

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

Ramos, et al. v. Padilla's Company, Inc.

Case No. BC408781

If you worked as a non-exempt HOURLY employee for Padilla's Company, Inc. in California, you may be entitled to benefits from a Class Action Settlement

A state court has permitted this notice. This is not an advertisement.
You are not being sued. Your legal rights are affected whether you act or not.

PLEASE READ THIS NOTICE

Why should you read this Notice?

A Settlement has been reached between the parties in a class action lawsuit on behalf of a "Settlement Class" consisting of all individuals employed by Padilla's Company, Inc. ("Padilla's" or "Defendant") as non-exempt hourly employees in the State of California between March 2, 2005 through preliminary approval (the "Class Period"). This Settlement has been preliminarily approved by the Superior Court of California, County of Los Angeles (the "Court") and a hearing will be held on September 10, 2010 at 9 a.m. to determine whether the Settlement should be granted final approval. The Settlement Class, however, will not include any person who previously settled or released the claims covered by this Settlement, or any person who previously was paid or received awards through civil or administrative actions for the claims covered by this Settlement.

Why did you get this notice?

If you received this Notice, it is because records show that you were employed by Padilla's as a non-exempt hourly employee in the State of California at some time during the Class Period. If that is correct, then the information contained in this Notice may affect your legal rights.

What is a class action settlement?

A class action is a lawsuit in which the claims and rights of many people are decided in a single legal proceeding. Lorenzo Ramos, Reginaldo Antonio Martinez, Lenin Nunez, Carlos Gutierrez, Marco Antonio Erazo, and Jose Luis Flores, the individuals named as the plaintiffs ("Plaintiffs" or "Class Representatives"), have in the class action lawsuit asserted claims on behalf of themselves and all the Settlement Class members. This avoids the necessity of a large number of individual lawsuits and enables the Court to resolve similar claims efficiently. In a class action, the Court supervises the prosecution and settlement of claims to assure fairness to all Settlement Class members.

What is this case about?

On March 2, 2009, Plaintiffs filed a Class Action Complaint (the "Action") contending that Settlement Class Members are owed wages or other compensation for missed meal and/or rest breaks, unpaid overtime, unpaid prevailing wages plus related penalties and interest. The lawsuit seeks to recover damages for missed meal and rest periods, unpaid overtime, unpaid prevailing wages, and inaccurate wage statements, as well as related penalties under the California Labor Code, interest, and attorneys' fees and costs.

Defendant denies any liability or wrongdoing of any kind in connection with the claims alleged in the Action, and has asserted a number of factual and legal defenses. Defendant has agreed to the terms of the Settlement to avoid the cost of proceeding with litigation. Accordingly, the Settlement does not constitute an admission of liability by Defendant.

The California Superior Court has made no ruling on the merits of Plaintiffs' claims or Defendant's defenses.

Class Counsel believes that further proceedings in this case, including a trial and probable appeals, would be very expensive and protracted. No one can confidently predict how the various legal and factual questions at issue, including the amount of damages, would ultimately be resolved. Therefore, upon careful consideration of all of the facts and circumstances of this case, Class Counsel believes that the proposed Settlement is fair, reasonable and adequate.

What is the total amount of the Settlement?

Defendant has agreed to pay up to a maximum \$225,000 (the "Gross Settlement Amount") to resolve all claims that are asserted in the Action. Defendant also will pay the employer's share of payroll taxes arising from payments to the Settlement Class.

What fees and costs are involved?

The Court has preliminarily approved the following amounts to be paid by Padilla's, in an amount which shall not exceed \$95,675:

Fees and Expenses for Class Counsel: Class Counsel will request attorneys' fees and reimbursement of costs in an amount not to exceed \$67,500. The Court will not determine the amount of fees and costs to be awarded until the final approval hearing. If the Court approves a lesser amount of the requested attorneys' fees and/or costs, the difference between the lesser amount and the maximum amount of attorneys' fees and/or costs set forth above, shall be distributed to participating class members on a pro rata basis as described below.

Enhancements to Class Representative: The Court has approved an enhancement payment of \$22,000 to the Class Representatives. The enhancement payment shall be in addition to any settlement award they might be entitled to receive pursuant to this Settlement.

Settlement Administration Costs: Settlement administration costs in an amount not to exceed \$6,175 to the Settlement Administrator, Desmond, Marcello & Amster, for its services, including, but not limited to, distributing notices and claim forms to Settlement Class members, processing claim forms, and calculating settlement distributions for those who submit valid claim forms.

All of the foregoing payments are subject to final approval by the Court.

If I make a claim, how is my share of the settlement calculated?

After the payments listed above are deducted from the Gross Settlement Amount, the remaining balance of the Settlement Amount (the "Net Settlement Amount") shall be used to fund Settlement payments to Qualified Claimants on a claims-made basis.

The Net Settlement Amount (\$129,325) will be used to fund the settlement payments and will be divided among those Settlement Class members who submit timely and complete claim forms. If you submit a timely and complete claim form, the amount of your payment will be calculated by first determining the number of compensable shifts you worked as a non-exempt hourly employee at Padilla's in California during the Class Period (which will be referred to as "Compensable Shifts"). "Compensable Shifts" is defined as all days any Class Members performed any work for Padilla during the Class Period (between March 2, 2005 through the Preliminary Approval date of this Settlement), as long as the Class Members worked for at least five (5) hours during any such day that they performed work for Padilla.

Settlement Class Members who file timely and valid Claim Forms shall receive a pro rata share of the Net Settlement Amount based on the total number of shifts worked by each Class Member during the Class Period ("Compensable Shifts"). The next step is to determine how many Compensable Shifts there are, among all the Settlement Class Members which will be equal to the number of total Compensable Shifts worked by all Class Members (approximately 55) during the Class Period. The number of Compensable Shifts is then divided into the Net Settlement Amount to determine the dollar value assigned to each Compensable Shift. Each Authorized Claimant shall be entitled to receive an amount equal to the number of his or her Compensable Shifts multiplied by the dollar value assigned to each Compensable Shift. For example, if a Class Member worked for five days in a week, and worked for five or more hours on each day he or she worked, then the Class Member would be determined to have worked five compensable shifts during that week period. Presently, the value of each Compensable Shift is estimated to be \$4.14.

If the total combined payments to Authorized Claimants will total less than 40% of the Net Settlement Amount, the difference between the total amount of payments to Authorized Claimants and 40% of the Net Settlement Amount shall be distributed to Authorized Claimants on a pro rata basis.

You can see your approximate minimum payment by looking at Section III of the enclosed Proof of Claim Form.

What about taxes?

Twenty percent (20%) of all settlement payments are considered wages and shall be subject to the withholding of all applicable local, state and federal taxes. (Withholdings for former employees will be made on the basis of a single, no-exemption rate.) The remaining portion of the payments is considered payment for penalties under the California Labor Code and interest on the alleged unpaid wages and penalties, and shall not be subject to tax withholdings. If you participate in the Settlement, you will receive an IRS Form W-2 for the settlement payment for alleged unpaid wages, and an IRS Form 1099 for the settlement payment for alleged interest and penalties, if required by law at the time of distribution. You should consult with your own tax advisors concerning the tax consequences of the payments you receive.

What are my rights?

If you want to participate in the Settlement, you must submit a claim by filling out the enclosed Claim Form and mailing it to the Settlement Administrator. **It must be postmarked no later than August 16, 2010.** By executing the Claim Form, you are consenting to the terms of the Settlement. Defendant will not retaliate against any person who participates in this Settlement.

The address of the Settlement Administrator to mail the Claim Form is:

Padilla's Company, Inc. Claims Administrator
c/o Desmond, Marcello & Amster
P.O. Box 451999
Los Angeles, CA 90045
FAX: (310) 216-0800

Claim Forms postmarked after August 16, 2010 will be denied.

Can I exclude myself from the Settlement?

You also have the right to opt out of the Settlement Class by timely submitting a valid Request for Exclusion Form no later than August 16, 2010. If the Request for Exclusion Form is not postmarked by that date, you will automatically be included in the Settlement Class. If you timely submit a valid Request for Exclusion Form, you will not be entitled to any share of the amount provided for in the Settlement Agreement, and you will not have lost any rights as a result of the Settlement Agreement.

YOU SHOULD NOT OPT OUT IF YOU WISH TO RECEIVE MONEY FROM THE SETTLEMENT

What if I do nothing?

If you do not make a claim by submitting the enclosed Claim Form and you do not opt out by submitting a Request for Exclusion Form as explained above, you will not receive any settlement funds but you will still be bound by the settlement, and you will have been deemed to release Padilla's from any further liability for any of the allegations of the this lawsuit.

Can I object to the Settlement?

To object to the Settlement Agreement, you or your attorney must file a written objection with the Clerk of the Superior Court of the State of California for the County of Los Angeles, located at 111 North Hill Street., Los Angeles, CA 90012, and send copies of your written objection to the following:

Class Counsel

Stephen M. Harris, Esq.
 Knapp, Petersen & Clarke
 550 North Brand Boulevard Suite 1500
 Glendale, California 91203
 T: (818) 547-5000
 F: (818) 547-5329

Robert L. Starr, Esq.
 Law Office of Robert Starr
 23277 Ventura Boulevard
 Woodland Hills, California 91364
 T: (818) 225-9040
 F: (818) 225-9042

Defendant's Counsel

Diana M. Estrada, Esq.
 WILSON, ELSER, MOSKOWITZ,
 EDELMAN & DICKER LLP
 555 South Flower Street, Suite 2900
 Los Angeles, California 90071-2407
 T: (213) 443-5100
 F: (213) 443-5101

Any written objections must state the case name, case number, Department 72, each specific reason for your objection, and any legal support for each objection. Your objection shall also state your full name, address, dates of your employment at Padilla's, the Padilla's facility at which you were employed, and your Social Security Number. To be valid and effective, any objection to approval of the Settlement Agreement must be filed with the Clerk of the Court and served upon all of the above-listed attorneys by no later than August 16, 2010.

If you file an objection to the terms of the Settlement Agreement, you may attend the hearing yourself or hire an attorney to attend the hearing on your behalf. If you retain your own attorney, you will be solely responsible for the attorneys' fees and costs. The Court will rule on any objections at that hearing. If the Court rejects your objection, you will still be bound by the terms of the Settlement Agreement.

IF YOU INTEND TO OBJECT TO THE SETTLEMENT AGREEMENT, BUT WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT FUNDS, YOU MUST TIMELY SUBMIT YOUR VALID PROOF OF CLAIM FORM AS STATED ABOVE. IF THE COURT APPROVES THE SETTLEMENT AGREEMENT DESPITE ANY OBJECTIONS, AND YOU HAVE NOT TIMELY SUBMITTED A VALID PROOF OF CLAIM FORM, YOU WILL NOT RECEIVE ANY AMOUNT FROM THE SETTLEMENT.

What claims am I releasing by participating in the Settlement?

The Settlement Agreement contains a Release, which releases Padilla's and any and all predecessor companies, acquired companies, present and former parent companies, affiliates, subsidiaries, and divisions and their shareholders, officers, directors, employees, agents, servants, representatives, attorneys, insurers, partners, joint venturers, independent contractors, retirement benefit plans, welfare benefit plans and their heirs, executors, administrators, successors, and assigns from any and all claims, demands, obligations, causes of action, rights, and/or liabilities, including damages, restitution, injunctive or declaratory relief, interest, statutory "waiting time" penalties, civil or other penalties of any nature, punitive damages, costs, expenses, attorneys' fees, and any other form of relief or remedy of any kind, nature, or description whatsoever, in law or in equity, whether premised on statute, regulation, contract (express or implied), tort or other theory of liability under local, state or federal law, reasonably arising out of the claims asserted in the Action, including alleged failure to pay overtime and alleged failure to provide meal and rest break periods, along with the following claims based on those alleged violations: alleged knowing and intentional failure to comply with itemized employee wage statement provisions and/or any alleged unfair business practices with respect to all Class Members from March 2, 2005, through preliminary approval.

All Settlement Class Members intend and/or are deemed to intend that this Settlement should be effective as a bar to any and all Released Claims. In furtherance of this intention, all Settlement Class Members expressly waive any and all rights or benefits conferred on them by the provisions of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

The Released Claims do not include a release of *all* your rights you have as an employee or former employee of defendant. The Released Claims are specifically limited to the claims set forth above. Claims not listed are NOT part of this lawsuit and settlement.

The Release will not apply to any Settlement Class Member who timely submits a valid Request for Exclusion Form. If you were employed by Padilla's as a non-exempt hourly employee at one of its facilities located in the State of California between March 2, 2005, through preliminary approval, and you do not timely submit a valid Request for Exclusion Form, you will be deemed to have entered into this Release and to have released all the above-described claims.

When is the next Court hearing?

The Court will hold a Final Fairness and Approval Hearing with the Settlement Agreement in Department 72 of the Superior Court of California located at 111 North Hill Street., Los Angeles, CA 90012, at 9 a.m. on September 10, 2010, at which time the Court will determine whether to grant final approval of the Settlement Agreement. The Court will also be asked to approve Class Counsel's request for attorneys' fees and reimbursement of expenses, and to approve the enhancements to the Class Representatives.

The Final Fairness and Approval hearing may be continued without further notice to the Settlement Class. You are welcome, but are not required, to appear at this hearing.

What if I need more information?

The above is a summary of the basic terms of the Settlement Agreement. For the precise terms and conditions of the Settlement Agreement, you are referred to the detailed Joint Stipulation of Settlement and Release between Plaintiffs and Defendant ("Agreement"), which will be on file with the Clerk of the Court. The pleadings and other records in this Action, including that Agreement, may be examined at any time during regular business hours at the Superior Court of the State of California for Los Angeles County, Central, located at 111 North Hill Street, Los Angeles, California 90012. Questions regarding this Notice may be sent to the Settlement Administrator at the above address and telephone number. Alternatively you may contact any of the following attorneys:

Class Counsel

Stephen M. Harris, Esq.
Knapp, Petersen & Clarke
550 North Brand Boulevard, Suite 1500
Glendale, California 91203
T: (818) 547-5000
F: (818) 547-5329

Robert L. Starr, Esq.
Law Office of Robert Starr
23277 Ventura Boulevard
Woodland Hills, California 91364
T: (818) 225-9040
F: (818) 225-9042

Defendant's Counsel

Diana M. Estrada, Esq.
WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER LLP
555 South Flower Street, Suite 2900
Los Angeles, California 90071-2407
T: (213) 443-5100
F: (213) 443-5101

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS.

THIS PAGE INTENTIONALLY LEFT BLANK