

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into between plaintiffs Maria Sanchez, David Cruz, Ines Mendez Merino, and Jonathan Valentin, on their own behalf, on behalf of the State of California, and on behalf of Class Members as defined below, and defendants McDonald's Restaurants of California, Inc. and McDonald's of Culvr1-Sepulveda, subject to the approval of the Los Angeles Superior Court in *Maria Sanchez, et al. v. McDonald's Restaurants of California, Inc., et al.*, No. BC499888.

I. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

- A. Action. The "Action" means the civil action captioned *Maria Sanchez, et al. v. McDonald's Restaurants of California, Inc., et al.*, LASC Case No. BC499888, *appeal pending and stayed*, No. B284768.
- B. Agreement. "Agreement" means this Settlement Agreement and all exhibits attached hereto.
- C. Claim Form. "Claim Form" means the proof of claim agreed to by the Parties and to be submitted for approval by the Court which shall be used by certain Class Members as described herein to file a claim under this Agreement. A copy of the Claim Form is attached hereto as Exhibit 1.
- D. Claims Administrator. "Claims Administrator" means a claims administrator to be selected by McDonald's in consultation with Class Counsel.
- E. Class Counsel. "Class Counsel" means Altshuler Berzon LLP, Matern Law Group, PC, and Cohen Milstein Sellers & Toll PLLC.

- F. Class Members. “Class Members” means all persons employed by McDonald’s as non-managerial hourly workers (“Crew Members”) at one or more of McDonald’s corporate (*i.e.*, non-franchised) restaurants in California at any time between January 24, 2009 and the date of preliminary approval, excluding those persons who timely opt out of the Class pursuant to the opt-out procedure approved by the Court. Class Members shall include persons who acted in the role of crew person, crew trainer, primary maintenance person, backup maintenance person, crew OJE, shift manager trainee, core crew person, crew chief, and MA core shift manager trainee.
- G. Certified Subclass Members. “Certified Subclass Members” means all Class Members in the overtime subclass certified by the Court on August 2, 2016 who worked for McDonald’s at one or more of McDonald’s corporate restaurants at least one shift that began on one calendar day and ended the next calendar day (an “overnight shift”) followed by a shift that began on the same calendar day that the overnight shift ended and who were not paid for all time worked in excess of eight hours in a 24-hour period, excluding those persons who timely opted out of the certified overtime subclass pursuant to the opt-out procedure approved by the Court.
- H. Class Notice. “Class Notice” means the notice to Class Members that describes the material terms of the Agreement and the Class Members’ rights and obligations, which shall be disseminated to all Class Members following preliminary approval of the Settlement pursuant to the procedures set forth in Section III.D herein, and which shall, *inter alia*, explain the formula for

determining each Class Member's settlement share, instructions on how to submit requests to opt out or object to the Settlement, and the deadlines for doing so. The Class Notice shall be translated into Spanish, and both English and Spanish versions will be disseminated to all Class Members. The English version of the Class Notice is attached hereto as Exhibit 2.

- I. Class Period. "Class Period" means the period from January 24, 2009 through the date following preliminary approval on which notice is sent to Class Members.
- J. Class Representatives. "Class Representatives" means plaintiffs Maria Sanchez, David Cruz, Ines Mendez Merino, and Jonathan Valentin.
- K. Court. "Court" means the Los Angeles County Superior Court.
- L. Effective Date. If no timely objections are filed to the Settlement, or if timely objections to the Settlement are filed but no objector successfully moves to intervene for purposes of appeal, the "Effective Date" shall be the date the Court enters an order granting final approval of the Settlement. If timely objections are filed to the Settlement and any objector or objectors successfully intervenes for the purposes of appeal, the "Effective Date" shall be the 61st day following the date on which the Court enters an order of final approval of the Settlement; except that if an appeal is filed from the Court's overruling of objections to the Settlement and/or from the final approval order (other than an appeal limited solely to a challenge to the denial or reduction in the amount of requested attorneys' fees and expenses and/or service payments to the Class Representatives), the "Effective Date" shall be 30 days after the appeal is withdrawn or after all appellate review thereof is exhausted and an appellate

decision exhausting such review and affirming the final approval decision becomes final.

- M. Final Settlement Hearing. “Final Settlement Hearing” means the hearing following Class Notice at which the Court will consider whether the terms of this Agreement are fair, adequate, and reasonable to the class as a whole.
- N. Final Judgment. “Final Judgment” means the order granting final approval of the Settlement and entering judgment thereon, in a form mutually agreed to by the Parties, and subject to approval by the Court.
- O. LWDA. “LWDA” means the California Labor and Workforce Development Agency.
- P. McDonald’s. “McDonald’s” means defendants McDonald’s Restaurants of California, Inc. and McDonald’s of Culvr1-Sepulveda.
- Q. Net Fund. “Net Fund” means the Settlement Payment minus Class Counsel’s Attorneys’ Fees and Costs and Class Representatives’ service payments as approved by the Court.
- R. Parties. “Parties” means the parties to the Agreement, specifically, the Class Representatives, individually and on behalf of all Class Members, and McDonald’s.
- S. PAGA. “PAGA” means the California Labor Code Private Attorneys General Act, Cal. Labor Code §§2698 *et seq.*
- T. PAGA Period. “PAGA Period” means the period from March 13, 2013 through the date following preliminary approval on which notice is sent to Class Members.

- U. Preliminary Approval Order. “Preliminary Approval Order” means the order entered and filed by the Court that preliminarily approves the terms and conditions of this Agreement.
- V. Release Date. The “Release Date” means the date following preliminary approval on which notice is sent to Class Members.
- W. Released Parties. “Released Parties” means defendants McDonald’s Restaurants of California, Inc. and McDonald’s of Culver1-Sepulveda, McDonald’s Corporation, McDonald’s USA LLC, and their former and present employees, directors, shareholders, officers, owners, attorneys, insurers, agents, any successors, assigns, affiliates, or legal representatives and any individual or entity who or which could be jointly liable with McDonald’s and all persons or entities acting by, through, under, or in concert with any of them.
- X. Response Deadline. “Response Deadline” means the deadline by which Class Members must postmark to the Claims Administrator valid requests to opt out, valid Claim Forms, or valid objections to the Settlement. The Response Deadline will be 60 calendar days from the initial mailing of the Class Notice by the Claims Administrator, unless the 60th day falls on a Sunday or Federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline will be extended 21 calendar days for any Class Member who is re-mailed a Class Notice by the Claims Administrator in accordance with the notice procedure described in Section III.D of this Agreement, unless that 21st day falls on a Sunday or Federal holiday, in

which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open.

- Y. Settled Claims. “Settled Claims” means any and all claims that were alleged in this Action, arise out of or are related to the allegations and claims alleged in the Action, and/or could have been alleged in this Action by a Class Member, based on the facts, matters, transactions, or occurrences alleged in the Action that occurred at any time between January 24, 2009 through the Release Date during which that Class Member was employed at a McDonald’s corporate-owned (*i.e.*, non-franchised) restaurant in California.
- Z. Settlement Payment. “Settlement Payment” means \$26 million which shall be deposited into an interest-bearing Qualified Settlement Fund (“QSF”), and shall be allocated among Plaintiffs, Class Members, Certified Subclass Members, the LWDA, and Class Counsel (for reasonable attorneys’ fees and costs) in accordance with the terms of this Agreement, subject to Court approval. The Parties agree that, with the exception of the Claims Administrator costs, under no circumstances shall McDonald’s be obligated to pay any amount over the Settlement Payment (plus any interest accrued on the Settlement Payment) under the terms of this Agreement. Neither the Court nor the Claims Administrator shall have the power to increase the Settlement Payment.
- AA. Settlement. “Settlement” shall refer to this Agreement to settle the claims as set forth and embodied in this Agreement.

II. RECITALS

- A. The Action was filed by plaintiff Maria Sanchez on January 24, 2013. Ms. Sanchez and the three other named plaintiffs filed the operative Third Amended Complaint on June 6, 2014, alleging 12 claims for relief on behalf of plaintiffs and other current and former employees at McDonald's corporate restaurants in California. These claims included: (1) failure to pay all wages when due; (2) failure to provide meal periods; (3) failure to provide rest breaks; (4) failure to pay overtime wages; (5) failure to pay minimum wage; (6) failure to pay all wages due to discharged and quitting employees; (7) failure to maintain required records; (8) failure to furnish accurate itemized wage statements; (9) failure to indemnify employees for necessary expenditures; (10) unfair and unlawful business practices under California's Unfair Competition Law, Business & Professions Code §17200 *et seq.*; (11) declaratory judgment; and (12) penalties under PAGA.
- B. On August 20, 2015, plaintiffs filed a motion for class certification, which the Court granted in part and denied in part on August 2, 2016. The trial court certified an "Overtime Subclass" of all crew members employed at McDonald's corporate-owned restaurants in California any time between January 24, 2009 and final judgment "who worked a shift that began on one calendar day and ended the next calendar day (an 'overnight shift') followed by a shift that began on the same calendar day as the overnight shift ended, who were not paid all overtime for all time worked in excess of eight hours in a 24-hour period." The Court certified

this class as to overnight-overtime and derivative claims, but did not certify any other claims.

- C. McDonald's filed four motions for summary judgment or summary adjudication addressing each named plaintiff's claims. The Court denied each of these motions except as to Ms. Sanchez's Twelfth Cause of Action under PAGA.
- D. McDonald's moved to strike all of plaintiffs' representative PAGA claims except those associated with the certified overnight-overtime and certified derivative claims. The Court granted that motion on December 15, 2016.
- E. On February 3, 2017, plaintiffs filed a motion for summary adjudication of the certified overnight-overtime claim. The trial court granted plaintiffs' motion for summary adjudication on April 20, 2017, ruling that "overtime calculations should be based on the amount of work completed by an employee during any single twenty-four hour workday period, regardless of whether the employee works continuously through the day divide" and that McDonald's "does not calculate overtime based on ... a workday" (as defined in Labor Code §500).
- F. The Court conducted a bench trial on the PAGA claims arising out of the certified overnight-overtime claim. In a July 6, 2017 Statement of Decision, the Court ruled that PAGA penalties for McDonald's overtime violations should be calculated using a remedial model based on the 4 a.m. start-of-workday proposed by McDonald's rather than Plaintiffs' proposed calendar-day or alternative 9 p.m. start-of-workday. Using the 4 a.m. start-of-workday, the trial court awarded Certified Subclass Members and the LWDA \$700,270 in PAGA civil penalties and Certified Subclass Members \$55,471 in overtime back pay and \$18,701 in

interest. The Court declined to award additional PAGA civil penalties sought by plaintiffs.

- G. On August 24, 2018, McDonald's filed a motion for summary adjudication as to remaining certified class claim issues. The trial court granted McDonald's motion on December 4, 2018. Plaintiffs appealed and McDonald's cross-appealed.

NOW THEREFORE, in consideration of the recitals listed above and the promises, releases, and warranties set forth below, and with the Parties' intent to be legally bound and to acknowledge the sufficiency of the consideration and undertakings set forth herein, the Class Representatives, individually and on behalf of the Class Members and the State of California, on the one hand, and McDonald's, on the other hand, agree that the Action shall be and is finally and fully compromised and settled as to the Released Parties, on the terms and conditions set forth herein, subject to Court approval:

III. PRELIMINARY APPROVAL, CLASS NOTICE, SETTLEMENT ADMINISTRATION, FINAL SETTLEMENT HEARING, AND EFFECTIVE DATE

- A. Procedures. The Parties agree to the following procedures for obtaining the Court's preliminary approval of the Settlement, notifying Class Members, obtaining final Court approval of the Settlement, and administering the Settlement. The Parties shall cooperate in good faith in attempting to coordinate timelines and distribution schedules for this Settlement, to minimize costs and promote the efficient administration of the Settlement.
- B. Preliminary Approval of Settlement and Request for Preliminary Approval Order. After the Settlement Agreement is executed, Class Representatives shall promptly file a motion requesting that the Court enter the Preliminary Approval Order

preliminarily approving the proposed settlement, certifying the requested class for purposes of settlement, approving notice, and setting a date for the Final Settlement Hearing. McDonald's agrees not to oppose the motion for preliminary approval of the Settlement provided such motion and supporting papers are consistent with the terms of this Agreement. McDonald's agrees to conditional certification of the Class for purposes of this settlement only. The requested Preliminary Approval Order shall:

1. Preliminarily approve the proposed Settlement and this Agreement;
2. Certify a class of Class Members for purposes of settlement;
3. Approve the plan for providing notice to Class Members under this Agreement, including the form of the Class Notice and the Claim Form (needed only for Class Members who are not on the Class List or whose hard copy of the Class Notice is undeliverable notwithstanding the skip tracing efforts required by this Agreement);
4. Approve the procedures for distribution of payments to Class Members under this Agreement;
5. Approve the procedures for Class Members to object to the Settlement, opt out of the Settlement, and file Claim Forms, including by setting appropriate deadlines;
6. Approve designation of Class Counsel as counsel for the Class Members for purposes of settlement, and Plaintiffs as class representatives of the Class for purposes of settlement; and
7. Schedule the Final Settlement Hearing for final approval of this Settlement

and entry of Final Judgment.

Class Counsel shall provide a proposed Preliminary Approval Order to the Court in a form and content mutually agreed to by the Parties, and Plaintiffs shall provide a draft of any proposed Preliminary Approval Order to McDonald's at least two business days before the requested Preliminary Approval Order is submitted to the Court.

- C. Notice of Settlement to Appropriate Government Officials. Pursuant to California Labor Code § 2699(1)(2), Class Counsel shall notify the LWDA of the Settlement upon the filing of a motion for preliminary approval of the Settlement.
- D. Class Notice. Notice of the Settlement shall be provided to Class Members. The Parties believe and agree that the following procedures for such notice provide the best practicable notice to Class Members and are consistent with the requirements of due process and California Rule of Court 3.766:
1. The Claims Administrator shall be responsible for preparing, printing, and mailing to all Class Members an individualized version of the Class Notice approved by the Court, and such other materials as may be required to be distributed, all as approved and directed by the Court.
 2. Not later than 20 business days after the Court's entry of an Order of Preliminary Approval, McDonald's shall provide to the Claims Administrator a list of all Class Members (the "Class List") that McDonald's will diligently and in good faith compile from its HR system of record. The Class List will be formatted in Microsoft Office Excel, will be password protected, and will contain the name, last known telephone

number, mailing address, email address (if available), social security number, and starting and ending employment dates during the Class Period (including multiple starting and ending employment dates if applicable) of every Class Member, and shall include any updated contact information in the possession of either the Parties or the Claims Administrator. The Claims Administrator shall keep contact information and social security numbers of Class Members strictly confidential, except as needed to verify Class Member identity and contact information. McDonald's shall also provide to Class Counsel a password-protected copy of the Class List that excludes Class Members' social security numbers.

3. Based on the information in the Class List and the terms of this Settlement, the Claims Administrator shall promptly calculate an Estimated Settlement Amount for every Class Member, to be included in the individualized Notice to be sent to that Class Member, and shall prepare and email a spreadsheet setting forth those calculations to Class Counsel and McDonald's counsel no fewer than two business days before mailing the Class Notice to Class Members.
4. No later than 10 business days after preparation of the information described in Paragraph III.D.3 above, the Claims Administrator shall mail the Class Notice to every individual on the Class List. Prior to mailing, the Claims Administrator will perform a search based on the National Change of Address Database for information to update and correct for any

known or identifiable address changes. The mailing shall be sent by first-class U.S. mail, postage pre-paid. Any Class Notices returned to the Claims Administrator as non-deliverable with a forwarding address on or before the Response Deadline will be sent via regular First-Class mail to the forwarding address within five calendar days of receipt of the forwarding address, and the Claims Administrator will indicate the date of such re-mailing on the Class Notice. No later than 10 business days after receipt of the Class List, the Claims Administrator shall also email a copy of the Class Notice to all Class Members whose email addresses are known. The Claims Administrator shall track and report all “bounce back” emails, but shall be under no obligation to search for different email addresses. No later than 10 business days after receipt of the Class List, the Claims Administrator shall also establish a settlement website that describes and includes a copy of this Settlement, including exhibits, and other information pertaining to the lawsuit and Settlement. The Settlement website shall also include information on how to obtain a Claim Form for individuals who believe they should be included in the Class but did not receive a Class Notice.

5. For any Class Notice that is returned by the post office as undeliverable without a forwarding address or addressee unknown, the Claims Administrator shall perform a skip trace that shall use such public and proprietary electronic resources as are available to the Claims Administrator that lawfully collect address data from various sources such

as utility records, property tax records, motor vehicle registration records, and credit bureaus. If the Claims Administrator is successful in locating an alternate subsequent address or addresses, the Claims Administrator shall perform a single re-mailing of the Class Notice to the new address(es) within 10 calendar days of receipt of the undeliverable notice. Class Members who receive a re-mailed Notice will have between the later of (i) an additional 21 calendar days or (ii) the Response Deadline to postmark an opt-out request or an objection to the Settlement.

6. For any Class Notice that is returned by the post office as undeliverable without a forwarding address or addressee unknown as to which the Claims Administrator after performing a skip trace is not successful in locating an alternate subsequent address or addresses, the Claims Administrator shall call the Class Member's last known telephone numbers (and numbers updated through public and proprietary databases) to obtain accurate contact information. If the Claims Administrator is successful in locating an alternate subsequent address or addresses in this manner, the Claims Administrator shall perform a single re-mailing of the Class Notice to the new address(es) within 10 calendar days of receipt of the undeliverable notice. Class Members who receive a re-mailed Notice will have between the later of (i) an additional 21 calendar days or (ii) the Response Deadline to postmark an opt-out request or an objection to the Settlement.
7. The Parties intend that all reasonable means be used to maximize the

likelihood that all Class Members will receive the Class Notice.

8. In addition to the foregoing, the Parties may, but are not obligated to, supplement the mailed Class Notice with reasonable alternative forms of notice.

E. Objecting to the Settlement. Any Class Member may object to the Settlement.

The Class Notice shall provide that Class Members who wish to object to the Settlement must mail a written statement of objection to the Claims Administrator subject to the provisions set forth below or appear at the Final Settlement Hearing to explain their objection:

1. A written statement of objection must be mailed to the Claims Administrator no later than the Response Deadline.
2. The objection must state the name of the Action, the Class Member's full name, current address, phone number, and last four digits of his or her Social Security number. The objection must be signed by the Class Member.
3. The postmark date of the mailing shall be the exclusive means for determining whether an objection is timely.
4. The objection must state all grounds for the objection.
5. Class Members who fail to submit written objections in the time and manner specified herein or appear at the Final Settlement Hearing to explain their objections shall be deemed to have waived any objections and shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement, and the Settlement shall be fully binding

upon them (unless they validly opt out).

F. Claim Form Submission. The settlement website shall contain information on how to contact the Claims Administrator, how to download or otherwise obtain a Claim Form if needed, and the process and deadline for submitting a Claim Form. Absent mutual agreement of the Parties, no Claim Form shall be honored if postmarked after the Response Deadline. If a Claim Form is timely submitted but is deficient in one or more aspects, the Claims Administrator shall, within five calendar days of receipt of the deficient form, notify the Parties' counsel of receipt of the deficient form and shall return the form to the Class Member with a letter explaining the deficiencies and informing the Class Member that he or she shall have 14 calendar days from the date of the deficiency notice to correct the deficiencies and resubmit the Claim Form. This letter shall be provided in English and Spanish.

G. Opting Out of the Settlement.

1. A Class Member may opt out of the Settlement by timely mailing a valid opt-out statement to the Claims Administrator.
2. The Class Notice shall provide that Class Members who wish to opt out of the Settlement must:
 - a. Mail a signed letter to the Claims Administrator, postmarked no later than the Response Deadline, stating the Class Member's name, telephone number, current address, last four digits of the Class Member's Social Security number, and the following statement: "I, [NAME], voluntarily choose not to participate in the

settlement of the Class Action against McDonald's Restaurants of California, Inc., and hereby waive any rights I may have to participate in the settlement in the state court lawsuit entitled *Maria Sanchez, et al. v. McDonald's Restaurants of California, et al.*, LASC Case No. BC499888.”

3. Absent a showing of good cause, as determined by the Claims Administrator after input from Class Counsel and McDonald's, no opt-out statement shall be honored or valid if postmarked after the Response Deadline. Requests to opt out that do not include all required information shall be deemed null, void, and ineffective. If a Class Member files both an opt-out statement and a Claim Form, the opt-out statement shall be deemed invalid and the Class Member's Claim Form and release of claims shall be valid and controlling.
 4. Class Members who submit valid and timely requests to opt out of the Settlement shall not receive any payment pursuant to the Settlement, nor shall such Class Members be bound by the terms of the Settlement of their claims against McDonald's pursuant to this Settlement.
- H. Non-Interference with Claims Procedure and Settlement. The Parties and their counsel agree that they shall not seek to solicit or otherwise encourage Class Members to submit opt-out requests or objections to the Settlement.
- I. Interim Reports by the Claims Administrator. No later than two days prior to the deadline for filing a motion for final settlement approval, the Claims Administrator shall provide counsel for the Parties with a declaration setting

forth: (a) its efforts to provide notice to the class and proof of mailing of the Class Notice; (b) the total number of individuals on the Class List who were sent a Class Notice; (c) the total number of those individuals whose Class Notices were returned as undeliverable or addressee unknown; (d) the total number of those individuals whose Class Notices were subsequently sent to a corrected address; (e) the total number of Class Members who filed timely objections to the Settlement, along with the complete copies of all objections received, including the postmark dates for each objection; (f) the total number of individuals who requested a Claim Form; (g) the total number of individuals who submitted a Claim Form; (h) the total number of individuals who submitted valid Claim Forms and were determined to be Class Members; (i) the total number of individuals who submitted Claim Forms that were deficient, and how such deficiencies were resolved by the Claims Administrator after conferring with counsel for the Parties; (j) the total number of Class Members who challenged the dates worked as reported on the Class Notice and the resolution of any such challenges; and (k) the total number of Class Members who filed valid requests to opt out, including complete copies of all such requests, and including the postmark dates for each. The Claims Administrator shall provide an updated declaration on these matters three calendar days prior to the date of the Final Settlement Hearing if any changes or additions have occurred, and again the business day after the Effective Date of the Settlement or such other later date as the Court or the Parties may agree upon.

J. Confidentiality. Class Counsel agree that any Class Member contact information

received from McDonald's or the Claims Administrator will be treated as Confidential under the terms of the Protective Order in place in this Action, and Class Counsel will not use such Class Member contact information for any purpose other than implementation of the settlement in this Action.

- K. Final Settlement Hearing. After expiration of the deadlines for submitting objections, the Parties shall ask the Court to conduct a Final Settlement Hearing to determine final approval of the settlement and to enter the Final Judgment. Class Counsel will also seek an order determining the amounts to be paid from the Settlement Payment for attorneys' fees and expenses and service payments, and any other matter as required herein.
- L. Final Judgment. The Proposed Final Judgment to be submitted to the Court shall be in a form mutually agreed to by the Parties. The Parties shall not object to any final judgment that is substantially in the form submitted to the Court by the Parties. If the Court grants final approval of the Settlement, the Claims Administrator shall post the Final Judgment on its website within seven calendar days of entry of the Final Judgment.

IV. INJUNCTIVE RELIEF

- A. No later than 60 calendar days after the Effective Date, to the extent McDonald's has not already done so, McDonald's shall do and continue to do each of the following for its corporate (*i.e.*, non-franchised) restaurants in California:
1. Create a mechanism for paying, and henceforth pay, the required one-hour wage premium under California Labor Code §226.7 to each Crew Member for each day thereafter that McDonald's does not provide that Crew

Member with a full, timely meal period and rest break as California law requires;

2. Permit all Crew Members, including those who work overnight shifts, to leave the restaurant premises during their meal periods without restriction or threat of discipline, except to the extent necessary to ensure the Crew Members' safety;
3. Track the time and duration of all Crew Member meal periods using its eTimekeeping or comparable timekeeping system;
4. Track the time and duration of all Crew Member rest periods using its eTimekeeping or comparable timekeeping system, except that if any replacement system for eTimekeeping is not designed to track rest periods, the requirements in this subparagraph shall only continue until the later of (1) two years after the Effective Date or (2) the date the new timekeeping system becomes operational; and
5. Provide additional work uniforms to Crew Members when their uniforms become worn out or damaged (including by grease or oil stains).

- B. Beginning within 60 calendar days after the Effective Date and continuing for at least four years thereafter, McDonald's shall provide periodic trainings to all store managers, department managers, shift managers, and Crew Members at its California corporate-owned (i.e., non-franchised) restaurants, which may be provided in conjunction with existing training programs and which shall be included in McDonald's orientation and/or on-boarding training for newly hired and newly promoted personnel, that inform the participants of the policies and

practices set forth in Paragraph IV.A and of at least the following:

1. McDonald's will inform Crew Members that, if their shift totals no more than six hours, they have the right to waive their meal period for that shift, and that McDonald's will not require Crew Members who work a five-hour shift to remain on site for an unpaid 30-minute meal period at the end of that shift if they waived their meal period;
 2. McDonald's will provide 10-minute paid rest breaks to Crew Members as near as practicable to the midpoint of each four-hour period worked by such Crew Members and will inform Crew Members that they may ask their managers for permission to take a break at that approximate time. In determining whether it is practicable to provide a rest break at a particular time, McDonald's managers may consider business and operational needs of the restaurant that exist at that particular time;
 3. McDonald's will not require Crew Members to take their rest breaks during either the first or the last 15 minutes of their shifts unless the Crew Member's manager can identify a specific, non-routine circumstance that warrants the Crew Member taking such an early or late break;
 4. McDonald's will provide additional work uniforms to Crew Members when those uniforms become worn out or damaged (including by grease or oil stains), without cost to the Crew Member, and will not require that any Crew Member's uniform or uniform parts be ironed.
- C. McDonald's shall provide a copy of the training materials described above to Class Counsel for review and comment no later than 10 business days prior to

Final Settlement Approval. McDonald's will, in good faith, review and consider Class Counsel's reasonable, good-faith requests for modification or clarification, but McDonald's will retain final control over the content of training materials.

- D. After McDonald's implements the trainings described above, it shall promptly inform Class Counsel of McDonald's compliance with the obligations of Paragraph IV of this Agreement.
- E. To the extent any California appellate court concludes that any of the relief described above in Paragraph IV.A-B goes beyond the requirements of California law, McDonald's will be required to provide that aspect of the agreed-upon relief only for a period of three years from the Effective Date, unless a shorter period is provided above in Paragraph IV.A.
- F. Modification. Whenever possible, each provision and term of the injunctive relief provided herein shall be interpreted in such a manner as to be valid and enforceable; provided, however, that if any term or provision is determined to be or is rendered unenforceable after entry of final approval of the Settlement, all other terms and provisions shall remain unaffected, to the extent permitted by law. If the application of any term or provision to any specific person or circumstance should be determined to be invalid or unenforceable, the application of such term or provision to other persons or circumstances shall remain unaffected, to the extent permitted by law. Class Counsel and McDonald's counsel may jointly agree in writing to modify the terms of the injunctive relief provided herein, subject to Court approval.

V. **SETTLEMENT FUNDS AND SETTLEMENT PAYMENT CALCULATION**

- A. Deposit of Funds into Qualified Settlement Fund. At its discretion, McDonald's will either (1) deposit the Settlement Payment in an interest-bearing QSF, within the meaning of Treasury Regulation Section 1.468B-1, *et seq.*, on or before the later of (i) 10 days after entry of the Preliminary Approval Order or (ii) December 31, 2019 (the "Fund Option Dates"); or (2) within 10 business days after the Effective Date, pay the Settlement Payment (plus interest accruing as of the later of the "Fund Option Dates" at the rate of 2% per annum) into an interest-bearing QSF for the purposes of funding the settlement. The Settlement Payment shall be deemed to include any interest accrued on the \$26 million. In the event the Court denies final approval of the Settlement or an appeal leaves the Settlement unenforceable, the Parties shall be returned to the same positions as existed at the time of this Agreement, and all funds in the interest-bearing QSF provided for in this paragraph shall be returned to McDonald's.
- B. Class Payment from the QSF. Payments from the QSF for the purposes set forth in this Agreement shall be made within 30 calendar days after the Effective Date.
- C. Allocation of Net Fund. The Net Fund shall be allocated for the following payments:
1. Initial Distributions from the Net Fund:
 - a. \$700,270 as PAGA penalties, to be distributed \$525,202.50 (75%) to the LWDA and \$175,067.50 (25%) to the Certified Subclass Members.
 - i. Each Certified Subclass Member's share of this

\$175,067.50 payment shall be based on the calculations submitted by McDonald's expert Paul White and accepted by the Court in its Statement of Decision, which cover the period March 13, 2013 to February 28, 2017.

- b. \$55,471 in back pay, to be distributed to the Certified Subclass Members based on the calculations submitted by McDonald's expert Paul White and accepted by the Court in its Statement of Decision, which cover the period March 13, 2013 to February 28, 2017.
- c. An additional sum as back pay for those Certified Subclass Members who, according to McDonald's records, worked an overnight shift between March 1, 2017 and July 6, 2017, followed by a shift that began on the same calendar day that the overnight shift ended and who were not paid for all time worked in excess of eight hours in a 24-hour period using the 4 a.m. start-of-workday adopted by the Court in its Statement of Decision. This additional sum shall be distributed to the affected Certified Subclass Members based on the number of overtime hours for which the Certified Subclass Member was not paid during that period and that Certified Subclass Member's corresponding overtime rate pursuant to Labor Code §510.
- d. Simple interest shall be added to each Certified Subclass Member's back pay amounts in Paragraphs V.C.1.b and c at a rate

of 10% from the date of each instance of unpaid overnight overtime through the date of preliminary approval.

2. Eighty percent (80%) of the Net Fund remaining after the Initial Distributions in Paragraph V.C.1 shall be allocated for payments associated with Class Members' non-PAGA claims ("Non-PAGA Payment"). The Non-PAGA Payment shall be allocated as follows:
 - a. Forty percent (40%) to Class Members for back pay and interest associated with alleged missed, late, and/or shortened meal periods and rest breaks, to be distributed to Class Members based on the number of weeks worked by that Class Member between the beginning of the Class Period and the Release Date.
 - b. Ten percent (10%) to Class Members for back pay, expenses, interest, and liquidated damages associated with the Class Members' alleged time and expense of maintaining their work uniforms, to be distributed to Class Members based on the number of weeks worked by that Class Member between the beginning of the Class Period and the Release Date.
 - c. Fifteen percent (15%) to Certified Subclass Members for additional back pay and interest associated with alleged unpaid overtime, separate and apart from the amounts provided in Paragraph V.C.1, to be distributed to Certified Subclass Members based on the number of weeks worked by that Certified Subclass Member between the beginning of the Class Period and the

Release Date;

- d. Ten percent (10%) to Class Members whose employment with McDonald's terminated on or before April 20, 2017, for alleged waiting time penalties and interest, to be distributed to such Class Members on a pro rata basis;
 - e. Ten percent (10%) to Class Members whose employment with McDonald's terminated between April 20, 2017 and the Release Date, for alleged waiting time penalties and interest, to be distributed to such Class Members on a pro rata basis;
 - f. Ten percent (10%) to Class Members for pre-April 20, 2017 alleged wage statement penalties and interest, to be distributed to Class Members based on the number of weeks worked by that Class Member between the start of the Class Period and April 20, 2017;
 - g. Five percent (5%) to Class Members for post-April 20, 2017 alleged wage statement penalties and interest, to be distributed to Class Members based on the number of weeks worked by that Class Member between April 21, 2017 and the Release Date;
3. Twenty percent (20%) of the Net Fund remaining after the deductions in Paragraph V.C.1 shall be allocated for payments associated with the Class Members' and LWDA's alleged PAGA claims ("PAGA Payment") arising during the PAGA Period. The PAGA Payment shall be allocated as follows:

- a. Seventy-five percent (75%) to the LWDA for the LWDA portion of alleged penalties under PAGA.
- b. Twenty-five percent (25%) to Class Members for the aggrieved-employee portion of alleged penalties under PAGA. The aggrieved-employee portion shall be allocated as follows:
 - i. Seventy-five percent (75%) to be distributed to Class Members based on the number of weeks worked by that Class Member during the PAGA Period (which amount shall be deemed to include PAGA penalties for claimed violations of aggrieved employees' right to meal periods and rest breaks, minimum wages, wages when due, expense reimbursement, accurate wage statements, and failure to maintain required records).
 - ii. Twenty percent (20%) to be distributed to Certified Subclass Members based on the number of weeks worked by that Certified Subclass Member from the start of the PAGA Period through July 6, 2017 (which amount shall be deemed to include PAGA penalties for claimed overtime violations).
 - iii. Five percent (5%) to be distributed to Class Members whose employment with McDonald's terminated during the PAGA period on a pro rata basis (which amount shall be deemed to include PAGA penalties for claimed wages due

upon termination).

4. A week is worked for purposes of these provisions if the Class Member worked any part of a calendar week.
- D. Any interest earned on the funds in the QSF created pursuant to this Agreement between the time of deposit and the time the Settlement Payment is paid to Class Members by the Claims Administrator shall be added to the total Settlement Payment and distributed proportionally among the payments provided for in Paragraphs V.C.1 and 2.
 - E. No claims process shall be required of Plaintiffs or Class Members whose names are on the Class List and who have been sent a Class Notice that was not returned as undeliverable.
 - F. Checks shall be mailed by first class mail to the last known address of all Class Members, as reflected in the Claims Administrator's records following the Notice procedures of Paragraph III.D. If any check is returned or not cashed, the Claims Administrator shall engage in reasonable skip tracing efforts.
 - G. Each check mailed to a Class Member shall plainly state on its face that the check must be cashed within 120 calendar days, and that any check uncashed after 120 calendar days shall be invalid. If any check remains uncashed after 45 calendar days, the Claims Administrator shall send out a reminder postcard to the recipient to advise that all checks will be voided after 120 calendar days if not cashed by that date. The Claims Administrator at that time shall also provide counsel for the Parties with a list of all Class Members who have not cashed their checks. If any check remains uncashed after 75 calendar days, the Claims Administrator shall

call the recipient to remind him or her to cash the check. The Claims Administrator shall use such skip-trace methods as are reasonably appropriate to obtain a working phone number for any such individual.

- H. The amounts designated for all Class Members who do not cash their checks and who cannot be located within 120 days after the date of distribution shall be redistributed on a pro rata basis to all other Class Members based on the distribution formula in Paragraph V.C.2, subject to the cy pres provision of Paragraph V.J.
- I. Notwithstanding any other provision of this Agreement, all Claim Forms received and verified by the Claims Administrator in advance of the redistribution described in the preceding paragraph shall be honored so long as sufficient funds from the Settlement Payment remain. Any amounts validly claimed by a Class Member prior to redistribution shall be distributed to that Class Member rather than redistributed.
- J. Any uncashed or unclaimed settlement check amounts shall be redistributed to Class Members to the extent the Parties' counsel jointly conclude that it is economical and consistent with the purposes of this Agreement to do so, or otherwise to be paid to the cy pres recipients as specified herein. If the Parties cannot after meeting in person in good faith reach an agreement on whether redistribution to Class Members is economical and consistent with the purposes of this agreement, the Parties will engage an arbitrator from JAMS to decide this issue. To the extent the Parties, or an arbitrator, conclude that a redistribution is appropriate, the Claims Administrator will perform a single redistribution.

Checks provided as part of this redistribution shall be valid for 120 days from the date of redistribution. Any funds remaining uncashed after the redistribution will be subject to the cy pres provisions of this Agreement. In accordance with Code of Civil Procedure section 384, the Claims Administrator shall transmit the value of any uncashed or unclaimed settlement checks, plus any interest that has accrued thereon, to be paid 50% to Legal Aid at Work (<https://legalaidatwork.org/>) and 50% to Bet Tzedek (<https://www.bettzedek.org/>), to be used for providing legal assistance, training, and support to low-income workers in California. The Claims Administrator shall void any tax documents issued to Class Members who did not cash or deposit their settlement checks. Prior to the Final Settlement Hearing, Plaintiffs shall provide the Court the total amount payable to the Class Members and shall request that the Court set a date to report to the Court the total amount that was actually paid to the Class Members. Thirty days after the final report is filed with the Court, the Parties shall file a stipulation and Proposed Amended Judgment. The stipulation and Proposed Amended Judgment shall include, inter alia, the amount of the distribution of unpaid cash residue, and unclaimed or abandoned funds to the non-party, the accrued interest on that sum and any other information required to be set forth pursuant to Government Code section 68520, as incorporated into Code of Civil Procedure section 384.5. Pursuant to Code of Civil Procedure section 384.5, a conformed copy of the stipulation and order and amended judgment (once signed by the Court) shall be forwarded by Plaintiffs' Counsel to the Judicial Council.

- K. Effect of Failure to Cash Settlement Checks. Class Members who do not cash their settlement checks within 120 calendar days after mailing by the Claims Administrator shall be deemed to have waived irrevocably any right in or claim to a settlement payment, but shall be bound by the Settlement and the release of claims provided therein. After all required distributions are made and before any redistribution or payment to cy pres as provided in Paragraph V.J, the Claims Administrator may, with agreement by counsel for the Parties, make full or partial payment of the amount calculated to be due to any Class Member or Members who did not cash their settlement check(s) within 120 calendar days after mailing by the Claims Administrator if sufficient funds from the Settlement Payment remain.
- L. Application for Attorneys' Fees and Costs. Class Counsel intend to request that the Court approve an award of statutory and common fund attorneys' fees in an amount not to exceed one-third of the cash value of the Settlement Payment ($1/3 \times \$26$ million) plus their actual litigation expenses not to exceed \$1.5 million (together, "Attorneys' Fees and Costs"). No sooner than 14 calendar days after the Effective Date, the Claims Administrator shall pay to Class Counsel the Attorneys' Fees and Costs awarded by the Court. To the extent the Court awards less than the amount of Attorneys' Fees and Costs requested by Class Counsel, the remaining amount shall be included in the portion of the Net Fund available for distribution to the Class Members in accordance with this Agreement. The Parties agree that regardless of any action taken by the Court or any appellate court with respect to Attorneys' Fees and Costs, the validity of the underlying

Settlement shall not be affected.

- M. Service Payments to Class Representatives. Class Counsel shall request that the Court approve service awards for distribution to Maria Sanchez, David Cruz, Ines Mendez Merino, and Jonathan Valentin in an amount not to exceed \$10,000 each. The Parties agree that regardless of any action taken by the Court or any appellate court with respect to such service awards, the validity of the underlying Settlement shall not be affected.
- N. Claims Administration Costs. All costs and fees of the Claims Administrator shall be paid separately by McDonald's. The amounts paid to the Claims Administrator shall not be paid or deducted from the Settlement Payment. All unresolved disputes relating to the Claims Administrator's performance of its duties shall be referred to the Court in this case, which shall have jurisdiction over all terms and conditions of the Settlement for a period of three years from the Effective Date. The Parties agree to cooperate in the administration of the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in the administration of the Settlement.
- O. Allocation of Each Settlement Payment and Tax Issues. Each payment of settlement funds to a Class Member from the QSF, other than a service payment to a named Plaintiff, shall be allocated as follows: (1) fifty-five percent (55%) shall be allocated to wages and shall be subject to any required withholdings, payroll taxes, deductions, and contributions; (2) ten percent (10%) shall be allocated to interest; and (3) thirty-five percent (35%) shall be allocated to alleged civil or statutory penalties or liquidated damages. The Parties agree that the

amounts described in Paragraph V.C.2(d), (e), (f) and (g) constitute restitution or are being paid to come into compliance with law, in each case within the meaning of Section 162(f)(2) of the Internal Revenue Code of 1986, as amended. The Claims Administrator will be responsible for issuing to Plaintiffs, Class/Certified Subclass Members, and Class Counsel any IRS Forms W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Agreement. The Claims Administrator will also be responsible for forwarding all payroll taxes and other legally required withholdings to the appropriate government authorities. Neither McDonald's nor its counsel, nor Class Counsel makes any representation, and have made no representations as to the tax treatment or legal effect of the payments called for in this Settlement Agreement, and Plaintiffs and Class/Certified Subclass Members are not relying on any statement, representation, or calculation by McDonald's, the Claims Administrator, or Class Counsel in this regard. Plaintiffs and Class/Certified Subclass Members understand and agree that Plaintiffs and Class/Certified Subclass Members will be solely responsible for the payment of any taxes and penalties assessed on the payments described in this Settlement Agreement. Plaintiffs and any Class/Certified Subclass Member who receives any payment under this Agreement should consult with their tax advisors concerning the tax consequences of the individual settlement payments they receive under the Settlement. With respect to the QSF: (1) McDonald's shall be the "transferor" within the meaning of Treasury Regulation Section 1.468B-1(d)(1) to the QSF; (2) the Claims Administrator shall be the "administrator" of the QSF within the

meaning of Treasury Regulation Section 1.468B-2(k)(3); and (3) McDonald's and the Claims Administrator shall cooperate in providing any statements or making any elections or filings necessary for satisfying the requirements for qualification as a "qualified settlement fund" within the meaning of Treasury Regulation Section 1.468B-1, *et seq.*, including as to the making of any relation-back election under Treasury Regulation Section 1.468B-1(j).

P. Claims Processing. The Claims Administrator shall review all Claim Forms submitted and shall calculate all payments to be made to Class Members pursuant to this Settlement based on the information contained in the Class List, as supplemented by the Claim Forms and by any additional information provided by the Parties, and as updated by any verified challenges to Class Members' dates worked. No Claim Form will be accepted from any individual claiming to be a Class Member unless: (1) the individual is on the Class List; or (2) the individual submits documentation in conjunction with her or his Claim Form that the Claims Administrator concludes, after consultation with counsel for the Parties, is sufficient to establish that the individual is a Class Member.

Q. Class Member Dates Worked and Challenges. The Class Notice shall be individualized and shall include a statement of the dates worked by the Class Member receiving the notice, based on available records provided by McDonald's and updated as set forth herein.

1. If a Class Member does not challenge the information set forth in the Class Notice, the Class Member need not do anything further and payment shall be made to that Class Member based on that Class Member's dates

worked and the terms of this Agreement.

2. If a Class Member challenges the dates worked as set forth in his or her Class Notice, that Class Member shall submit a written, signed challenge along with any supporting documents to the Claims Administrator at the address provided on the Class Notice no later than the Response Deadline.
3. Within five calendar days from the date the Claims Administrator receives notice of any such challenge, the Claims Administrator shall send to Class Counsel and McDonald's counsel a copy of the documentation submitted in connection with that dispute. Within five calendar days from the date counsel receive that documentation, Class Counsel and McDonald's counsel shall meet and confer and make one or more recommendations to the Claims Administrator, which shall thereafter make a final and binding determination without hearing or right to appeal and shall communicate that determination to the Class Member, Class Counsel, and McDonald's counsel. In no case will a challenge result in a payment by McDonald's in excess of the Settlement Payment.

- R. Non-Reversionary Settlement and Remainder. There shall be no reversion from the Net Fund. Any uncashed or unclaimed settlement check amounts shall be redistributed to Class Members in proportion to their allotted shares from the Net Fund to the extent the Parties' counsel concludes that it is economical and consistent with the purposes of this Agreement to do so, or otherwise to be paid to the cy pres recipients as provided Paragraph V.J.

VI. RELEASED CLAIMS

A. Release of Claims by All Class Members. Upon the Effective Date, each and every Class Member shall be deemed to have fully, finally and forever released, settled, compromised, relinquished and discharged any and all of the Released Parties of and from any and all Settled Claims, and shall be permanently barred and enjoined from the institution or prosecution of any and all Settled Claims against the Released Parties, except as to such rights or claims as may be created by the Settlement, subject to the continuing jurisdiction of the Court.

B. Additional Mutual General Release of All Claims by Class Representatives. Except as otherwise provided herein, in consideration for the promises set forth herein, in addition to the Settled Claims, each of the Class Representatives, for themselves and their respective agents, heirs, predecessors, successors, assigns, representatives and attorneys, do hereby waive, release, acquit and forever discharge each of the Released Parties from any and all claims, demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation of any state or federal statute, rule or regulation arising out of, relating to, or in connection with any act or omission by or on the part of any of the Released Parties, including but not limited to any claims arising out of or related to Plaintiffs' employment, wages, hours, or working conditions with McDonald's or the separation of their employment with McDonald's, committed or omitted prior to the date of Final Judgment except as limited herein and by law. This additional release includes all known and unknown claims. In addition,

except as to obligations created in this Agreement, McDonald's agrees to waive any and all claims of every nature and description, known or unknown, asserted or that might have been asserted, against each of the Class Representatives individually, committed or omitted prior to the date of Final Judgment. Without limiting the foregoing, it is understood and agreed by the Class Representatives and McDonald's that, as a condition of this Agreement, and with respect to the general releases pursuant to this Paragraph VI.B, they each hereby expressly waive and relinquish any and all employment-related claims, rights, or benefits that they may have under California Civil Code §1542, which provides: "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."

VII. CONFIDENTIALITY

A. The Parties and counsel shall keep confidential all settlement communications regarding the negotiation and drafting of the Agreement. The Parties and counsel agree that they will not make any public statements, including any statement to the media, regarding the Settlement or its terms prior to the filing of the motion for preliminary approval of the Settlement, provided however the Parties and their counsel may notify the appellate and trial courts that "The Parties have settled the case subject to trial court approval" while not mentioning the terms. The Parties understand that Class Representatives and Class Counsel reserve the right to report on this Settlement in their law firm websites and other public

communications if and when the Settlement becomes a matter of public record (and in no event before the filing of a motion for preliminary approval) but will limit any such communications about the Settlement to stating that the Parties reached a mutually acceptable resolution of the lawsuit, describing the terms of the Settlement, and/or providing their opinions about why the Settlement is fair, reasonable and/or significant based on the terms of the Settlement, the present status of the case, and the Court's prior rulings. McDonald's, Class Representatives, and their respective counsel will not issue a press release or otherwise initiate contact with the media regarding the Settlement, but if asked about the Settlement by the media, McDonald's, Class Representatives, and their counsel reserve the right to inform the media that the Parties reached a mutually acceptable resolution of the lawsuit, describe the terms of the Settlement, and/or to provide their opinions about why the Settlement is fair, reasonable and/or significant based on the terms of the Settlement, the present status of the case, and the Court's prior rulings. Nothing in this paragraph shall restrict Class Representatives or Class Counsel from making any disclosures necessary to seek Court approval or to communicate with Class Members.

VIII. TERMINATION OR OTHER FAILURE OF SETTLEMENT

- A. Automatic Voiding of Agreement if Settlement Not Finalized. In the event (i) the Court does not preliminarily approve the Settlement; (ii) the Court does not grant final approval to the proposed Settlement in accordance with its terms; (iii) the Court does not enter a Final Judgment consistent with the terms of this Agreement; or (iv) the Effective Date does not occur or the Settlement does not

become final for any other reason, the Settlement shall be null and void and the Parties agree that any order entered by the Court in furtherance of this Settlement should be treated as void *ab initio*. In such case, the Parties shall take all possible steps to return to the status quo as if the Parties had not entered into this Settlement. In such event, this Agreement, all negotiations, Court orders, and proceedings relating thereto shall be without prejudice to the rights of the Parties hereto, and all evidence relating to the Agreement and all negotiations shall not be admissible or discoverable in the Action, in any other litigation, or otherwise. Any funds used or to be used for the Settlement shall be returned to McDonald's, with the exception of amounts already paid by McDonald's or owing from McDonald's to the Claims Administrator for fees and costs actually incurred for services already performed.

IX. MISCELLANEOUS

- A. No Admission of Liability or Wrongdoing. The Parties acknowledge that Plaintiffs have contended throughout this Action and continue to contend that McDonald's is legally responsible for having violated their rights under the California Labor Code, IWC Wage Order, and Unfair Competition Law. The Parties further acknowledge that McDonald's has denied throughout this Action and continues to deny that it has violated any law, breached any agreement or obligation to the Plaintiffs or the Class Members, or engaged in any wrongdoing with respect to the Plaintiffs or the Class Members. The Parties agree that neither this Agreement nor any actions undertaken by McDonald's in satisfaction of the Agreement shall constitute, or be construed as, an admission of any liability or

wrongdoing. The Parties further agree and recognize that this Agreement shall not be admissible as evidence, offered as evidence, or cited or referred to by McDonald's or Plaintiffs in any action or proceeding, except in an action or proceeding brought to enforce its terms or by McDonald's in defense of any claims brought by the Plaintiffs or any Class Members.

- B. Binding Effect of Agreement on Class Members. Upon the Effective Date, all Class Members shall be bound by this Agreement, shall have released all Settled Claims as against the Released Parties, and shall be barred and permanently enjoined from asserting, instituting, or prosecuting the Settled Claims as against the Released Parties.
- C. Binding upon Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto and the Released Parties as defined herein.
- D. Extension of Time. The Parties may, by mutual agreement, agree upon a reasonable extension of time for deadlines and dates reflected in this Settlement Agreement, without further notice to the Court, subject to Court approval.
- E. Amendment or Waiver Only in Writing. This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors-in-interest, subject to any required Court approval. No rights hereunder may be waived except in writing. Any failure by any party to insist upon the strict performance by the other party of any of the provisions of this Settlement Agreement shall not be deemed a waiver of any of the other provisions of this Settlement Agreement, and such party, notwithstanding such failure, shall

have the right thereafter to insist upon the specific performance of all of the provisions of this Settlement Agreement.

- F. Entire Agreement. This Agreement and any attached exhibits constitute the entire agreement between the Parties relating to the Settlement and the related transactions contemplated herein. All prior or contemporaneous agreements, understandings and statements, whether oral or written, and whether by a party or its counsel, are merged herein. No oral or written representations, warranties, or inducements have been made to any party concerning this Agreement or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.
- G. Execution. This Agreement shall become enforceable in accordance with its terms upon its execution by: (a) one or more of the Class Representatives; (b) Class Counsel on behalf of the Class Representatives and the Class (approved as to form only); (c) McDonald's; and (d) counsel for McDonald's (approved as to form only). Provided, however, that each Class Representative shall sign this Agreement with respect to the enforceability of the general release provisions of Paragraph VI.B; and Class Counsel shall sign this Agreement affirmatively with respect to Paragraphs III.J. and VII concerning Confidentiality.
- H. Authorization to Execute Agreement and Effectuate Settlement and Agreement to Cooperate. Counsel for all Parties hereto warrant and represent that they are expressly authorized by the Parties whom they represent to negotiate this Settlement and 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 required to effectuate the terms of this Agreement. The Parties and their respective counsel shall cooperate with each other and use their best efforts to effect the implementation of this Agreement. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement this Agreement or on any supplemental provisions that may become necessary to effectuate the terms of this Agreement, the Parties may seek the assistance of the Court to resolve such disagreement. The person or persons signing this Agreement on behalf of McDonald's represents and warrants that he or she is authorized to sign this Agreement on behalf of McDonald's.

- I. No Prior Assignment. The Parties hereto represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action, or rights herein released and discharged except as set forth herein.
- J. Governing Law. This Agreement shall be governed by, construed, interpreted, and enforced in accordance with the laws of the State of California.
- K. Counterparts. This Agreement may be executed in one or more counterparts and by facsimile. All executed copies of this Agreement and photocopies thereof (including facsimile copies of signature pages) shall have the same force and effect and be as legally binding and enforceable as the original.
- L. Exhibits. The terms of this Agreement include the terms set forth in the attached Exhibits 1 and 2, which are incorporated by reference as though fully set forth herein. The exhibits to this Agreement are an integral part of the Agreement.

- M. Construction. The Parties have reached this Agreement through extensive arms-length negotiations, and with the assistance of an experienced mediator. This Agreement has been drafted jointly by counsel for the Parties. The Agreement shall not be construed against either party as the principal drafter of the Agreement.
- N. Retention of Jurisdiction. The Parties stipulate that the Court shall retain jurisdiction over the Parties to enforce the terms of this Agreement and all aspects of the Parties' settlement for three years from the Effective Date.
- O. Titles and Captions of No Force. Paragraph titles or captions contained herein are inserted for convenience and ease of reference and do not define, limit, extend, or describe the scope of the terms of the Agreement and its provisions.
- P. Mutual Cooperation. The Parties hereto agree to cooperate with each other to accomplish the terms of this Agreement, including but not limited to executing further documents and taking such other action as may reasonably be necessary to implement and effectuate the terms of this Agreement.
- Q. Invalid without Court Approval. This Agreement is subject to approval by the Court. In the event the Settlement is not approved, it shall be deemed null and void, of no force and effect, and the Parties represent, warrant, and covenant that in such event it shall not be admitted in the Action as evidence, or used as a basis for obtaining discovery in the Action.

IT IS SO STIPULATED AND AGREED.

Dated: 11-19, 2019

By: Maria Sanchez
Maria Sanchez

Dated: _____, 2019

By: _____
Ines Mendez Merino

Dated: _____, 2019

By: _____
David Cruz

Dated: _____, 2019

By: _____
Jonathan Valentin

Dated: _____, 2019

By: _____
Altshuler Berzon LLP
Counsel for Class Representatives and the Class
(Approved as to form only)

Dated: _____, 2019

By: _____
McDonald's Restaurants of California, Inc.

Dated: _____, 2019

By: _____
Jones Day
Counsel for McDonald's Restaurants of
California, Inc.
(Approved as to form only)

Dated: _____, 2019

By: _____
Michael Rubin
for Altshuler Berzon LLP
AS TO PARAGRAPHS III.J. AND VII-
CONFIDENTIALITY

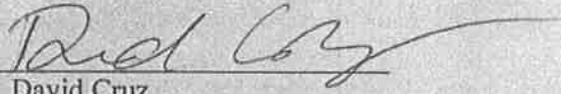
Dated: _____, 2019

By: _____
Maria Sanchez

Dated: _____, 2019

By: _____
Ines Mendez Merino

Dated: 11/18, 2019

By: 
David Cruz

Dated: _____, 2019

By: _____
Jonathan Valentin

Dated: _____, 2019

By: _____
Altshuler Berzon LLP
Counsel for Class Representatives and the Class
(Approved as to form only)

Dated: _____, 2019

By: _____
McDonald's Restaurants of California, Inc.

Dated: _____, 2019

By: _____
Jones Day
Counsel for McDonald's Restaurants of
California, Inc.
(Approved as to form only)

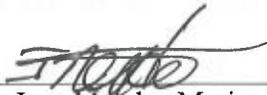
Dated: _____, 2019

By: _____
Michael Rubin
for Altshuler Berzon LLP
AS TO PARAGRAPHS III.J. AND VII-
CONFIDENTIALITY

Dated: _____, 2019

By: _____
Maria Sanchez

Dated: 11 19 2019, 2019

By: 
Ines Mendez Merino

Dated: _____, 2019

By: _____
David Cruz

Dated: _____, 2019

By: _____
Jonathan Valentin

Dated: Nov. 19, 2019

By: 
Altshuler Berzon LLP
Counsel for Class Representatives and the Class
(Approved as to form only)

Dated: _____, 2019

By: _____
McDonald's Restaurants of California, Inc.

Dated: _____, 2019

By: _____
Jones Day
Counsel for McDonald's Restaurants of
California, Inc.
(Approved as to form only)

Dated: _____, 2019

By: _____
Michael Rubin
for Altshuler Berzon LLP
AS TO PARAGRAPHS III.J. AND VII-
CONFIDENTIALITY

Dated: _____, 2019

By: _____
Maria Sanchez

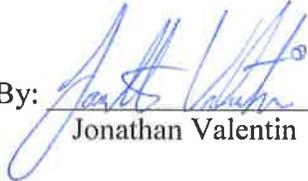
Dated: _____, 2019

By: _____
Ines Mendez Merino

Dated: _____, 2019

By: _____
David Cruz

Dated: 11/19/2019, 2019

By:  _____
Jonathan Valentin

Dated: _____, 2019

By: _____
Altshuler Berzon LLP
Counsel for Class Representatives and the Class
(Approved as to form only)

Dated: _____, 2019

By: _____
McDonald's Restaurants of California, Inc.

Dated: _____, 2019

By: _____
Jones Day
Counsel for McDonald's Restaurants of
California, Inc.
(Approved as to form only)

Dated: _____, 2019

By: _____
Michael Rubin
for Altshuler Berzon LLP
AS TO PARAGRAPHS III.J. AND VII-
CONFIDENTIALITY

Dated: 11/19 , 2019

By: 

Matthew Matern
for Matern Law Group PC
AS TO PARAGRAPHS III. J AND VII-
CONFIDENTIALITY

Dated: , 2019

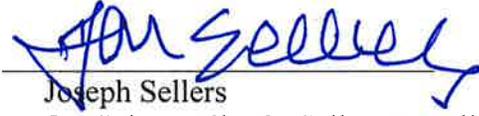
By: _____

Joseph Sellers
for Cohen Milstein Sellers & Toll PLLC
AS TO PARAGRAPHS III.J AND VII-
CONFIDENTIALITY

Dated: _____, 2019

By: _____
Matthew Matern
for Matern Law Group PC
AS TO PARAGRAPHS III. J AND VII-
CONFIDENTIALITY

Dated: 11/19, 2019

By: 
Joseph Sellers
for Cohen Milstein Sellers & Toll PLLC
AS TO PARAGRAPHS III.J AND VII-
CONFIDENTIALITY

Dated: _____, 2019

By: _____
Maria Sanchez

Dated: _____, 2019

By: _____
Ines Mendez Merino

Dated: _____, 2019

By: _____
David Cruz

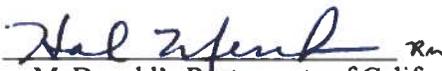
Dated: _____, 2019

By: _____
Jonathan Valentin

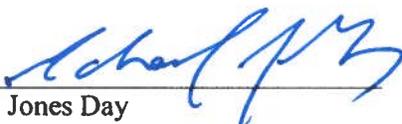
Dated: _____, 2019

By: _____
Altshuler Berzon LLP
Counsel for Class Representatives and the Class
(Approved as to form only)

Dated: Nov. 15, 2019

By:  _____
McDonald's Restaurants of California, Inc.

Dated: Nov 19, 2019

By:  _____
Jones Day
Counsel for McDonald's Restaurants of
California, Inc.
(Approved as to form only)

Dated: _____, 2019

By: _____
Michael Rubin
for Altshuler Berzon LLP
AS TO PARAGRAPHS III.J. AND VII-
CONFIDENTIALITY

EXHIBIT 1

SETTLEMENT CLAIM FORM

Maria Sanchez, et al. v. McDonald's Restaurants of California, Inc., Los Angeles Superior Court No. BC499888

I. INSTRUCTIONS:

1. **You must fill out this Claim Form if you did not receive a copy of the Notice of Class Settlement in the mail** and you believe you are a Class Member in this lawsuit. You are a Class Member if you work or worked for McDonald's Restaurants of California, Inc. as a non-managerial hourly worker at one or more of McDonald's corporate (i.e. non-franchise) restaurants in California at any time from January 24, 2009 through January ____, 2020. This includes crew persons, crew trainers, primary maintenance persons, backup maintenance persons, crew OJEs, shift manager trainees, core crew persons, crew chiefs, and MA core shift manager trainees.
2. Please read this Claim Form, provide the information requested below, sign at the bottom, and mail the form to the Claims Administrator at the address below **no later than [DATE]** to be eligible to receive your share of the settlement with McDonald's as set forth in the Class Notice that is available at www._____.
3. More information concerning this lawsuit, and your rights and options in the lawsuit is provided in the Class Notice and at www._____.
4. **If you change your address or any of your other contact information before final distribution, please send the Claims Administrator your updated contact information.**
5. You may be required to provide documentation of your dates of employment to participate in the settlement. Your employment status, and dates of employment, must be verified by the Claims Administrator in order for you to be eligible to participate in the settlement.

IF A CLAIM FORM IS REQUIRED FROM YOU, YOU MUST TIMELY COMPLETE, SIGN, AND MAIL THIS FORM BY FIRST CLASS U.S. MAIL OR EQUIVALENT, POSTAGE PAID, POSTMARKED ON OR BEFORE [DATE], ADDRESSED AS FOLLOWS IN ORDER TO RECEIVE A MONETARY RECOVERY:

[CLAIMADMINISTRATOR]

IF YOU ARE REQUIRED TO TIMELY SUBMIT THIS CLAIM FORM TO SHARE IN THE SETTLEMENT BUT FAIL TO DO SO, YOU WILL NOT RECEIVE A SETTLEMENT PAYMENT, AND THE SETTLEMENT WITH MCDONALD'S AND RELEASE OF CLAIMS WILL BE BINDING ON YOU (UNLESS YOU HAVE TIMELY OPTED OUT OF THE CLASS OR THE SETTLEMENT).

It is strongly recommended that you obtain proof of timely mailing and keep it until receipt of payment.

II. CERTIFICATION AND RELEASE OF CLAIMS IN SETTLEMENT OF LAWSUIT:

By providing the information below, I certify, understand, and agree to the following:

- I was employed as a non-managerial hourly worker at one or more McDonald’s corporate (i.e., non-franchised) restaurants in California, at some time between January 24, 2009 and January ____, 2020.
- I hereby request payment of my share of the settlement with McDonald’s in *Maria Sanchez, et al. v. McDonald’s Restaurants of California, Inc.*, Los Angeles Superior Court No. BC499888, as set forth in the Class Notice.
- I understand that if I have any questions concerning the lawsuit, the settlement, or this Claim Form, I may contact one of the plaintiffs’ attorneys listed on the Class Notice. I also understand that the complete terms of the Settlement Agreement, including definitions of terms and the release of claims that will bind me as a class member if I do not opt out of the lawsuit, are set forth in the Settlement Agreement on file with the Court and can be found at www. _____.
- I understand that the settlement of the lawsuit with McDonald’s, as described in more detail in the Notice, is fully binding on me. I wish to participate in the settlement with McDonald’s by submitting this Claim Form for a settlement payment and by agreeing to the release of claims provided as part of the settlement.
- Upon the Effective Date of this settlement, as set forth in full in the Settlement Agreement, I fully, finally, and forever release, relinquish, and discharge all “Settled Claims” against the “Released Parties,” as those quoted terms are defined in the Settlement Agreement and the Class Notice.

I declare under penalty of perjury under the laws of the State of California that I have read and understand this Claim Form, that the information supplied by me is true and correct, and that I accept and agree to the terms and conditions of the settlement of the lawsuit with McDonald’s as set forth in this Claim Form and the Settlement Agreement, including the release of claims I am providing.

Signed: _____
 (Sign your name here)

Date: _____
 (mm/dd/yyyy)

This Claim Form was signed in: _____,
 (City) (State)

Print Or Type Information Requested Below:

NAME (First, Middle, Last): _____

STREET ADDRESS: _____

CITY, STATE, ZIP CODE: _____

OTHER NAMES USED AT WORK (if any): _____

TELEPHONE NUMBERS: Home: _____ Cell: _____

EMAIL ADDRESS: _____

ADDRESS OF RESTAURANT WHERE EMPLOYED: _____

DATES OF EMPLOYMENT: _____

Optional: If you do not want back-up withholding taken from your settlement check, you may also fill out the following:

Taxpayer Identification Number Certification – Substitute IRS Form W-9

Enter your Social Security Number or Taxpayer Identification Number, if any: _____ - _____ - _____

Print name as shown on your income tax return if different from _____

First Name: _____ Last Name: _____

Under penalty of perjury, I certify that:

1. The taxpayer identification number shown on this form is my correct taxpayer identification number, and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Note: If you have been notified by the IRS that you are subject to backup withholding, you must cross out item 2 above.

The IRS does not require your consent to any provision of this document other than this Form W-9 certification to avoid backup withholding.

EXHIBIT 2

NOTICE OF CLASS ACTION SETTLEMENT

Maria Sanchez, et al. v. McDonald's Restaurants of California, Inc., et al.
Los Angeles Superior Court Case No. BC499888

PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT A PROPOSED CLASS ACTION SETTLEMENT. YOUR RIGHTS MAY BE AFFECTED BY THIS SETTLEMENT.

To: All persons currently or formerly employed by McDonald's Restaurants of California, Inc. as non-managerial hourly workers at one of more of McDonald's corporate (i.e. non-franchised) restaurants in California at any time between January 24, 2009 and January ____, 2020 ("Class Members").

If you fit the description above, YOU ARE A CLASS MEMBER AND ELIGIBLE TO RECEIVE A SETTLEMENT PAYMENT. If you want to participate in this Class Action Settlement and received a hard copy of this Notice in the mail, no action is required. You will be automatically included in the Settlement and will be mailed a settlement check, if the Court grants final approval to the Settlement.

If you are a Class Member and did NOT receive a hard copy of this Notice in the mail, you must submit a Claim Form to receive your settlement payment. Information about Claim Forms is available below in Section M.

If you do NOT want to participate in the Settlement, then you must take action by **[X date]**, as described below.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	To receive your Settlement Payment, you do not need to do anything. Your payment will be mailed to you, automatically, after the Court grants final approval to the Settlement and final judgment is entered. You will be bound by the release of claims against McDonald's described in this Notice and the Settlement Agreement.
EXCLUDE YOURSELF	You may "opt out" of the Settlement, if you do not wish to participate in the Settlement. If you opt out, you will not receive any payment under the Settlement. This is the only option that allows you to pursue your own claims (in your own lawsuit) against McDonald's about the legal claims in this case. If you want to opt out, you must follow the instructions in Section I and mail your request to opt out to the Claims Administrator no later than [X date.] Untimely opt out requests will be rejected.

OBJECT	Submit a written statement to the Claims Administrator no later than [X date] if you think the Settlement is not fair. See Section J for instructions on how to object. If the Court approves the Settlement over your objections, you will receive a Settlement Payment and be bound by the release of claims against McDonald's described in this Notice and the Settlement Agreement.
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I. OVERVIEW

There is a proposed settlement of claims against McDonald's Restaurants of California, Inc. and McDonald's of Culvr1-Sepulveda (collectively, "McDonald's") in a lawsuit filed in the Superior Court of California, County of Los Angeles ("the Lawsuit"). A complete copy of the Settlement Agreement and other documents in the case, including the Claim Form are available at www._____. This website will be updated periodically to update the Class on developments in the case.

On December __, 2019, the Court preliminarily approved the settlement and directed that this Notice be distributed to Class Members. A final settlement hearing will be held in Los Angeles Superior Court on _____, 2020, to determine whether the settlement should be granted final approval. If the Court grants final approval, the settlement will resolve and release claims you may have against McDonald's as set forth in more detail below and in the Settlement Agreement.

II. DESCRIPTION OF THE LAWSUIT

This Lawsuit was filed by former employees Maria Sanchez, Ines Mendez Merino, Jonathan Valentin, and David Cruz, on behalf of themselves and the Class Members. The Lawsuit claims that McDonald's failed to: provide required meal periods and rest breaks; pay overtime and minimum wages; pay all wages due to discharged and quitting employees; provide accurate itemized wage statements and maintain required records; and indemnify employees for necessary expenditures. Plaintiffs also allege that McDonald's violated the Unfair Competition Law and contend that they and the aggrieved employees are entitled to recover penalties under the Private Attorneys General Act ("PAGA"), Labor Code §§ 2698 et seq. Plaintiffs sought back wages, liquidated damages, injunctive and declaratory relief, civil penalties, interest, attorneys' fees, and costs. A copy of the Third Amended Complaint is available at www._____.

McDonald's denies that it has violated any law, or engaged in any wrongdoing with respect to the Plaintiffs or the Class Members. The Settlement is not an admission of any wrongdoing by McDonald's. By approving the Settlement and issuing this Notice, the Court is not suggesting which side would win or lose this case.

III. SUMMARY OF THE SETTLEMENT AGREEMENT

A. *Who is included in the Proposed Settlement?*

All persons currently or formerly employed by McDonald's Restaurants of California, Inc. ("McDonald's") as non-managerial hourly workers at one or more of McDonald's corporate (i.e., non-franchised) restaurants in California at any time between January 24, 2009 and January ____, 2020. Non-managerial hourly workers include crew members, crew trainers, primary maintenance persons, backup maintenance persons, crew OJEs, shift manager trainees, core crew members, crew chiefs, and MA core shift manager trainees.

B. *The "Certified Subclass" and Prior Notice*

Earlier in this Lawsuit, the Court certified a subclass of Class Members, referred to as the "Certified Subclass," which includes:

All persons currently or formerly employed by McDonald's Restaurants of California, Inc. ("McDonald's") as non-managerial hourly workers ("crew members") at one or more of McDonald's corporate (i.e., non-franchised) restaurants in California at any time between January 24, 2009 and [date], who worked at least one shift that began on one calendar day and ended the next calendar day (an "overnight shift") followed by a shift that began on the same calendar day that the overnight shift ended and who were not paid for all time worked in excess of eight hours in a 24-hour period.

The rights of Certified Subclass Members are also affected by this Settlement. You may have received a Notice of Certification of Class Action dated March 23, 2017 if you are a Certified Subclass Member. If you timely opted out of the Certified Subclass when you received the March 23, 2017 Notice, you are not a member of the Certified Subclass, but you are still a Class Member. If you do not want to be a Class Member, you should follow the opt-out procedure explained below.

C. *Amount and Timing of the Proposed Settlement*

McDonald's will pay \$26,000,000 (twenty-six million dollars, the "Settlement Payment") if the Court grants final approval of the settlement. In addition, McDonald's will separately pay all costs of preparing and distributing the Class Notice and administering the settlement. The Court has approved _____ to act as the "Claims Administrator," which who is sending this Notice to you and which will perform settlement administration duties.

From the total Settlement Payment, the plaintiffs will request that the Court approve the following payments:

- (1) Service fees of up to \$10,000 each for class representatives Maria Sanchez, Ines Mendez Merino, Jonathan Valentin, and David Cruz, and
- (2) One-third of the cash value of the Settlement Payment for attorneys' fees for plaintiffs' counsel (1/3 x \$26,000,000), plus plaintiffs' counsels' actual litigation expenses not to exceed \$1.5 million.

The amounts awarded for service fees, attorneys' fees, and litigation expenses shall be determined by the Court.

The remaining portion of the Settlement Payment is referred to as the "Net Fund." The Claims Administrator will allocate the Net Fund as follows:

Initial Distributions.

\$55,471 plus interest to Certified Subclass Members as alleged unpaid overtime wages for work performed between January 24, 2009 and February 28, 2017, based on the formula used by the Court in its July 6, 2017 Statement of Decision for determining the amount of unpaid overtime wages owed to Certified Subclass Members who worked certain overnight shifts;

An additional sum to Certified Subclass Members as alleged unpaid overtime wages and interest for work performed between March 1, 2017 and July 6, 2017, based on the Court's July 6, 2017 formula;

\$175,067.50 to Certified Subclass Members as alleged California Labor Code Private Attorneys General Act ("PAGA") penalties, based on the formula used by the Court for determining the number of pay periods in which Certified Subclass Members experienced overtime violations related to work on overnight shifts;

\$525,202.50 to the California Labor and Workforce Development Agency ("LWDA") as alleged PAGA penalties, based on that same formula.

Non-PAGA Payments to Class Members. 80% of the Net Fund remaining after the Initial Distributions above will be allocated to Class Members for payments associated with Class Members' non-PAGA claims as follows:

- Forty percent (40%) to Class Members for alleged back pay and interest associated with missed, late, and/or shortened meal periods and rest breaks, to be distributed to Class Members based on the number of weeks worked by that Class Member between January 24, 2009 and January ___, 2020;
- Ten percent (10%) to Class Members for alleged back pay, expenses, interest, and liquidated damages associated with the Class Members' time and expense of maintaining their work uniforms, to be distributed to Class Members based on the number of weeks worked by that Class Member between January 24, 2009 and January ___, 2020;
- Fifteen percent (15%) to Certified Subclass Members for additional alleged back pay and interest associated with unpaid overtime to be distributed to Certified Subclass Members based on the number of weeks worked by that Class Member between January 24, 2009 and January ___, 2020;
- 20% to Class Members whose employment with McDonald's terminated between January 24, 2009 and [date] for alleged waiting time penalties and interest. These

amounts shall be allocated among terminated Class Members as set forth in the Settlement Agreement.

- 15% to Class Members for alleged wage statement penalties and interest, to be distributed to Class Members based on the number of weeks worked by that Class Member within the time frames specified in the Settlement Agreement.

PAGA Payments to Class Members and the LWDA. The Claims Administrator will allocate 20% of the Net Fund remaining after the Initial Distributions above as follows:

Seventy-five percent (75%) to the LWDA for the LWDA portion of alleged penalties under PAGA.

Twenty-five percent (25%) to Class Members for the aggrieved-employee portion of alleged penalties under PAGA. The aggrieved-employee portion will be allocated to Class Members, Certified Subclass Members, and Class Members whose employment with McDonald's terminated between March 13, 2013 and January ___, 2020 as specified in the Settlement Agreement.

No payments to plaintiffs, Class Members, Certified Subclass Members, plaintiffs' counsel, or the State of California will be made until after the Effective Date as defined in the Settlement Agreement.

D. Injunctive Relief

McDonald's has also agreed to change or continue certain practices at its corporate-owned restaurants in California, including by: (1) paying the required one-hour wage premium to each crew member for each day that McDonald's does not provide that crew member with full, timely meal periods and rest breaks; (2) permitting all crew members to leave restaurant premises during meal periods, except to the extent necessary to ensure crew member safety; (3) tracking meal periods and rest breaks; and (4) providing additional work uniforms to crew members when their uniforms become worn out or damaged (including by grease or oil stains). McDonald's has further agreed to provide trainings to managers and crew members at California corporate-owned restaurants on the requirements of California law. The specific provisions are set forth in the Settlement Agreement, which you may review at www._____.

E. Calculation of Individual Class Member Awards

Each Class Member's share of the Settlement Payment will be based on the allocations described above. In calculating those amounts, the Claims Administrator has relied on work records provided by McDonald's.

McDonald's records show that you are a Class Member who worked in a corporate (i.e., non-franchised) McDonald's restaurant from [DATE] through [DATE].

[McDonald's records also show that you are a member of the Certified Subclass.]

Based on this information, your individual share of the settlement with McDonald's is estimated to be \$_____.

This amount is only an estimate, and the actual amount you receive may be more or less than the estimated amount. Taxes and withholdings will be deducted from your individual payment of the settlement funds.

F. Tax Matters

For tax purposes, 55% of the amount distributed to each class member will be treated as payment of lost wages (and shall be subject to any required withholdings, payroll taxes, deductions, and contributions), 10% will be treated as interest, and 35% percent will be allocated to alleged civil or statutory penalties or liquidated damages. The Claims Administrator, McDonald's and its counsel, Plaintiffs and Class Counsel, and the Court cannot provide you with tax advice. Accordingly, you should consult with your tax advisor concerning the tax consequences and treatment of payments under this Settlement. Each class member remains personally responsible for ensuring the proper payment of all taxes due, as determined by the applicable taxing authority. If you do not have or submit a valid Social Security Number or Individual Taxpayer Identification Number (ITIN), federal law requires that backup withholding be applied to your payment.

G. Releases

If the Court approves the Settlement, the Court will enter judgment and the Settlement Agreement will bind all Class Members who have not timely opted out of the Settlement, and will bar all such Class Members from bringing certain claims against McDonald's. You will be giving up or "releasing" the claims described below:

As explained in more detail in the Settlement Agreement, upon the Effective Date of the Settlement each Class Member will waive, release, acquit and forever discharge McDonald's and all Released Parties from any and all Settled Claims. The Settled Claims are any and all claims that were alleged in this Lawsuit, arise out of or are related to the allegations and claims alleged in the Lawsuit, and/or could have been alleged based on the facts, matters, transactions, or occurrences alleged in the Lawsuit related to McDonald's corporate-owned (i.e., non-franchised) restaurants in California at any time between January 24, 2009 and [date].

The information provided in this Class Notice is only a summary. The terms of the Settlement Agreement are the binding terms of this settlement, and all such terms, including the releases that will bind you as a class member if you do not opt out, are set forth fully in the Settlement Agreement that is on file with the Court and also can be found at www._____. If the settlement is not approved by the Court or does not become final for some other reason, the litigation against McDonald's will continue.

H. How to Dispute Your Stated Dates of Employment

If you do not agree with the dates of your employment stated above, you must submit a written, signed statement explaining why the dates are incorrect, along with any supporting documents, to the Claims Administrator at the address provided below by no later than [60 days

after the mailing of class notice]. No challenge will be considered if postmarked after [60 days after the mailing of class notice]. If you file a timely challenge, the Claims Administrator will evaluate your challenge, and its decision will be final and binding.

I. How to Exclude Yourself or Opt Out of the Settlement

If you do not wish to participate in the settlement, you may exclude yourself by “opting out.” If you opt out, you will not receive any money from the settlement with McDonald’s, and you will not release any of your claims.

To opt out, you must send a letter that includes your name, telephone number, current address, and the last four digits of your Social Security number, along with the following statement: “I, [NAME], voluntarily choose not to participate in the settlement of the Class Action against McDonald’s Restaurants of California, Inc., and hereby waive any rights I may have to participate in the settlement in the state court lawsuit entitled *Maria Sanchez, et al. v. McDonald’s Restaurants of California, Inc.*, Los Angeles Superior Court Case No. BC499888.” You must sign the statement and it must be postmarked by [60 days after initial mailing of class notice]. The statement should be mailed to the following address:

[CLAIMS ADMINISTRATOR ADDRESS]

No opt-out statement will be valid if postmarked after [60 days after initial mailing of class notice]. Requests to opt out that do not include all required information will be deemed null, void, and ineffective.

If a class member files an opt-out statement and a Claim Form, the opt-out statement will be deemed invalid and the class member’s Claim Form and release of claims will be valid and controlling.

J. How to Object to the Settlement

If you do not opt out but believe that the Court should not approve the settlement for any reason, you may object to the proposed settlement. To object, you must submit a written statement or appear at the final settlement hearing to explain your objection. Your written statement must include your full name, current address, phone number, and the last four digits of your Social Security member. The written statement should also include the name of this action (*Maria Sanchez, et al. v. McDonald’s Restaurants of California, Inc.*, Los Angeles Superior Court Case No. BC499888), a statement that you wish to object to the settlement, and the reasons that you object to the settlement. You must sign the statement. If you intend to appear at the final approval hearing and wish to speak at the hearing, you should include that in your statement. You do not have to be represented by a lawyer to object. However, if you choose to retain a lawyer to represent you, you will be solely responsible for any attorneys’ fees and costs incurred.

Your objection must be mailed to the Settlement Administrator at the following address:

[CLAIMS ADMINISTRATOR ADDRESS]

All objections must be postmarked no later than [60 days from date of this notice]. Class members who do not submit a written statement of objection or appear at the final settlement hearing to explain their objections will have waived their objections and will be fully bound by the settlement.

K. *Hearing on the Settlement*

The Court has scheduled a final settlement approval hearing at the Los Angeles Superior Court, [LOCATION] at [TIME, DATE, 2020]. The Court will review the proposed settlement and decide whether it is fair, reasonable, and adequate, and whether it should be finally approved. You are welcome, but not required, to attend this hearing, whether you agree with or object to the proposed settlement.

The date of the final approval hearing may be changed without further notice to the Class. Before attending, please confirm the date of this hearing by contacting the Claims Administrator.

If the Court grants final approval of the settlement, notice of final judgment will be posted on the Claims Administrator's website (www. _____) within seven calendar days after entry of the final order and judgment.

L. *Your Contact Information*

If your mailing address has changed, or if any of your contact information changes before the final distribution, you are responsible for providing your updated information to the Claims Administrator.

M. *Who is required to submit a Claim Form?*

If you received a paper copy of this Class Notice in the mail, you do not need to submit a Claim Form to recover a share of the settlement.

Any Class Member who did **not** receive a hard copy of the Class Notice by mail **must** submit a Claim Form to the Claims Administrator to participate in the settlement. If you believe you are a Class Member and did not receive a hard copy of this Class Notice in the mail, you may download a Claim Form from _____ or may request a Claim Form from the Claims Administrator at:

[CLAIMS ADMINISTRATOR CONTACT INFORMATION]

Your completed Claim Form must be mailed to the Claims Administrator **no later than [sixty (60) days after the date notice is mailed]** for you to be eligible to recover a share of the settlement.

N. More Information

If you have any questions or would like more information, contact _____ at Altshuler Berzon LLP at (415) 421-7151 or ____@altber.com. You may also contact any of the counsel for plaintiffs listed below.

MICHAEL RUBIN
BARBARA J. CHISHOLM
AMANDA C. LYNCH
Altshuler Berzon LLP
177 Post St., Suite 300
San Francisco, CA 94108
Telephone: (415) 421-7151

MATTHEW J. MATERN
LAUNA ADOLPH
Matern Law Group, PC
1230 Rosecrans Avenue, Suite
200
Manhattan Beach, California
90266
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JOSEPH M. SELLERS
Cohen Milstein Sellers &
Toll PLLC
1100 New York Ave NW,
Suite 500
Washington, DC 20005
Telephone: (202) 408-4600

**PLEASE DO NOT CONTACT THE COURT OR MCDONALD'S COUNSEL ABOUT
THIS NOTICE**

Dated:

By Order of the Superior Court of California, County of Los Angeles