

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES—CENTRAL CIVIL WEST**

MARK SLAGEL, HECTOR De LEON, LISA WOLFE, JENNY DRAGO, and DAN FAVRIN, individually, and on behalf of those similarly situated persons, and as a member of the general public,

Plaintiffs,

v.

STATE FARM MUTUAL AUTOMOBILE INSURANCE CORPORATION, a corporation; STATE FARM FIRE AND CASUALTY COMPANY, a corporation; STATE FARM GENERAL INSURANCE COMPANY; and all other entities that comprise the STATE FARM INSURANCE GROUP and DOES 1 through 200,

Defendants.

**Case No.: BC 326 162**

[Complaint Filed December 17, 2004]

[Assigned to the Hon. Anthony J. Mohr,  
LASC – CCW, Dept. 309, for all purposes]

**(CLASS ACTION)**

[Related Cases Nos. BC 300 311, BC 331 298,  
and BC 236 552 [lead case]]

**NOTICE OF CLASS ACTION, PROPOSED  
CLASS SETTLEMENT, AND FINAL  
FAIRNESS AND APPROVAL HEARING**

Final Fairness and Approval Hearing

Date: September 3, 2008

Time: 11:00am

Dept.: 309

**NOTICE TO ALL INDIVIDUALS WHO WERE EMPLOYED BY STATE FARM IN THE STATE OF CALIFORNIA AS SERVICE FIRST REPRESENTATIVES AND/OR SENIOR SERVICE FIRST REPRESENTATIVES AT ANY TIME FROM SEPTEMBER 8, 1996 THROUGH JULY 2002; OR AS CLAIM REINSPECTORS, CAT REINSPECTORS/TRAINERS AND/OR CATASTROPHE TRAINERS AT ANY TIME FROM SEPTEMBER 8, 1996 TO MAY 10, 2003:**

**PLEASE READ THIS NOTICE CAREFULLY. IT RELATES TO A PROPOSED SETTLEMENT OF CLASS ACTION LITIGATION. IF YOU ARE A CLASS MEMBER, IT CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHT TO MAKE A CLAIM FOR PAYMENT, TO ELECT NOT TO BE INCLUDED IN THE CLASS, OR TO OBJECT TO THE PROPOSED SETTLEMENT.**

Pursuant to the Order of the Superior Court of the State of California for Los Angeles County entered July 16, 2008 **YOU ARE HEREBY NOTIFIED AS FOLLOWS:**

A proposed settlement has been reached between the parties in the above-captioned action pending in the Superior Court of the State of California for the County of Los Angeles on behalf of all individuals who were employed in the State of California by State Farm as Service First Representatives and/or Senior Service First Representatives at any time from September 8, 1996 through July 2002, or as Claim Reinspectors and/or Cat Reinspectors/Trainers and/or Catastrophe Trainers at any time from September 8, 1996 to May 10, 2003 (“Class” or “Class Members”). You have received this Notice because records indicate that you are one of the individuals in the Class.

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### **I. DESCRIPTION OF THE LITIGATION**

On or about September 8, 2000, an action entitled Gutierrez v. State Farm, Los Angeles County Superior Court Case Number BC 236552, was filed on behalf of a putative class of all Claim Representatives who were employed by STATE FARM in the State of California from September 8, 1996 on. In December 2004 Gutierrez settled, and time spent by each of the subclasses during the CLASS PERIOD was excluded from the Gutierrez settlement.

Therefore, on or about December 17, 2004, CLASS REPRESENTATIVE Mark Slagel filed the initial complaint in this ACTION. The operative Second Amended Complaint, which added Lisa Wolfe, Jenny Drago and Dan Favrin as CLASS REPRESENTATIVES, was filed on or about November 28, 2005. In addition to CLASS REPRESENTATIVES, approximately fifty class members have individually signed fee agreements with CLASS COUNSEL.

The COMPLAINT, as amended, pleads a number of wage and hour violations, primarily including, but not limited to, that: a) DEFENDANTS misclassified CLASS MEMBERS as exempt employees, b) DEFENDANTS failed to pay CLASS MEMBERS for hours worked and overtime premiums, c) DEFENDANTS failed to provide CLASS MEMBERS with meal and rest periods, d) DEFENDANTS failed to pay terminated CLASS MEMBERS all wages due upon termination, e) DEFENDANTS failed to pay minimum wage; f) DEFENDANTS violated of the FLSA, and g) DEFENDANTS' violations amounted to conversion and to unfair business practices in violation of Business and Professions Code section 17200 et seq. The COMPLAINT seeks compensatory damages (including, but not limited to, unpaid wages, overtime premiums, and meal and rest period premiums), restitution, pre- and post-judgment interest, statutory penalties, attorneys' fees, and costs.

DEFENDANTS have denied and continue to deny each of these allegations, or that the allegations state a valid cause of action, and have asserted that they have no liability. Specifically, DEFENDANTS allege that CLASS MEMBERS were covered by the administrative exemption to the overtime laws, were compensated properly, and were provided meal and rest periods. DEFENDANTS also deny that they engaged in any conversion or unfair business practices, and deny that CLASS MEMBERS are entitled procedurally to proceed as a class or as subclasses.

Through the course of the litigation, the PARTIES have filed motions. CLASS COUNSEL PIERRY SHENOI LLP as counsel for Plaintiffs in the related Chalecki class action filed two writs (one to the California Court of Appeal and the other to the California Supreme Court, which granted review) that directly impacted this related case. The court in this case noted on the record that the outcome of that writ would determine the outcome in this case on those issues.

The PARTIES have engaged in substantial discovery. PLAINTIFFS have propounded thousands of interrogatories and requests for admission upon STATE FARM. In response to requests for production, tens of thousands of pages of documents have been produced, in this and/or the related Chalecki case, with State Farm's formal responses in this case citing to many of the thousands of pages of documents that STATE FARM produced in Chalecki as responsive in this case, with tens of thousands more pages of documents set to be produced and/or inspected in July 2008.

The parties mutually selected Supreme Court Justice Edward A. Panelli (Ret.) as the Discovery Referee in this case and as their mediator, and participated in mediation before retired Supreme Court Justice Edward A. Panelli. Justice Panelli was also the Discovery Referee and the mediator in the Gutierrez case, and also was the mediator in the related class action by the SIU Representatives titled Chalecki v. State Farm. So, Justice Panelli has a good "institutional" base of knowledge of the previous wage and hour actions in California against State Farm, and the relative value of those settlements and even the reasons for those settlements. The PARTIES agreed to have Justice Panelli mediate this case, and he has aided the parties in arriving at and has reviewed the terms of the SETTLEMENT AGREEMENT and provided his opinion and advice as to its fairness and propriety, and as to whether changes should be made to its terms. Justice Panelli has in a detailed declaration filed with the Court strongly endorsed and recommended every component of the Settlement. To avoid the substantial risks to each side from any delay in achieving settlement, and to avoid the expenditure of substantial expense of time and resources by the PARTIES and their counsel to attend to all of the pending discovery and the anticipated law and motion practice, and to avoid the risks and uncertainties to both sides, the PARTIES have decided to compromise their respective positions and to enter into this SETTLEMENT AGREEMENT.

Based on the strengths and weaknesses of each subclass, and weighing these and a myriad of other variables that are too numerous to catalog here but that Class counsel, Defendants' counsel and Justice Panelli discussed, Justice Panelli proposed and the Class Representatives and State Farm have accepted the following division of the Settlement Fund:

Service First Representatives And/or Senior Service First Representatives	\$ 2,346,224
Claim Reinspectors	\$ 4,051,876
CAT Reinspectors/Trainers and/or Catastrophe Trainers	\$ <u>1,439,400</u>
<i>Net</i> total for distribution to the subclasses	\$ <u>7,837,500</u>

In addition to the above sum, State Farm will pay the Settlement Administrator up to \$350,000 to cover all *employer* taxes due on any wage component of any distribution to you. Justice Panelli has found that the \$ 7,837,500 to be paid by Defendants to the Slagel class(all subclasses combined are 194 eligible individuals) is a fair and reasonable settlement in light of the factual and legal allegations in the case, the risks to both sides in going forward with the case, and the probable costs of litigation through trial.

Specifically, taking a 40 eligible work week year for Service First Representatives and/or Senior Service First Representatives, the net value for each and every eligible week of a Service First Representative and a Senior Service First Representative will be about \$248, not including the value of incentive awards to this subclass' class representatives. This value per eligible work week includes a substantial component of pre-judgment interest. State Farm will make an additional contribution to the Settlement Administrator to pay the employer's portion of all employment taxes that the Settlement Administrator will pay on the wages component, such as but not limited to social security, Medicare, and FUTA, up to \$350,000 for all the subclasses.

Taking a 45 eligible work week year for Claim Reinspectors, the net value for each and every eligible work week of a Claim Reinspector will be about \$ 382, not including the value of incentive awards to this subclass' class representatives. This value per eligible work week includes a substantial component of pre-judgment interest. State Farm will make an additional contribution to the Settlement Administrator to pay all the employer's portion of employment taxes that the Settlement Administrator will have to pay on the wages component, such as but not limited to social security, Medicare, and FUTA, up to \$350,000 for all subclasses.

Taking a 40 eligible work week year for CAT Reinspectors/Trainers and/or Catastrophe Trainers, the net payout for each and every eligible week of each CAT Reinspector/Trainer and Catastrophe Trainer will be about \$467, not including the value of incentive awards to this subclass' class representatives. This includes a component of pre-judgment interest. State Farm will make an additional contribution to the Settlement Administrator to pay the employer's portion of any employment taxes that the Settlement Administrator will have to pay on the wages component, such as but not limited to social security, Medicare, and FUTA, up to \$350,000 for all subclasses.

It is important to note that there will not be the same reduction for *employer* taxes due on the wages component, like the SIU class experienced in Chalecki. Under the terms of this Settlement, State Farm will deposit up to \$ 350,000 over and above the sum of \$ 7,837,500, with the Settlement Administrator to fund the *employer* portion of employment taxes (including but not limited to Social Security, Medicare, FICA, Futa, etc) which the Settlement Administrator will pay. This is a significant addition in value to the subclasses, as under the Settlement Agreement's terms in Chalecki, State Farm did not pay any of the *employer* portion of such employment taxes, which in that case amounted to \$508,779.76.

## **II. THE CLASS**

For purposes of settling this case only, the Court has certified a Class, which is defined as follows:

“All individuals who were employed in the State of California by State Farm as Service First Representatives and/or Senior Service First Representatives at any time from September 8, 1996 through July, 2002;

All individuals who were employed in the State of California by State Farm as Claim Reinspectors at any time from September 8, 1996 to May 10, 2003; and

All individuals who were employed in the State of California by State Farm as CAT Reinspectors/Trainers and/or Catastrophe Trainers at any time from September 8, 1996 to May 10, 2003”

You are a Class Member if you fit within the definition of the class stated above regardless of whether you still work at State Farm.

If the Settlement is not approved by the Court or does not become final for any other reason, the litigation will continue and Plaintiffs can seek by motion to certify the class, and proceed to litigate, as a class or as individuals, what recovery if any to which any such certified class may be entitled.

## **III. ATTORNEYS OF RECORD**

Counsel for the Class (“Class Counsel”) is:

PIERRY SHENOI LLP  
Allan A. Sheno, Esq.  
175 South Lake Avenue  
Pasadena, California 91101  
Telephone: (626) 792-2300  
Facsimile: (626) 792-2311  
ashenoi@pierryshenoi.com

Counsel for State Farm (State Farm's Counsel”) is:

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP  
Douglas R. Hart, Esq.  
Derek R. Havel, Esq.  
Jennifer B. Zargarof, Esq.  
333 South Hope Street, 48th Floor  
Los Angeles, California 90071-1448  
Telephone: (213) 620-1780  
Facsimile: (213) 620-1398

Copies of any documents filed with the Court in this action must also be sent to the above-listed counsel.

## **IV. SUMMARY OF THE PROPOSED SETTLEMENT**

The Settlement as preliminarily approved by the Court provides for the following:

### **A. Settlement Fund**

State Farm shall pay a Settlement Fund in the sum of Seven Million Eight Hundred and Fifty-Seven Thousand Five Hundred Dollars (\$ 7,857,500). The following shall be paid from the Settlement Fund: (i) all payments to Class Members, (ii) the Settlement Administrator's fees, and (iii) all incentive awards to be paid to Class Representatives in this action. The payments from the Settlement Fund to the Class Members shall not be pensionable. No attorneys' fees, litigation expenses, or costs shall be paid from the Settlement Fund. No portion of the Settlement Fund shall revert back to State Farm. In addition, State Farm will pay the Settlement Administrator up to an additional \$350,000 to fund the *employer* portion or any employment taxes due on the wage component of the distribution to the class. Any employer-side taxes in excess of \$350,000 shall be paid from the Settlement Fund.

B. Settlement Amounts Payable to Class Members

Individual payments shall be made to all Class Members who submit timely completed Claim Forms and qualify for payment under the Settlement Agreement and who do not opt out of the Settlement (referred to as "AUTHORIZED CLAIMANTS"). The total amount available for distribution to AUTHORIZED CLAIMANTS shall be the Settlement Fund of Seven Million Eight Hundred and Fifty-Seven Thousand Five Hundred Dollars (\$ 7,857,500), minus the Settlement Administrator's fees, minus the total of all additional incentive payments made to Class Representatives who submit a valid CLAIM FORM (referred to as the "NET SETTLEMENT AMOUNT"). The amount of payment to each individual AUTHORIZED CLAIMANT shall be calculated by multiplying the NET SETTLEMENT AMOUNT by a fraction, the numerator of which is total number of calendar weeks of every individual AUTHORIZED CLAIMANT during the CLASS PERIOD multiplied by the weighted value per week of each such CLAIMANT (as determined by their subclass) and the denominator of which is value of the total number of weeks of all AUTHORIZED CLAIMANTS during the CLASS PERIOD.

C. Characterization of Amounts Payable to Class Members and Tax Issues

Of the Net Settlement Amount, forty-four percent (44%) shall be for wages (including, but not limited to, unpaid wages, overtime, and meal and rest period premiums), two percent (2%) shall be for statutory penalties (including, but not limited to, waiting time penalties, minimum wage violation penalties, and penalties for failure to provide timely and accurate wage statements), and fifty-four percent (54%) shall be for interest. Each Authorized Claimant shall receive two checks, one a payroll check for wages and the other a check for interest and penalties with no taxes withheld. Each the five CLASS REPRESENTATIVES will receive a third check, for their incentive award, if they each submit a valid CLAIM FORM. The amount paid to each Authorized Claimant on his or her check for wages shall be reflected on a 2008 IRS Form w-2 to be issued by the Settlement Administrator to each Authorized Claimant. The amounts paid to each Authorized Claimant on his or her check for interest and penalties and his or her check for an incentive award shall be reflected on the appropriate 2008 IRS Form 1099s to be issued by the Settlement Administrator to each AUTHORIZED CLAIMANT. Only upon the specific request of the Settlement Administrator shall an AUTHORIZED CLAIMANT be required to and provide his or her IRS Form w-4 or IRS Form w-9, as required. Neither Class Counsel nor counsel for State Farm shall provide tax advice to any Class Member.

D. Attorneys' Fees, Litigation Expenses, and Costs

Subject to court approval upon a duly noticed motion, in addition to and separate from the Settlement Fund, State Farm shall separately pay attorneys' fees, litigation expenses, and costs of up to Six Million Three Hundred and Ninety-Two Thousand Five Hundred Dollars (\$ 6,392,500), to be distributed to Class Counsel as follows: Six Million Three Hundred Thousand Dollars (\$ 6,300,000) to Pierry Sheno LLP for attorneys' fees, and Ninety-Two Thousand Five Hundred Dollars (\$92,500) to Pierry Sheno LLP for litigation expenses and costs. In the event that the Court reduces State Farm's payment to Class Counsel, State Farm will only be required to pay the amount set by the Court. No portion of it will be paid to the Class Members.

E. Settlement Administrator's Fee

The Settlement Administrator, Desmond, Marcello & Amster ("DMA"), shall mail the Class Notice to the Class Members, receive Claim Forms, respond to any *written* inquiries from Class Members regarding the receipt and processing of their claims, receive the Settlement Fund, calculate and handle the disbursement of the Settlement Fund, and perform such other functions as required by the Settlement Agreement, by the Court, or to otherwise administer the Settlement. As compensation for performing these services, the Settlement Administrator shall receive the sum of Twenty Thousand dollars (\$20,000).

F. Incentive for Class Representatives.

Subject to court approval, in recognition of the risks taken by Class Representatives Class Representatives Mark Slagel, Hector de Leon, Lisa Wolfe, Jenny Drago, and Dan Favrin and their efforts assisting in the litigation, responding to discovery requests, and assisting counsel, each Class Representative who does not opt out of the Settlement shall each receive a payment of Seven Thousand Five Hundred Dollars (\$7,500) if they submit valid CLAIM FORMS in addition to the payment each will receive as a Class Member.

G. Settlement Agreement

A full copy of the Settlement Agreement may be examined during regular office hours in the office of the Clerk of the Court.

## V. YOUR RIGHTS AS A CLASS MEMBER

### A. Submitting a Claim

The Claim Form states the dates that you were a Service First Representative and/or Senior Service First Representative at State Farm in California between September 8, 1996 through July 2002, and/or the dates you were a Claim Reinspector and/or a CAT Reinspector/Trainer and/or Catastrophe Trainer between September 8, 1996 and May 10, 2003. Your individual settlement amount will be based on the information shown on your Claim Form. You will not be compensated for any weeks worked that are not listed on your Claim Form.

To participate in the monetary compensation, you **MUST** complete and sign the enclosed Claim Form under penalty of perjury, and return it and only if specifically requested, any tax form (e.g. W-4 or W-9) by no later than August 27, 2008.

In the case of a deceased Class Member, the Claim Form must be completed and signed by the decedent's court-appointed representative, or in the event that there is no legal requirement for a court to appoint a representative the Claim Form must be completed and signed by the person permitted under law to act as the decedent's administrator. The administrator for a deceased Class Member must provide to the Settlement Administrator, Class Counsel, and State Farm's Counsel a declaration stating that he or she is authorized to act as the decedent's administrator.

If you believe that the information shown is incorrect, you should explain your disagreement on the Claim Form. In addition, you should submit any documentation relating to your disagreement, along with your Claim Form by the deadline specified above. The SETTLEMENT ADMINISTRATOR shall initially resolve any disputes over a CLASS MEMBER'S start date and/or end date in consultation with CLASS COUNSEL and DEFENDANTS' COUNSEL. The SETTLEMENT ADMINISTRATOR shall send notice of its decision regarding disputed weeks to the CLASS MEMBER within twenty (20) days of receipt of the CLAIM FORM. Any CLASS MEMBER dissatisfied with the resolution by the SETTLEMENT ADMINISTRATOR shall file his or her statement of disagreement and the basis therefore with the SETTLEMENT ADMINISTRATOR, which shall provide copies of the statement of disagreement to CLASS COUNSEL and to DEFENDANTS' counsel within ten (10) days of the date of mailing of the Notice of Decision from the SETTLEMENT ADMINISTRATOR. In such event, the Discovery Referee shall resolve any disputes over a CLASS MEMBER's start date and/or end date prior to the FINAL FAIRNESS AND APPROVAL HEARING.

If you are a current State Farm employee, submitting a Claim Form will not adversely affect your position at State Farm. **State Farm will not retaliate against any Class Member as a result of his or her participation in this case or submission of a Claim Form.**

You should return your signed and completed Claim Form and IRS Form w-9 or w-4, if applicable, to the Settlement Administrator:

Slagel v. State Farm Class Action Case  
Settlement Administrator  
Desmond, Marcello & Amster  
6060 Center Drive, Suite 825  
Los Angeles, California 90045  
Telephone: (310) 417-3915

The Claim Form must be postmarked no later than August 27, 2008. In no event will a Claim Form be accepted after final approval of the Settlement by the Court. If the form is sent from within the United States, they must be sent through the United States Postal Service via First-Class Mail or the equivalent. Do not use a postage meter as that may not result in a postmark appearing on the envelope containing your forms. If you lose, misplace, or need another Claim Form, you should contact the Settlement Administrator.

**If you would like to ensure receipt of your envelope and receive an acknowledgement of receipt for these documents, please send them Certified Mail, Return Receipt Requested, as the Settlement Administrator is unable to confirm to you in response to your telephone call(s) or letters whether or not your Claim Form was received by it.** Please do not overnight your completed Claim Form as such courier services cannot provide you with a postmark date such as you would receive on any Certified Mail Return Receipt Requested Form. In the event of any dispute as to whether you timely mailed your completed form, it is the postmark date that will control.

B. Doing Nothing

You may elect to do nothing. However, if you do nothing, you will still be bound by the terms of the Settlement Agreement and/or by any other final disposition of this case. Specifically, you will be bound by the terms of the release as described below and therefore be forever barred from pursuing certain claims against State Farm.

If you fail to or choose not to timely submit a Claim Form for any reason including, but not limited to, exercising your rights listed below, any settlement amount otherwise recoverable by you under the Settlement Agreement shall be distributed to the other eligible Class Members that do submit a timely claim.

C. Excluding Yourself from the Settlement

If you do not wish to participate in the Settlement, you may exclude yourself (“opt out”) by requesting exclusion from the class in writing. This request must be completed, signed, dated and returned to the Settlement Administrator:

Slagel v. State Farm Class Action Case  
Settlement Administrator  
Desmond, Marcello & Amster  
6060 Center Drive, Suite 82  
Los Angeles, California 90045  
Telephone: (310) 417-3915

The Request for Exclusion must be postmarked no later than August 27, 2008. If the Request for Exclusion is sent from within the United States, it must be sent through the United States Postal Service via First-Class Mail, or the equivalent. Do not use a postage meter as that may not result in a postmark appearing on the envelope.

Any person who files a complete and timely Request for Exclusion shall, upon receipt, no longer be a member of the Class, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. Any such person, at his or her own expense, may pursue any claims he or she may have against State Farm. However, there are deadlines to pursuing such claims known as statutes of limitation. Please consult an attorney of your choice to ensure you are not forever barred from pursuing your individual claim if you decide to opt out of the Settlement.

**DO NOT SUBMIT BOTH THE CLAIM FORM AND A REQUEST FOR EXCLUSION.**

D. Objecting to the Settlement

You may object to the terms of the Settlement before final approval. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement unless you have submitted a valid and timely Request for Exclusion. If you choose to object to the Settlement, you may enter an appearance in propria persona (meaning you choose to represent yourself) or through your own attorney. You must timely file a written objection and notice of intention to appear at the Final Fairness and Approval Hearing described below. You must file these documents, along with any brief, exhibits, and/or other material that you wish the Court to consider, with the Clerk of the Court, Los Angeles County Superior Court, Central Civil West Courthouse, 600 South Commonwealth Avenue, Los Angeles, CA 90005. **In addition, you must send copies to Class Counsel and to State Farm’s Counsel, listed above.**

Any written objections should state each specific reason for your objection and any legal support for each objection. Your objection must also state your full name, address, and the dates you worked for State Farm in California and the position(s) you held. To be valid and effective, any objections to the proposed Settlement must be filed with the Clerk of the Court and served upon each of the above-listed attorneys no later than forty (40) days from the date of the mailing of the Claim Form. **DO NOT TELEPHONE THE COURT.**

Once you have filed your objection and notice of intention to appear, unless you have opted out of the Class, you will continue as a Class Member either in propria persona or with representation by your own attorney, and you will be solely responsible for the fees and costs of your own attorney.

**IF YOU INTEND TO OBJECT TO THE SETTLEMENT, BUT WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT FUNDS IF THE COURT GRANTS FINAL APPROVAL, YOU MUST TIMELY FILE YOUR CLAIM FORM AS STATED ABOVE. IF THE COURT APPROVES THE SETTLEMENT DESPITE ANY OBJECTIONS, AND YOU HAVE NOT TIMELY RETURNED YOUR CLAIM FORM, YOU WILL NOT RECEIVE ANY SETTLEMENT PROCEEDS.**

## **VI. RELEASE OF CLAIMS**

By signing and returning a Claim Form, effective as of the date of final approval of the Settlement, each Class Member releases and discharges State Farm Mutual Automobile Insurance Company, its subsidiaries and affiliates, and their respective current and former agents, servants, employees, partners, directors, officers, trustees, members, owners, stockholders, representatives, attorneys, and insurers (hereinafter collectively referred to as the "Released Parties") from and against any and all claims and causes of action which the Class Member has or hereafter may have against Released Parties, known or unknown, foreseen or unforeseen, vested or contingent, choate or inchoate, that were alleged in the Complaint and/or that could have been alleged in the Complaint for wages, penalties, interest, attorneys' fees, or costs alleged to be owed to the Class Member by State Farm, or any of them, for his or her work as a Service First Representative and/or Senior Service First Representative during the Class Period, i.e., September 8, 1996 through July 2002, or any part thereof, and for his or her work as a Claim Reinspector and/or Cat Reinspector/Trainer and/or Catastrophe Trainer during the Class Period of September 8, 1986 and May 10, 2003, or any part thereof, for these latter two subclasses. Such released claims include without limitation, wage and hour claims, claims under Business and Professions Code section 17200 et seq. based on wage and hour violations, claims under the Private Attorneys General Act of 2004 (Labor Code section 2699 et seq.) ("PAGA"), and claims under the federal Fair Labor Standards Act ("FLSA"). This release does not apply to claims that cannot be released as a matter of law. Class Members expressly do not release claims arising out of work performed for State Farm in a capacity other than as a Service First Representative, Senior Service First Representative, Claim Reinspector, CAT Reinspector/Trainer and/or Catastrophe Trainer. Claims specifically excluded from the release provisions of this Settlement are claims that could not be made in this case.

By signing and returning a Claim Form each Class Member further stipulates and agrees that the consideration paid to him or her pursuant to the Settlement Agreement compensates him or her for all wages and penalties due to him or her arising from the claims alleged in the Complaint. As such, State Farm is not liable for any penalties pursuant to PAGA because Class Members are not "aggrieved employees" for purposes of PAGA. Each Class Member further stipulates and agrees that even if he or she is considered or determined to be an "aggrieved employee" for purposes of the PAGA, he or she waives any potential right to any penalty prescribed by PAGA relating to the released claims as set forth above.

## **VII. FINAL FAIRNESS AND APPROVAL HEARING**

The Los Angeles County Superior Court will hold a hearing in Department 309, Central Civil West Courthouse, 600 South Commonwealth Avenue, Los Angeles, CA 90005, on September 3, 2008, at 11:00 am to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to finally approve Class Counsel's request for attorneys' fees and reimbursement of costs and litigation expenses, and the incentive awards to be paid to Class Representatives. The hearing may be continued without further notice to the Class. It is not necessary for you to appear at this hearing unless you object to the proposed Settlement and you have timely filed an objection with the Court.

## **VIII. ADDITIONAL INFORMATION**

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement, you should consult the complete Settlement Agreement, which is on file with the Clerk of the Court. The pleadings and other records in this action, including the Settlement Agreement, may be examined at any time during regular business hours at the Office of the Clerk of the Los Angeles County Superior Court, Central Civil West Courthouse, 600 South Commonwealth Avenue, Los Angeles, CA 90005.

If you move after receiving this Notice, or if it was incorrectly addressed, please provide your correct address to the attorneys listed above and to the Settlement Administrator, DMA at the address and telephone number listed above.

**PLEASE DO NOT TELEPHONE THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS. PLEASE DO NOT CONTACT STATE FARM OR STATE FARM'S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIMS PROCESS.**

**BY ORDER OF THE SUPERIOR COURT**

DATED: July 17, 2008

Hon. Anthony J. Mohr  
Judge of the Superior Court