) Hero Pay, (2) meal and rest period premiums not paid at the proper rate, and (3) sick pay not paid at the proper rate; and shall include, without limitation, all claims related to Extra Checks not being applied to the regular rate for meal premiums, rest premiums, or sick pay; and all claims deriving therefrom, such as wage statement penalties, waiting time penalties, PAGA penalties, failure to timely pay wages, and unfair business practices.
- 1.32 “Pay Period” refers to a Costco biweekly pay period during the Settlement Period that qualifies as a pay period at issue in this Settlement. To be a qualifying Pay Period, a pay period must not be excluded (under the definition of “Pay Period Excluded” in the next section) and must include (1) the payment of a meal or rest premium that did not reflect a rate enhanced by the additional hourly pay mandated by Hero Pay ordinances, or (2) the payment of an Extra Check which amount was not applied to the regular rate for a meal or rest premium paid during the Extra Check measuring period, or (3) the payment of an Extra Check that was not applied to the regular rate for sick leave paid during the Extra Check measuring period. There is no double counting of Pay Periods; no one Pay Period can be at issue for more than one of the three aforementioned situations, and a pay period otherwise qualifying is not at issue if it is a Pay Period Excluded, as defined immediately below.
- 1.33 “Pay Periods Excluded” are any pay periods during the Settlement Period that are covered by releases in previous settlements in any of three cases: *Martinez v. Costco Wholesale Corp.* (N.D. Cal., No. 3:19-cv-05624) (releasing all class claims related to the Extra Check through July 25, 2022); *DeBenning v. Costco Wholesale Corp.* (Sacramento County Superior Court, No. 34-2021-00309030) (releasing and precluding all class and PAGA claims related to Extra Check and sick pay, except for Depot Employees, through July 6, 2022); and *Edwards v. Costco Wholesale Corp.* (C.D. Cal., No. 5:21-cv-00716) (releasing and precluding all class and PAGA claims for Depot Employees related to the Extra Check and sick pay or meal premiums, through December 31, 2022). Costco will provide a declaration to be used in Plaintiff’s preliminary approval motion that attests to the number of qualifying Pay Periods.
- 1.34 “PAGA Period” means the period from April 12, 2021, to the date of Preliminary Approval or January 29, 2024, whichever date occurs first.
- 1.35 “PAGA” means the Private Attorneys General Act (Lab. Code, § 2698 et seq.).

- 1.36 “PAGA Notice” means Plaintiff’s February 25, 2022 letter to Costco and the LWDA providing notice pursuant to Labor Code section 2699.3, subdivision (a).
- 1.37 “PAGA Penalties” means \$295,000, the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to Aggrieved Employees and 75% to the LWDA, in settlement of PAGA claims.
- 1.38 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.39 “Plaintiff” means Gilberto Gonzalez, the named Plaintiff in the Action.
- 1.40 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.
- 1.41 “Preliminary Approval Order” means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.
- 1.42 Qualified Days Worked means days worked during the measuring period covered by Qualified Pay Periods.
- 1.43 Qualified Pay Periods means the Pay Periods identified in Paragraph 1.32 and that are not excluded as set forth in Paragraph 1.33.
- 1.44 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.
- 1.45 “Released PAGA Claims” means the claims being released or precluded as described in Paragraph 5.3 below.
- 1.46 “Released Parties” means Costco and each of its former and present directors, officers, shareholders, owners, members, employees, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.
- 1.47 “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.
- 1.48 “Response Deadline” means 60 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 Objections 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.
- 1.49 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment, and “Settlement Period” means the same as “Class Period” and “PAGA Period”—the period from April 12, 2021 through whichever following date occurs first: (a)

the date the Court preliminarily approves the Settlement Agreement or (b) January 29, 2024.

2. RECITALS.

- 2.1 On May 3, 2022, Plaintiff commenced this Action by filing a Complaint against Costco. A First Amended Complaint was filed December 19, 2022. In connection with this Agreement, Plaintiff shall seek permission to file a Second Amended Complaint via a Joint Stipulation for Order for Second Amended Complaint that is limited in scope to the claims and groups of employees covered by this Settlement. Thus, the claims in the Second Amended Complaint shall be limited to those individuals who qualify as Group 1 Class Members, Group 2 Class Members, or Group 3 Class Members and shall limit the scope of aggrieved employees to those individuals who qualify as Aggrieved Employees. The request for permission to file a Second Amended Complaint shall be filed on or before the date of the filing of the motion for preliminary approval. Class Counsel will share the draft Second Amended Complaint for comments by defense counsel with reasonable notice before filing the request with the Court to file same. Class Counsel shall seriously consider in good faith Defense Counsel's comments before filing. The claims in the Second Amended Complaint shall include, without limitation: all claims for unpaid compensation related to (1) Hero Pay rates not applied to the regular rate for meal or rest period premiums, (2) Extra Check amounts not applied to the regular rate for meal or rest period premiums, and (3) Extra Check amounts not applied to the regular rate for sick pay, and shall include all claims deriving therefrom, including, without limitation, claims such as wage statement violations, failure to pay wages on time (including final wages), claims for Penalties under PAGA, and unfair business practices. The Parties will treat the Second Amended Complaint as the operative complaint in the Action (the "Operative Complaint"). COSTCO denies all material allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged.
- 2.2 Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff gave timely written notice to COSTCO and the LWDA by sending the PAGA Notice.
- 2.3 On October 31, 2023, the Parties participated with Mark Rudy, Esq., in an all-day mediation, which led to this Agreement to settle the Action.
- 2.4 Prior to mediation, Plaintiff obtained sample time records and payroll records, plus summary data from Defendant regarding the number of Pay Periods at issue regarding Extra Checks and sick pay and meal and rest period premiums. Plaintiff's investigation satisfies the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").
- 2.5 The Court has not granted class certification. The initial Complaint and the First Amended Complaint both were for PAGA claims only. The Second Amended Complaint will include newly alleged claims in the nature of a class action along with the PAGA claim.

2.6 The Parties, Class Counsel, and Defense Counsel represent that the following recently filed matters could be affected by claims that will be extinguished or affected by the Settlement: *Jordan Clower v. Costco*, U.S.D.C. No. 1:23-cv-01621, filed September 27, 2023 and removed from Sacramento County Superior Court on November 17, 2023; and *Martin Reyes v. Costco*, U.S.D.C. No. 2:24-cv-00300, filed November 8, 2023 and removed from Sacramento County Superior Court on January 24, 2024.

3. MONETARY TERMS.

3.1 *Gross Settlement Amount.* Except as otherwise provided by Paragraph 8 below,

Costco promises to pay \$2,950,000 and no more as the Gross Settlement Amount and to separately pay any employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Costco need not pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without requiring any claim as a condition of payment. None of the Gross Settlement Amount will revert to Costco.

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

3.2.1 *To Plaintiff:* Class Representative Service Payment to the Class Representative of not more than \$12,500 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive). Costco will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, then the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2 *To Class Counsel:* A Class Counsel Fees Payment of not more than 35% (\$1,032,500), and a Class Counsel Litigation Expenses Payment of not more than \$25,000. Costco will not oppose requests for these payments, provided that they do not exceed these amounts. Class Counsel will file a motion for Class Counsel Fees Payment and for Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment or a Class Counsel Litigation Expenses Payment less than the amounts requested, then the Administrator will retain the remainder in the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion of any Class Counsel Fee Payment 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 any taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Costco harmless, and indemnifies Costco, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3 *To the Administrator:* An Administrator Expenses Payment not to exceed \$80,000, except for a showing of good cause and as approved by the Court. To the extent that the Administration Expenses are less or that the Court approves payment of less than \$80,000 then the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4 *To Each Participating Class Member:* The Net Settlement Value shall be trifurcated as follows: 6% to Group 1 Class Members, 30% to Group 2 Class Members, 64% to Group 3 Class Members. The amount of the check to each Participating Class Members will reflect that individual's membership in one or more of the three Class Member Groups: 1, 2, or 3, or some combination thereof. The check will be calculated by the Settlement Administrator based on the number of the Participating Class Member's individual Qualified Days Worked during the Settlement Period as follows. A Participating Class Member who is a Group 1 Class Member will receive 6% of the Net Settlement Value *times* the total Qualified Days Worked that Class Member worked during the Settlement Period *divided by* the total Qualified Days Worked by all Group 1 Class Member during the Settlement Period. A Participating Class Member who is a Group 2 Class Member will receive 30% of the Net Settlement Value *times* the total Qualified Days Worked that Class Member worked during the Settlement Period *divided by* the total Qualified Days Worked by all Group 2 Class Members during the Settlement Period. A Participating Class Member who is a Group 3 Class Member will also receive 64% of the Net Settlement Value *times* the total Qualified Days Worked by that Class Member during the Settlement Period *divided by* the total Qualified Days Worked by all Group 3 Class Members during the Settlement Period. Determination of the number of Qualified Days Worked for a Participating Class Member shall be based on Costco's time records. The Parties will consider in good faith any challenge to the Qualified Days Worked supplied by Defendant to the Settlement Administrator. The Settlement Administrator shall examine all evidence submitted and make a decision regarding the challenge. The determination of the Settlement Administrator shall be final.

3.2.4.1 *Tax Allocation of Individual Class Payments.* A total of 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining 80% 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 \$295,000 to be paid from the Gross Settlement Amount, with 75% (\$221,250) allocated to the LWDA PAGA Payment and 25% (\$73,750) allocated to the Individual PAGA Payments.

3.2.5.1 The Administrator will calculate each Individual PAGA Payment as follows. The 25% of the PAGA Penalties payable to employees shall be trifurcated as follows: 6% to Aggrieved Employee Group 1 employees, 30% to Aggrieved Employee Group 2 employees, and 64% to Aggrieved Employee Group 3 employees. The amount of the check to each Aggrieved Employee will reflect that individual's membership in one or more of the three Aggrieved Employee Groups: 1, 2, or 3, or some combination thereof. The check to an Aggrieved Employee will reflect the Aggrieved Employee's number of Qualified Days Worked during the Settlement Period as follows. An Aggrieved Employee who is an Aggrieved Employee Group 1 employee will receive 6% *times* 25% of the PAGA Penalties *times* the number of Qualified Days Worked that the Aggrieved Employee worked during the Settlement Period *divided by* the total number of Qualified Days Worked worked by all Aggrieved Employee Group 1 employees during the Settlement Period. An Aggrieved Employee who is an Aggrieved Employee Group 2 employee will receive 30% *times* 25% of the PAGA Penalties *times* the number of Qualified Days Worked that the Aggrieved Employee worked during the Settlement Period *divided by* the total number of Qualified Days Worked by all Aggrieved Employee Group 2 employees during the Settlement Period. An Aggrieved Employee who is a Aggrieved Employee Group 3 employee will receive 64% *times* 25% of the PAGA Penalties *times* the number of Qualified Days Worked that the Aggrieved Employee worked during the Settlement Period *divided by* the total number of Qualified Days Worked by all Aggrieved Employee Group 3 employees during the Settlement Period. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2 If the Court approves PAGA Penalties of less than the amount requested, then the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

- 4.1 *Pay Periods.* Based on a review of its records, Costco estimates that, as of the date of mediation (October 31, 2023), there were 78,707 qualifying Pay Periods at issue. Costco will provide a declaration to be used in Plaintiff's preliminary approval motion that attests to the number of Pay Periods at issue.
- 4.2 *Class Data.* Not later than 15 court days after Preliminary Approval, Costco will deliver the Class Data to the Administrator, in the form of a spreadsheet. 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 perform under this Agreement. Costco has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data has omitted identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Costco 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.* Costco shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Costco's share of payroll taxes, by transmitting the funds to the Administrator no later than 14 court days after the Effective Date.
- 4.4 *Payments from the Gross Settlement Amount.* Within 14 days after Costco 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 Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.
- 4.4.1 The Administrator will issue checks to cover the Individual Class Payments and Individual PAGA Payments and will 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 returned undelivered without United States Postal Service ("USPS") forwarding address. Within seven days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.
- 4.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Unclaimed Property Fund in the name of the Participating Settlement Class Member, thereby leaving no "unpaid residue" subject to the requirements of Code of Civil Procedure section 384, subdivision (b).]
- 4.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate COSTCO 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 AND PRECLUSION OF CLAIMS. Effective on the date when Costco fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

- 5.1 *Plaintiff's Release.* Plaintiff and the Plaintiff's former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge the Released Parties from all claims, transactions or occurrences that occurred during the Settlement 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, and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint or Plaintiff's PAGA Notice ("Plaintiff's Release"). Plaintiff's 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, or based on occurrences after the Class Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 *Plaintiff's Waiver of Rights Under Civil Code Section 1542.* For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of Civil Code section 1542, 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 (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint, including any and all claims involving any claims for unpaid compensation related to (1) meal and rest period premiums not paid at the proper rate, (2) sick pay not paid at the proper rate, including, without limitation, all claims related to Extra Checks not being applied to the regular rate for meal premiums, rest premiums, or sick pay; and all claims deriving therefrom, such as wage statement penalties, waiting time penalties, PAGA penalties, failure to timely pay wages, and unfair business practices during the Class Period of April 12, 2021 through whichever of these two dates occurs first: (a) the date of Preliminary Approval or (b) January 29, 2024. Except as set forth in Section 5.3 of this Agreement, 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 Non-Participating Class Members Who Are Aggrieved Employees:* All Non-Participating Class Members who are 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 arising during the PAGA Period, April 12, 2021, to the date of Preliminary Approval or January 29, 2024, whichever date occurs first that were alleged, or reasonably could have been alleged, based on facts stated in the Operative Complaint, and all such claims will be precluded by the Judgment.

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 *Costco's Declaration in Support of Preliminary Approval.* Within 15 court days of the full execution of this Agreement, Costco will prepare and deliver to Class Counsel a signed Declaration from Costco and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator. In their Declarations, Defense Counsel and Costco shall also aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the

Settlement, other than *Jordan Clower v. Costco*, U.D.C. No. No. 1:23-cv-01621 and *Martin Reyes v. Costco*, U.S.D.C. No. 2:24-cv-00300.

- 6.2 *Plaintiff's Responsibilities.* Plaintiff 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, subdivision (O(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 Plaintiff, Class Counsel, or Defense Counsel; (v) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members or the Administrator; (vi) a signed declaration from Class Counsel attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Lab. Code, § 2699.3, subd. (a))), Operative Complaint (Lab. Code, § 2699, subd. (1)(1)), this Agreement (Lab. Code, § 2699, subd. (1)(2)); (vii) a redlined version of the Parties' Agreement showing all modifications made to the LA Complex Division Model Agreement ready for filing with the Court; and (viii) all facts relevant to any actual or potential conflict of interest with Class Members or the Administrator. In their Declarations, the Plaintiff and Class Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement other than *Jordan Clower v. Costco*, U.D.C. No. No. 1:23-cv-01621 and *Martin Reyes v. Costco*, U.S.D.C. No. 2:24-cv-00300.
- 6.3 *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.
- 6.4 *Duty to Cooperate.* If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval 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 Atticus Administration to serve as the Administrator and have verified that, as a condition of appointment, that Atticus Administration agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 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 court days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, and qualifying 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 USPS mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment or Individual PAGA Payment payable to the Class Member, and the number of workdays 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 three court 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 Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 60 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, Costco, 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 confer, in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, then 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, whichever is 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 60 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 the Class Member's 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, then 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 *Challenges to Calculation of Workdays.* Each Class Member shall have 60 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 workdays 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 convincing contrary documentation, the Administrator is entitled to presume that the number of workdays contained in the Class Notice is correct so long as it is consistent with the Class Data. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges.
- 7.7 *Objections to Settlement.*
- 7.7.1 Only Participating Class Members may object to the class action components of the Settlement or this Agreement, including contesting the fairness of the Settlement, the amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment.
- 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 oral 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 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 Representative Service Payment, 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 five 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 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 workdays received or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include provide the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.
- 7.8.4 *Workday 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 qualifying workdays. 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 Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), and the number of written objections, and will attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties 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. **ESCALATOR CLAUSE.** Based on its records, Defendant has estimated that, as of the date of mediation (October 31, 2023), there were a total of about 27,000 class members and aggrieved employees, and 78,707 qualifying Pay Periods at issue with respect to the claims asserted by Plaintiff during the Settlement Period. Defendant will provide a declaration to be used in Plaintiff's preliminary approval motion that attests to the number of Pay Periods at issue. Should the number of qualifying Pay Periods increase by more than 10%, Defendant will increase the Gross Settlement Amount by 1% for every 1% increase in pay periods over the 10% threshold (e.g., if the number of Pay Periods during this period increases by 11 %, the Gross Settlement Amount shall increase by 1 %).
9. **COSTCO'S RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 2.5% of the total of all Class Members, then Costco may, but need not, elect to withdraw from the Settlement. The Parties agree that if Costco withdraws, the Settlement shall be void ab initio, having no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Costco will remain responsible for paying all Settlement Administration Expenses incurred to that point. Costco must notify Class Counsel and the Court of its election to withdraw not later than seven court days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect on Costco's right to withdraw.
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, subdivision (I), a Proposed Final Approval Order, and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff 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 confer, 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. Any decision by the Court to award less than the amounts requested for the Class Representative Service Payment, for Class Counsel Fees Payment, for Class Counsel Litigation Expenses Payment, or for 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 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 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. This waiver of appeal does not include any waiver of the right to oppose such motions, writs, or appeals. If an objector appeals the Judgment, then the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.
- 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 Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.
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 Costco that any allegation in the Operative Complaint has merit or that Costco has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Costco'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 grant Preliminary Approval, Final Approval or enter Judgment, Costco reserves the right to contest certification of any class for any reasons, and Costco reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Costco's defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

- 12.2 *Confidentiality Prior to Preliminary Approval.* Plaintiff, Class Counsel, Costco 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, 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) the Parties' attorneys, accountants or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Costco, 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, with any 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 Plaintiff and Costco, 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 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 Plaintiff, Class Counsel, Costco, 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 Evidence Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by Costco 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, any statute, or any rule of the California Rules 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, Plaintiff and Class Counsel shall destroy any paper and electronic versions of Class Data in their possession unless, prior to the Court's discharge of the Administrator's obligation, Costco makes a written request to Class Counsel for the return, rather than the destruction, 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:

HAIG B. KAZANDJIAN LAWYERS, APC
Haig B. Kazandjian
Cathy Gonzalez
801 North Brand Boulevard, Suite 970
Glendale, California 91203
Telephone: (818) 696-2306
Facsimile: (818) 696-2307
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cathy@hbklawyers.com
Attorneys for Plaintiff
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To Defendant:


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Telephone: (310) 277-7200
Facsimile: (310) 201-5219
Attorneys for Defendant
COSTCO WHOLESALE CORPORATION


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

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 Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

Agreed to as of January __, 2024

FOR PLAINTIFF AND THE PUTATIVE CLASS AND AGGRIEVED EMPLOYEES



Gilberto Gonzalez


Haig Kazandjian, Class Counsel

FOR DEFENDANT COSTCO WHOLESALE CORPORATION

Michele Hughes, Corporate Counsel

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 Code of Civil Procedure section 583.330 to extend the date to bring a case to trial under Code of Civil Procedure section 583.310 for the entire period of this settlement process.

Agreed to as of January __, 2024

FOR PLAINTIFF AND THE PUTATIVE CLASS AND AGGRIEVED EMPLOYEES

Gilberto Gonzalez

Haig Kazandjian, Class Counsel

FOR DEFENDANT COSTCO WHOLESALE CORPORATION



Michele Hughes, Corporate Counsel

2/6/2024

EXHIBIT A

CLASS NOTICE OF HEARING DATE FOR FINAL COURT APPROVAL

Gilberto Gonzalez v. Costco Wholesale Corp.

Los Angeles Superior Court No. 22AHCV00255 (Hon. Margaret Oldendorf)

The Superior Court for the State of California has authorized this Notice. Read it carefully! It's not junk mail, spam, an advertisement, or a solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit (“Action”) against Costco Wholesale Corporation for alleged wage and hour violations. The Action was filed by a Costco employee named Gilberto Gonzalez (“Plaintiff”), who and seeks payment of wages and penalties for a class of non-exempt employees (“Class Members”) who worked for Costco during a Class Period of April 12, 2021 to [preliminary approval date] OR [January 29, 2024]; and (2) penalties under the California Private Attorneys General Act (“PAGA”) for non-exempt employees (“Aggrieved Employees”) who worked for Costco during that same period.

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

Based on Costco’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 differ and will depend on a number of factors.

The above estimates are based on Costco’s records showing that you worked ___ days during the Class Period. If you believe that you worked a larger number of days during the Class Period, then 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 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 Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Costco to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Costco.

If you have received this notice, you have two basic options:



- (1) Do Nothing.** You will automatically participate in the proposed Settlement and be eligible for an Individual Class Payment and Individual PAGA Payment. As a

Participating Class Member, though, you will give up your right to assert class wage and penalty claims against Costco.

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

Costco 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

<p>You Don't Have to Do Anything to Participate in the Settlement</p>	<p>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 Costco that are covered by this Settlement (Released Claims).</p>
<p>You Can Opt Out of the Class Settlement but not the PAGA Settlement</p> <p>The Opt-out Deadline is </p>	<p>If you don't 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.</p> <p>You cannot opt out of the PAGA portion of the proposed Settlement. COSTCO must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).</p>
<p>Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement</p> <p>Written Objections Must be Submitted by </p>	<p>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 Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class</p>

	Counsel or Plaintiff 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 [REDACTED]. You don’t 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 Number of Days Worked With Written Challenges, Which Must be Submitted by [REDACTED]	The amount of your Individual Class Payment and PAGA Payment (if any) will depend on how many work days during the Class Period are attributed to you. The number of work days attributed to you worked according to Costco’s records is stated on the first page of this Notice. If you disagree with any number, you must challenge it by [REDACTED]. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a Costco employee. The Action accuses Costco of failing to pay all compensation owed with respect to meal or rest premiums and sick leave on account of Costco’s payments of Hero Pay and Extra Checks (the semi-annual check paid to long-term hourly employees). Based on the same claims, Plaintiff has also claimed civil penalties under the California Private Attorneys General Act (Lab. Code, § 2698, et seq.) (“PAGA”). Plaintiff is represented by attorneys, referred to here as Class Counsel. Costco strongly denies violating any law or failing to pay any wages and contends it has complied with all applicable laws.

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

The Court has not yet determined whether Costco or Plaintiff is correct on the merits. In the meantime, Plaintiff and Costco hired an experienced, neutral mediator, in an effort to resolve the Action by negotiating 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 lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Costco 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, Costco does not admit any violation or concede the merit of any claim. Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because: (1) Costco 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 has preliminarily approved the proposed

Settlement as fair, reasonable, and adequate, has authorized this Notice, and has scheduled a hearing to determine Final Approval.

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

1. *Payment of the Gross Settlement Amount.* Costco will pay \$2,950,000.00 as the Gross Settlement Amount (Gross Settlement). Costco 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, the Individual PAGA Payments, the Class Representative Service Payment, the Class Counsel's attorneys' fees and litigation expenses, the Administrator's expenses, and the penalties to be paid to the California Labor and Workforce Development Agency ("LWDA"). Assuming the Court grants Final Approval, Costco will fund the Gross Settlement not more than 14 court days after the Judgment entered by the Court becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.
2. *Court Approved Deductions from Gross Settlement.* At the Final Approval Hearing, Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which the Court will decide at the Final Approval Hearing:
 - A. Up to \$1,032,500 (35% of the Gross Settlement) to Class Counsel for attorneys' fees and up to \$25,000 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
 - B. Up to \$12,500 as a Class Representative Award for filing the Action, working with Class Counsel and representing the Class. A Class Representative Award will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment and any Individual PAGA Payment.
 - C. Up to \$80,000 to the Administrator for services administering the Settlement.
 - D. Up to \$295,000 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees.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 the number of days they worked during the Class Period.
4. *Taxes Owed on Payments to Class Members.* Plaintiff and Costco are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages ("Wage Portion") and the remaining 80% to interest and penalties ("Non-Wage Portion"). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Costco

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 Plaintiff and Costco 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 don't 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, then 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 [REDACTED], 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 you or your representative setting forth your 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 Costco.

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 as they give up their right to assert PAGA claims against Costco 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 Costco have agreed that, in either case, the Settlement will be void: Costco will not pay any money and Class Members will not release any claims against Costco.
8. *Administrator.* The Court has appointed a neutral company, Atticus Administration (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 the number of qualifying Pay Periods, 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 Costco has fully funded the Gross Settlement and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any claim 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 Costco or related entities for wages or penalties based on the facts 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 (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint, including any and all claims involving any alleged failure to pay meal or rest period premiums or sick leave at the proper rate by virtue of having been paid Hero Pay or an Extra Check during the Settlement Period of April 12, 2021 through whichever of these two dates occurs first: (a) the date of Preliminary Approval or (b) January 29, 2024. Except as set forth in Section 5.3 of the Settlement Agreement, 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. *Aggrieved Employees' PAGA Release.* After the Court's judgment is final, and Costco has paid the Gross Settlement (and separately paid employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against Costco based on the facts alleged in the Plaintiff's complaint, 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 Costco or its related entities based on the facts alleged in the Action and resolved by this Settlement.

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

All Participating and Non-Participating Class Members who are 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 alleged, or reasonably could have been alleged, based on facts stated in the Operative Complaint, including any and all claims involving any alleged failure to pay meal or rest period premiums or sick leave by virtue of having been paid Hero Pay or an Extra Check during the Settlement

Period of April 12, 2021 through whichever of these two dates occurs first: (a) the date of Preliminary Approval or (b) January 29, 2024.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. *Individual Class Payments.* The Administrator will calculate Individual Class Payments on a pro rata basis by dividing the appropriate Net Settlement Amount by the total number of days worked by relevant employees during the Class Period and multiplying the result by the number of days you worked during the Class Period.
2. *Individual PAGA Payments.* The Administrator will calculate Individual PAGA Payments by dividing 25% of the PAGA Penalty amount by the total number of days worked by relevant employees during the Class Period and multiplying the result by the number of days you worked during the Class Period.
3. *Days Worked Challenges.* The number of days you worked during the Class Period, as recorded in Costco's records, is stated in the first page of this Notice. You have until [REDACTED] to challenge the number of workdays attributed 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 Costco's calculation of workdays based on Costco'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 workday challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Costco'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 Administrators 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 be excluded. Be sure to personally sign your request, identify the Action as *Gonzalez v. Costco Wholesale Corp.* 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 Plaintiff and COSTCO are asking the Court to approve. At least 16 court days before the Final Approval Hearing, Class Counsel 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 Plaintiff is requesting as a Class Representative Service Award. 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 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 Plaintiff 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 and include your name, current address, telephone number and approximate dates of employment for [COSTCO] 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 P of the Los Angeles Superior Court, located at 300 East Walnut Street, Pasadena, CA 91101. 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 LACourtConnect (<https://www.lacourt.org/lacc/>). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website [redacted] 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 Costco and Plaintiff 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 the Administrator's website at [redacted] (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://www.lacourt.org/website/FindaCase.aspx>) and entering the Case Number for the Action, Case No. 22AHCV00255. You can also make an appointment to personally review court documents in the Clerk's Office at the Stanley Mosk Courthouse by calling (213) 830-0800.

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

Class Counsel:

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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.

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