

## SETTLEMENT AGREEMENT

This Settlement Agreement (this “Settlement” or “Agreement”) is made by and between Stacy Thompson (“Plaintiff”) and Target Corporation (“Target”). Plaintiff and Target collectively are referred to in this Agreement as the “Parties.”

### I. DEFINITIONS

In addition to other terms defined in this Agreement, the terms below have the following meaning in this Agreement:

- A. “Action” means the civil action titled “*Stacy Thompson, Plaintiff v. Target Corporation and Does 1 through 10, Defendants*” (the “Action”), designated as BC 474522 and BC 475813, currently pending in the Superior Court of California in Los Angeles County, California (the “Court”).
- B. “Class” means all Hourly Team Members who were employed during the applicable Covered Period and who appear in Target’s time-punch records as having one or more Non-Compliant Meal Periods. The Class does not include any individuals who already have resolved the claims asserted in the Action, whether by release or adjudication, except to the extent that release or adjudication does not extend to claims accruing after the effective date of that release or adjudication. As of the date of this Agreement, the Class has approximately 118,500 members.
- C. “Class Counsel” means Allen Graves and The Graves Firm, APC.
- D. “Class Counsel Fees and Expenses Payment” means the amount awarded to Class Counsel by the Court for their attorneys’ fees and expenses in connection with the Action, including their pre-filing investigation, their commencement and prosecution of the Action and all related litigation activities, this Settlement (including documenting the Settlement, seeking court approval of the Settlement, attending to administration of the Settlement, and obtaining dismissal of the Action), and all post-Settlement compliance procedures.
- E. “Class Members” means all members of the Class.
- F. “Class Member Notice” means the Notice of Proposed Settlement, Conditional Certification of Settlement Class, Preliminary Approval of Settlement, and Hearing Date for Final Court Approval evidenced by Exhibit A to this Agreement and incorporated by reference into this Agreement.
- G. “Class Member Settlement Information Sheet” means the Class Member Settlement Information Sheet evidenced by Exhibit B to this Agreement and incorporated by reference into this Agreement.
- H. “Class Notice Packet” means the Class Member Notice and the Class Member Settlement Information Sheet.

- I. “Class Representative Service Payment” means the payment made to Plaintiff in her capacity as Class Representative to compensate her for initiating and pursuing the Action, undertaking the prosecution of the Action, and granting the general release under the Settlement.
- J. “Covered Period” means for all Class Members other those who are bound by the class settlement and release of claims in *Mesindo Pompa v. Target Corp.*, U.S.D.C., C.D. Cal., Case No. CV-10-0634 AHM (FFMx) (judgment entered on February 13, 2012) (the “*Pompa* Settlement”), the period of time from December 22, 2007, through the date on which the Court grants preliminary approval of the Settlement; and for all Class Members who are bound by the *Pompa* Settlement, the period of time from February 14, 2012, through the date on which the Court grants preliminary approval of the Settlement.
- K. “*Cy Pres* Beneficiaries” means The National Employment Law Project (a *bona fide* non-profit organization that has been chosen by Plaintiff to receive unclaimed funds under the Settlement) and United Way of Greater Los Angeles (a *bona fide* non-profit organization that has been chosen by Target to receive unclaimed funds under the Settlement).
- L. “Effective Date” means the date by which all of the following have occurred:
1. The deadline for Target to void this Settlement pursuant to section III.E.6. has passed and Target has not done so;
  2. the Court enters the Judgment; and
  3. the Judgment becomes Final.
- M. “Final” means the following date, as applicable:
1. If no objection to the Settlement was raised before the Court, the date on which the Court enters the Judgment.
  2. If an objection to the Settlement was raised before the Court, the last date on which a notice of appeal from the Judgment may be timely filed, and none is filed.
  3. If an objection to the Settlement was raised before the Court and if an appeal from the Judgment is timely filed, the last of the following dates:
    - a. the last date by which a petition for a writ of *certiorari* to the U.S. Supreme Court of a decision by the California Supreme Court affirming the Judgment or denying a petition for review could be timely filed, or, if no petition for review is timely filed with the California Supreme Court, the last date by which a petition for a writ of *certiorari* to the U.S. Supreme Court of a decision by the

California Court of Appeal affirming the Judgment could be timely filed, and none is filed;

- b. if a petition for a writ of *certiorari* to the U.S. Supreme Court, seeking review of the Judgment or a decision by the California Supreme Court or the California Court of Appeal on an appeal from the Judgment is timely filed, the date on which the U.S. Supreme Court renders its decision denying the petition (where the immediately lower court affirmed the Judgment) or affirming the Judgment.
4. If an objection to the Settlement was raised before the Court and an appeal from the Judgment is timely filed, but the appeal is then withdrawn, the date that the appeal is withdrawn is the date the Judgment becomes Final, so long as no other applicable appeals are pending.
- N. “Final Approval Hearing” means the hearing to be conducted by the Court to determine whether to approve finally and implement the terms of this Agreement.
- O. “Hourly Team Member” means an individual whom Target has employed in California at one or more of its retail stores on an hourly basis (including hourly pharmacists).
- P. “Judgment” means an Order Granting Final Approval of Class Action Settlement and Entering Final Judgment. With the motion for Final Approval, Plaintiff will file or lodge a proposed Order Granting Final Approval of Class Action Settlement and Entering Final Judgment in substantially the same form evidenced by Exhibit D to this Agreement and incorporated by reference into this Agreement.
- Q. “LWDA Payment” means the payment to the California Labor and Workforce Development Agency for its share of the settlement of Plaintiff’s claims for civil penalties under the California Labor Code Private Attorneys General Act (“PAGA”), Cal. Lab. Code § 2698 *et seq.*
- R. “Net Settlement Amount” means the amount from the Total Settlement Amount that is available for distribution as Settlement Shares to Participating Class Members after deductions for (a) the LWDA Payment; (b) the Class Representative Service Payment; (c) the Class Counsel Fees and Expenses Payment; and (d) the Settlement Administrator’s fees and expenses. The entire Net Settlement Amount will be distributed to Participating Class Members. If any Settlement Share check is not timely cashed by a Participating Class Member, the amount represented by that check will be split evenly and donated to the *Cy Pres* Beneficiaries.
- S. “Non-Compliant Meal Period” means an entry in Target’s time-punch records showing that an Hourly Team Member worked either: (1) one or more shifts of more than five hours where the Hourly Team Member did not take a continuous 30-minute break starting during the first five hours of the shift; or (2) one or more shifts of more than ten hours where the Hourly Team Member did not take a

continuous 30-minute meal break starting during the second five hours of the shift and had not given a written second meal period waiver.

- T. “Non-Participating Class Member” means a Class Member who timely exercises his or her right to opt out of the Settlement by following the procedure for opt-outs set forth in this Agreement.
- U. “Preliminary Approval” means the Court’s preliminary approval of the Settlement without material change, or with material changes to the Settlement to which the Parties agree.
- V. “Preliminary Approval Order” means the order entered by the Court granting preliminary approval of the Settlement. With the Motion for Preliminary Approval, Plaintiff will file or lodge a proposed Preliminary Approval Order in substantially the same form evidenced by Exhibit C to this Agreement and incorporated by reference into this Agreement.
- W. “Settlement Administrator” means the administrator proposed by the Parties and appointed by the Court to administer the Settlement.
- X. “Settlement Share” means the portion of the Net Settlement Amount allocable to each Class Member as provided by this Agreement.
- Y. “Superior Court” means the Superior Court of California in and for the County of Los Angeles.
- Z. “Target’s Counsel” means Jeffrey D. Wohl, Jullie Z. Lal and Lin Zhu of Paul Hastings LLP.
- AA. “Total Settlement Amount” means the total amount to be paid by Target as provided by this Agreement. The Total Settlement Amount is \$9,000,000. The Total Settlement Amount will cover: (a) all Settlement Shares paid to Participating Class Members pursuant to the Settlement; (b) the LWDA Payment; (c) the Class Representative Service Payment; (d) the Class Counsel Fees and Expenses Payment; and (e) the Settlement Administrator’s fees and expenses. The Total Settlement Amount does not cover the employer’s share of legally required payroll taxes for the Wage Portion of Settlement Shares (defined in section III.B.2.a. below), which will be paid by Target directly and not out of the Total Settlement Amount. Other than the employer’s share of legally required payroll taxes for the Wage Portion of Settlement Shares Target does not assume responsibility for any other fees or expenses in excess of the total Settlement Amount.

## II. RECITALS

- A. On December 5, 2011, Plaintiff commenced a civil action against Target in the Superior Court entitled “*Stacy Thompson, Plaintiff v. Target Corporation and Does 1 through 10, Defendants*,” Case No. BC474522. On December 22, 2011, Plaintiff commenced a civil action against Target in the Superior Court entitled “*Stacy*

*Thompson, Plaintiff v. Target Corporation and Does 1 through 10, Defendants,*  
Case No. BC475813.

- B. On May 14, 2014, Plaintiff filed a First Amended Complaint in Case No. BC474522, asserting the following causes of action: (1) Private Attorney General Claim for Failure to Provide Meal Breaks in Violation of Labor Code §§ 512 and 1198; (2) Private Attorney General Claim for Failure to Pay Wages as Required by California Labor Code § 204; (3) Private Attorney General Claim for Failure to Pay Wages Upon Termination as Required by Labor Code §§ 201 and 202; (4) Private Attorney General Claim for Failure to Provide an Accurate Itemized Statement in Violation of Labor Code § 226; and (5) Private Attorney General Claim for Failure to Provide Suitable Seats in Violation of California Wage Order and Labor Code §1198 (this fifth cause of action is referred to as the “Suitable-Seating Claim”). The Suitable-Seating Claim is not part of this Settlement and is not released by Plaintiff or any Participating Class Member as part of this Settlement.
- C. On May 14, 2014, Plaintiff filed a First Amended Complaint in Case No. BC475813, asserting the following causes of action: (1) Class Action Claim for Failure to Pay Wages as Required by California Labor Code § 226.7; and (2) Representative Claim for Violation of Business and Professions Code § 17200 *et seq.*
- D. On April 13, 2015, the Superior Court granted Target’s motion to consolidate the actions for all purposes. The Superior Court assigned Case No. BC474522 as the lead case number for all future filings.
- E. On November 16, 2015, the Superior Court granted Plaintiff’s motion for class certification with respect to Plaintiff’s two causes of action in Case No. BC475813.
- F. On April 17, 2016, the Parties participated in a mediation presided over by Antonio Piazza of Mediated Negotiations. During the mediation, each side, represented by its respective counsel, recognized the substantial risk of an adverse result in the Action and agreed to settle the Action, and all other matters covered by this Agreement, and entered into a Memorandum of Agreement. That Memorandum of Agreement, and any other agreements, understandings, or representations between the Parties, have now been replaced and superseded by this Agreement.
- G. Prior to execution of this Agreement, Target removed the Action to federal court. Thereafter, based on the agreement of the Parties, the federal court remanded the claims that are the subject of this Settlement to the Superior Court while retaining jurisdiction of the suitable seating claim asserted in the Action. The Parties agree that the Superior Court will oversee the settlement approval process for the claims that are the subject of this Agreement, without any further removal by Target, while the federal court will continue to preside over the suitable seating claim. Should the Settlement not be finally approved, then so long as Plaintiff does not add any

claims that provide a new and independent basis for removal, Target will not remove the Action to federal court.

- H. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Target that Plaintiff's claims in the Action have merit or that it has any liability to Plaintiff or the Class on those claims, or as an admission by Plaintiff that Target's defenses in the Action have merit.

Based on these Recitals, the Parties agree as follows:

### III. SETTLEMENT TERMS AND CONDITIONS

- A. **Total Settlement Amount.** Subject to the terms and conditions of this Agreement, including but not limited to section III.E.6., the Total Settlement Amount is \$9,000,000. The Total Settlement Amount will cover (a) all Settlement Shares paid to Participating Class Members pursuant to the Settlement; (b) the LWDA Payment; (c) the Class Representative Service Payment; (d) the Class Counsel Fees and Expenses Payment; and (e) the Settlement Administrator's fees and expenses.

- B. **Settlement Share.** Subject to the terms and conditions of this Agreement, the Settlement Administrator will allocate Settlement Shares from the Net Settlement Amount to Class Members as follows:

1. **Calculation.**

- a. Each Class Member who was not employed by Target as a pharmacist will be credited with one (1) Unit for each Non-Compliant Meal Period appearing in the Class Member's time-punch records during the applicable Covered Period.
- b. To account for their higher rate of pay compared to other Class Members, each Class Member who was employed by Target as a pharmacist will be credited with six (6) Units for each Non-Compliant Meal Period appearing in the Class Member's time-punch records during the applicable Covered Period.
- c. To the extent that a Class Member's claim is based on a particular Non-Compliant Meal Period that has been resolved by release or adjudication, that Non-Compliant Meal Period will be excluded from the calculation.
- d. A Class Member's Settlement Share will equal the Net Settlement Amount times the ratio of the Class Member's Unit(s) to all Class Members' Units.
- e. If any Class Member's Settlement Share is calculated to be less than \$20, then that Class Member will receive \$20 as his or her

Settlement Share, and the Net Settlement Amount will be reduced on account of such minimum payments. All other Class Members' Settlement Shares will be calculated using the methodology set forth above, based on the reduced Net Settlement Amount, and using the ratio of their total number of Non-Compliant Meal Periods to the total number of Non-Compliant Meal Periods of the other Class Members not receiving the minimum \$20 Settlement Shares.

2. **Treatment.**

- a. Twenty percent (20%) of each Settlement Share (the "Wage Portion") is intended to settle each Participating Class Member's claims for unpaid wages. Accordingly, the Wage Portion will be reduced by applicable payroll tax withholding and deductions, and the Settlement Administrator will issue to the Participating Class Member a Form W-2 with respect to the Wage Portion. The employer's share of legally required payroll taxes for the Wage Portion will be paid by Target directly and not out of the Total Settlement Amount.
- b. Eighty percent (80%) of each Settlement Share (the "Non-Wage Portion") is intended to settle each Participating Class Members' claims for all interest and penalties. Accordingly, the Non-Wage Portion will not be reduced by payroll tax withholding and deductions. Instead, the Settlement Administrator will issue to the Participating Class Member a Form 1099, where required, with respect to the Non-Wage Portion.

3. **Effect of Non-Participating Class Members.** Non-Participating Class Members will not participate in or be bound by the Settlement; will not receive a Settlement Share; and will not be included with those other Class Members counted for purposes of the calculation of Settlement Shares, but they will retain their right, if any, to pursue a claim against Target that would have been released under the Settlement had they been Participating Class Members. The Settlement Share that otherwise would have been payable to the Non-Participating Class Member will be retained in the Net Settlement Amount for distribution to all Participating Class Members.

C. **Payments to LWDA, Plaintiff, Class Counsel, and Settlement Administrator.** Subject to the terms and conditions of this Agreement, the Settlement Administrator will make the following payments out of the Total Settlement Amount as follows:

1. **To LWDA.** Plaintiff will apply to the Court for an LWDA Payment from the Total Settlement Amount of \$100,000. This amount reflects value negotiated between the parties each of whom made an independent assessment as to the likely outcome of the PAGA representative action. If

the Court approves an LWDA Payment of less than \$100,000, the remainder will be retained in the Net Settlement Amount.

2. **To Plaintiff:** In addition to her Settlement Share, Plaintiff will apply to the Court for a Class Representative Service Payment from the Total Settlement Amount of not more than \$25,000 in consideration of her initiating and pursuing the Action, undertaking the risk of prosecution of the Action, and granting the general release she is granting as part of the Settlement. Target will not oppose a Class Representative Service Payment of not more than \$25,000 to Plaintiff. The Settlement Administrator will pay the Class Representative Service Payment approved by the Court (but not more than \$25,000) out of the Total Settlement Amount. If the Court approves a Class Representative Service Payment of less than \$25,000, the remainder will be retained in the Net Settlement Amount. Tax deductions and withholdings will not be taken from the Class Representative Service Payment, and instead a Form 1099 will be issued to Plaintiff with respect to this payment (and Plaintiff will provide a completed Form W-9 to the Settlement Administrator before the payment is made).
  3. **To Class Counsel:** Class Counsel will apply to the Court for a Class Counsel Fees and Expenses Payment from the Total Settlement Amount of not more than \$3,800,000, representing not more than \$3,600,000 for attorneys' fees (40% of the Total Settlement Amount of \$9,000,000) and not more than \$200,000 for expenses, and Target will not oppose that request. To the extent that the approval of the Settlement is subject to an appeal by one or more objectors, Target will not oppose an additional award from the Total Settlement Amount for Class Counsel's reasonable attorneys' fees and expenses incurred on the appeal. If the Court approves a Class Counsel Fees and Expenses Payment of less than the amount authorized to be sought under this Agreement, the remainder will be retained in the Net Settlement Amount. Class Counsel's request for attorneys' fees will include a request for a lodestar multiplier and Target will not oppose that multiplier. The Settlement Administrator will issue to Class Counsel a Form 1099 with respect to the awarded attorneys' fees and costs. Class Counsel will provide a completed Form W-9 to the Settlement Administrator before the payment is made.
  4. **To the Settlement Administrator.** The Settlement Administrator will pay to itself out of the Total Settlement Amount its reasonable fees and expenses in an amount and under the terms approved by the Court.
- D. **Appointment of Settlement Administrator.** Plaintiff will ask the Court to appoint a Settlement Administrator, mutually acceptable to the Parties, which, as a condition of appointment, will agree to be bound by this Agreement with respect to the performance of its duties and its compensation. The Settlement Administrator's duties will include preparing, printing, and mailing the Class Notice Packet to the Class Members; translating the Class Notice Packet from English into Spanish;

conducting a National Change of Address search and using Accurint or other reasonable and cost-effective skip trace methods to locate any Class Member whose Class Notice Packet was returned by the U.S. Postal Service as non-deliverable, and re-mailing the Class Notice Packet to the Class Member's new address; setting up a website on which Class Members can view the preliminary approval and final approval pleadings; receiving Class Member opt-outs from the Settlement; providing the Parties with weekly status reports about the delivery of Class Notice Packets and receipt of Class Member opt-outs from the Settlement; calculating Settlement Shares; issuing the checks to effectuate the payments due under the Settlement; and otherwise administering the Settlement pursuant to this Agreement. The Settlement Administrator will have the final authority to resolve all disputes concerning the calculation of a Class Member's Settlement Share, subject to the dollar limitations set forth in this Agreement. The Settlement Administrator's reasonable fees and expenses, including the cost of printing and mailing the Class Notice Packet, will be paid out of the Total Settlement Amount as approved by the Court. In the event that the Settlement is not finally approved, Target will pay the Settlement Administrator's reasonable fees incurred as of that time.

**E. Procedure for Approving Settlement.**

**1. Motion for Preliminary Approval.**

- a. Within a reasonable time after the execution of this Agreement, Plaintiff will serve on Target and file with the Court a motion (the "Motion for Preliminary Approval") for an order granting preliminary approval of the Settlement, conditionally certifying the Class, setting a date for the Final Approval Hearing, and approving the Class Member Notice and the Class Member Settlement Information Sheet. The Motion for Preliminary Approval will make clear that the Class proposed for purposes of the Settlement supersedes the Superior Court's November 16, 2015, definition of the certified subclasses in the Action. Plaintiff will file or lodge the proposed Preliminary Approval Order with the Motion for Preliminary Approval. The Motion for Preliminary Approval will be served and filed at least 16 court days before the hearing on the motion.
- b. At the hearing on the Motion for Preliminary Approval, the Parties will jointly appear and support the granting of preliminary approval of the Settlement.
- c. Should the Court decline to preliminarily approve all material aspects of the Settlement, or order material changes to the Settlement to which the Parties do not agree, the Parties will negotiate in good faith to attempt to revise the Settlement Agreement to win preliminary approval.

- d. Within ten business days of the filing of the Motion for Preliminary Approval, Plaintiff will, pursuant to PAGA, mail the Motion for Preliminary Approval to the California Labor and Workforce Development Agency and file a proof of service evidencing that mailing with the Court.
2. **Notice to Class Members.** After the Court enters its order granting Preliminary Approval of the Settlement, every Class Member will be provided with the Class Notice Packet, which will include, in both English and Spanish, the Class Member Notice completed to reflect the order granting Preliminary Approval of the Settlement, and the Class Member Settlement Information Sheet completed to show the Class Member's information, as follows:
    - a. Within 10 days after the Court enters its order granting Preliminary Approval of the Settlement, Target will provide to the Settlement Administrator an electronic database for the Class Members containing each Class Member's name, last-known mailing address and telephone number, and Social Security number; the number of Non-Compliant Meal Periods appearing in the Class Member's time-punch records during the applicable Covered Period; the designation of the Class Member as a pharmacist or a non-pharmacist; and, for those Class Members whose claims arising during the applicable Covered Period previously were resolved by release or adjudication, the number of Non-Compliant Meal Periods subject to that release or adjudication occurring during the applicable Covered Period (collectively, the "Class Members' Data"). Target also will provide to Class Counsel the Class Members' Data (without the Social Security numbers). If any of the Class Members' Data are unavailable to Target, Target will use its best efforts to deduce or reconstruct the missing Class Members' Data prior to when they must be submitted to the Settlement Administrator. The Settlement Administrator and Class Counsel will keep the Class Members' Data confidential except to the extent the Settlement provides for disclosure, Target consents in writing to disclosure, or the Court orders disclosure.
    - b. Within 15 calendar days after receiving the Class Members' Data, the Settlement Administrator will mail the Class Notice Packets to all identified Class Members, using the mailing address information provided by Target, unless modified by any updated address information that the Settlement Administrator obtains in the course of administration of the Settlement.
    - c. Within 15 calendar days after receiving the Class Members' Data, the Settlement Administrator will establish a website at which Class

Members can view the preliminary approval and final approval pleadings.

- d. If a Class Notice Packet is returned because of an incorrect address, the Settlement Administrator will promptly, and not later than 5 calendar days from receipt of the returned packet, search for a more current address for the Class Member using Accurint or another other reasonable and cost-effective skip trace method, and re-mail the Class Notice Packet to the Class Member. The Settlement Administrator will use the Class Members' Data and otherwise work with Target and Plaintiff to find a more current address. The Settlement Administrator will be responsible for taking reasonable steps, consistent with its agreed-upon job parameters, court orders, and fee, to trace the mailing address of any Class Member for whom a Class Notice Packet is returned by the U.S. Postal Service as undeliverable. These reasonable steps will include, at a minimum, the tracking of all undelivered mail; performing address searches for all mail returned without a forwarding address; and promptly re-mailing to Class Members for whom new addresses are found. If the Class Notice Packet is re-mailed, the Settlement Administrator will note for its own records and notify Class Counsel and Target's Counsel of the date and address of each such re-mailing as part of a weekly status report provided to the Parties. Class Counsel and Target's Counsel will be entitled to receive from the Settlement Administrator any updated address information about a Class Member as the Settlement Administrator obtains such information.
- e. Each week, the Settlement Administrator will provide to Class Counsel and Target's Counsel a report showing whether any Class Notice Packets have been returned and re-mailed and the receipt of any opt-outs to the Settlement. This report also will include any updated address information for any Class Member.
- f. Not later than 35 calendar days prior to the Final Approval Hearing, the Settlement Administrator will provide the Parties with a declaration of due diligence setting forth its compliance with its obligations under this Agreement, which Plaintiff will file with the Court along with the Motion for Final Approval. Prior to the Final Approval Hearing, the Settlement Administrator will provide the Parties with a supplemented declaration of due diligence if any material changes occur from the date of the filing of its prior declaration, and Plaintiff promptly will file the supplemented declaration with the Court.

3. **Objections to Settlement; Opt-outs from Settlement.** Class Members may submit objections to the Settlement or opt out of the Settlement pursuant to the following procedures:
  - a. **Objections to Settlement.** Class Members who wish to object to any term of the Settlement must file with the Court and serve on counsel for the Parties not later than 45 calendar days after the Settlement Administrator mails the Class Notice Packet a written objection setting forth the grounds for the objection. Class Members who wish to object to the request for the Class Representative Service Payment or the Class Counsel Fees and Expenses Payment must file with the Court and serve on counsel for the Parties not later than 9 court days before the Final Approval Hearing a written objection setting forth the grounds for the objection. The objection also must indicate whether the Class Member intends to appear at the Final Approval Hearing; the failure to so indicate will constitute a waiver of the right to appear at the hearing. Class Members who do not file and serve written objections in the manner and by the deadlines specified above will be deemed to have waived any objections and will be foreclosed from making any objections (whether by appeal or otherwise) to the Settlement or other related matters. Class Counsel and Target's Counsel will file their responses to any objection within 5 court days before the Final Approval Hearing. Nothing in this paragraph will allow Target to support any objection to the Class Representative Service Payment or the Class Counsel Fees and Expenses Payment. An order changing the deadline or procedure for Class Members to file objections to the Settlement will not constitute a material change.
  - b. **Opt-out from Settlement.** Class Members who wish to opt out from the Settlement must mail to the Settlement Administrator a signed paper setting forth their name, address and last four digits of their Social Security number and stating, "I wish to opt out of the Settlement," postmarked no later than 45 calendar days after the Settlement Administrator mails the Class Notice Packet. If a question is raised about the authenticity of an opt-out, the Settlement Administrator will have the right to require additional proof of the Class Member's identity. A Class Member who submits a timely opt-out will be a Non-Participating Class Member and will not participate in or be bound by the Settlement and the Judgment and will not receive a Settlement Share, but will retain the right, if any, he or she may have to pursue a claim against Target. A Class Member who does not complete and mail a timely opt-out in the manner and by the deadline specified above automatically will be a Participating Class Member and will be bound by all terms and conditions of the Settlement, if the Settlement is approved by the Court, and by the Judgment, regardless of whether he or she has

objected to the Settlement. An order changing the deadline or procedure for Class Members to submit opt-out forms will not constitute a material change.

- c. **Report.** Not later than 10 days after the deadline for submission of opt-outs from the Settlement, the Settlement Administrator will provide the Parties with (1) a complete and accurate list that separately identifies all Participating Class Members and all Non-Participating Class Members, the number of Units and the Settlement Share amount associated with each of them, and the total amount of Units and Settlement Shares for each group; (2) copies of all opt-outs received by the Settlement Administrator; and (3) an indication of when each opt-out was received by the Settlement Administrator.
4. **Resolution of Disputes.** If a Class Member disputes the information shown on his or her Class Member Settlement Information Sheet, the Class Member must ask the Settlement Administrator to resolve the matter by returning the sheet with the information that he or she contends is incorrect and including with the sheet any documentation the Class Member has to support his or her contention. In the event of such a dispute, Target will have the right to review its payroll and personnel records to verify the correct information. Unless Target agrees with the correction, Target will provide to Class Counsel and the Settlement Administrator documentation supporting Target's position that the information shown in the Class Member's Class Member Settlement Information Sheet is correct. After consultation with Class Counsel, the Class Member, and Target, the Settlement Administrator will make a determination of the correct information, and that determination will be final, binding on the Parties and the Class Member, and non-appealable.
5. **No Solicitation of Objection, Appeal, or Opt-out.** Neither the Parties nor their respective counsel will solicit or otherwise encourage directly or indirectly any Class Member to object to the Settlement, appeal from the Judgment, or opt out from the Settlement.
6. **Right of Target to Reject Settlement.** If 10 percent or more of Class Members, or a number of Class Members whose Settlement Shares would be worth 10 percent or more of the Net Settlement Amount as calculated, timely submit opt-outs from the Settlement, Target will have the right, but not the obligation, to void the Settlement and the Parties will have no further obligations under the Settlement, including any obligation by Target to pay the Total Settlement Amount, or any amounts that otherwise would have been owed under this Agreement, except that Target will pay the Settlement Administrator's reasonable fees and expenses incurred as of the date that Target exercises its right to void the Settlement. In order to exercise this right to void the Settlement, Target must notify Class Counsel and the Court

that it is exercising this right not later than 15 calendar days after the Settlement Administrator notifies the Parties of the number of valid opt-outs from the Settlement.

**7. Additional Briefing and Final Approval.**

- a. Not later than 16 court days before the Final Approval Hearing, Plaintiff will serve on Target and file with the Court a motion for final approval of the Settlement, the LWDA Payment, and payment of the Settlement Administrator's reasonable fees and expenses (the "Motion for Final Approval"). Plaintiff will file or lodge with the Motion for Final Approval the proposed Judgment.
- b. Not later than 16 court days before the Final Approval Hearing, Plaintiff and Class Counsel will serve on Target and file with the Court a motion for awards of the Class Representative Service Payment and the Class Counsel Fees and Expenses Payment pursuant to this Agreement. Target will not oppose this motion.
- c. If any opposition to the Motion for Final Approval is filed, then not later than 5 court days before the Final Approval Hearing, the Parties may file replies in support of the Motion for Final Approval of the Settlement, the LWDA Payment, and payment of the Settlement Administrator's reasonable fees and expenses to the extent that any opposition to the motion is filed; and Plaintiff and Class Counsel may file a reply in support of their motion for the Class Representative Service Payment and the Class Counsel Fees and Expenses Payment. Neither Party will make any filing that supports denial of final approval or denial of any fee award requested consistent with this Agreement.
- d. At the hearing on the Motion for Final Approval, the Parties will jointly appear and support the granting of final approval of the Settlement.
- e. If the Court does not grant final approval of the Settlement, or if the Court's final approval of the Settlement is reversed or materially modified on appellate review, then this Settlement will be null and void. An award by the Court of lesser amounts than sought for the Class Representative Service Payment or Class Counsel Fees and Expenses Payment will not be a material modification of the Settlement.
- f. After entry of the Judgment, the Court will have continuing jurisdiction over the Action and the Settlement solely for purposes of (1) enforcing this Agreement, including enforcing Target's obligation to pay the Total Settlement Amount, (2) addressing

settlement administration matters, and (3) addressing such post-judgment matters as may be appropriate under court rules or applicable law.

8. **Waiver of Right to Appeal.** Provided that the Judgment is consistent with the material terms of this Agreement, Plaintiff, Class Members who did not timely submit an objection to the Settlement, Target, and their respective counsel hereby waive any and all rights to appeal from the Judgment, including all rights to any post-judgment proceeding and appellate proceeding, such as a motion to vacate judgment, a motion for new trial, and any extraordinary writ, and the Judgment therefore will become non-appealable at the time it is entered. This waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings or post-judgment proceedings. This waiver of appeal also does not preclude Plaintiff or Class Counsel from appealing from a refusal by the Court to award the full Class Representative Service Payment or the Class Counsel Fees and Expenses Payment sought by them. If an appeal is taken from the Judgment, the time for consummating the Settlement (including making payments under the Settlement) will be suspended until such time as their appeal is finally resolved and the Judgment becomes Final, as defined in this Agreement.
9. **Timing of Settlement Payments.** Within 10 calendar days after the Settlement becomes Final, as defined in this Agreement, Target will transfer to the Settlement Administrator the Total Settlement Amount via wire transfer. Within 15 calendar days thereafter, the Settlement Administrator will pay to Participating Class Members the Settlement Shares; to the LWDA, the LWDA Payment; to Plaintiff, the Class Representative Service Payment; to Class Counsel, the Class Counsel Fees and Expenses Payment; and to the Settlement Administrator, its reasonable fees and expenses as approved by the Court.
10. **Uncashed Settlement Share Checks.** A Participating Class Member must cash his or her Settlement Share check within 180 calendar days after it is initially mailed to him or her. If a check is returned to the Settlement Administrator, the Settlement Administrator will make all reasonable efforts to re-mail it to the Participating Class Member at his or her correct address. If any Participating Class Member's Settlement Share check is not cashed within 120 calendar days after its last mailing to the Participating Class Member, the Settlement Administrator will send the Participating Class Member a letter or postcard informing him or her that unless the check is cashed in the next 60 calendar days, it will expire and become non-negotiable, and offer to replace the check if it was lost or misplaced but not cashed. If a Participating Class Member fails to cash the check for his or her Settlement Share within 180 calendar days after it is last mailed to him or her, the Settlement Administrator will distribute the funds represented by the uncashed check evenly to the *Cy Pres* Beneficiaries. In such an event,

the Settlement Administrator will not issue a Form 1099 to the Participating Class Member, or withdraw any Form 1099 already issued to the Participating Class Member, but the Participating Class Member nevertheless will remain bound by the Settlement. An order changing the distribution of funds from uncashed checks will not constitute a material change.

11. **Final Accounting.** In the Motion for Final Approval, Plaintiff will ask the Court to set a Final Accounting Hearing on or about 235 calendar days after the Settlement becomes Final. At the Final Accounting Hearing, the Settlement Administrator will account for payment of the Total Settlement Amount by Target; payments of the Settlement Shares, LWDA Payment, Class Representative Service Payment, Class Counsel Fees and Expenses Payment, and Settlement Administrator; and payments (if any) to the *Cy Pres* Beneficiaries. The Parties will ask the Court to make the Final Accounting Hearing a non-appearance hearing if the Court is satisfied with the Settlement Administrator's accounting and no Party requests to appear.

**F. Release and Waiver of Claims.**

1. **Plaintiff.** In consideration of her awarded Class Representative Service Payment, her Settlement Share, and the other terms and conditions of the Settlement, as of the date the Settlement becomes Final, Plaintiff releases any and all known and unknown claims against Target and its parent, predecessors, successors, subsidiaries, affiliates, trusts, directors, officers, employees, agents, attorneys, and other related persons and entities, and any and all of their assigns (the "Released Target Parties"), including but not limited to claims for meal-period premiums under California Labor Code section 226.7(c), statutory and civil penalties (including waiting-time penalties, however characterized), or other relief under the California Labor Code, PAGA, any other related state or municipal law, relief from unfair competition under California Business and Professions Code section 17200 *et seq.*; attorneys' fees and costs; and interest, but excluding the Suitable-Seating Claim (as so stated and limited, "Plaintiff's Released Claims").
2. **Participating Class Members.** In consideration for his or her awarded Settlement Share, as of the date the Settlement becomes Final, every Participating Class Member releases any and all known and unknown claim against the Released Target Parties that is based on or related to the allegations that, from December 22, 2007, through the date the Settlement becomes Final, Target failed to provide the Participating Class Member with full and timely meal periods, or that Target failed to pay the Participating Class Member meal-period premiums in accordance with California law. Such claims include, but are not necessarily limited to, claims for meal-period premiums under California Labor Code section 226.7(c), statutory and civil penalties (including waiting-time penalties, however characterized), or other relief under the California Labor Code,

PAGA, any other related state or municipal law, relief from unfair competition under California Business and Professions Code section 17200 *et seq.*; attorneys' fees and costs (the "Participating Class Members' Released Claims").

3. **Class Counsel.** In consideration of their awarded Class Counsel Fees and Expenses Payment, Class Counsel and any counsel associated with Participating Class Members hereby fully and finally release the Released Target Parties of any and all claims to any attorneys' fees and expenses in connection with the Action other than what is provided by the Agreement (the "Class Counsel's Released Claims"). This release will not affect the ability of Class Counsel to enforce this Agreement or orders of the Court based on this Agreement. This release also does not affect the ability of Plaintiff's attorneys to seek attorneys' fees and expenses solely associated with the Suitable-Seating Claim.
4. **Waiver of Rights under California Civil Code Section 1542.** Plaintiff's Released Claims and the Participating Class Members' Released Claims include all such respective claims as described above, whether known or unknown by the releasing party. Thus, even if Plaintiff or a Participating Class Member discovers facts in addition to or different from those that they now know or believe to be true with respect to their respective Plaintiff's Released Claims or Participating Class Members' Released Claims, those claims will remain released and forever barred. Therefore, with respect only to those respective released claims, Plaintiff and Participating Class Members expressly waive and relinquish the provisions, rights and benefits of section 1542 of the California Civil Code, which reads:

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.

Nothing in this subparagraph will expand the scope of Participating Class Members' Released Claims beyond the definition set forth in subparagraph III.F.2.

- G. **No Effect on Other Benefits.** The Net Settlement Shares will not result in any additional benefit payments (such as 401(k) or bonus) beyond those provided by this Agreement to Plaintiff or Participating Class Members, and Participating Class Members will be deemed to have waived all such claims, whether known or unknown by them, as part of their release of claims under this Agreement.
- H. **Limitation on Public Statements about Settlement.** Prior to filing of the Motion for Preliminary Approval, Plaintiff and her attorneys will not issue any press or other media releases or have any communication with the press or media or anyone

other than family members, clients, Class Members, financial advisors, retained experts, and vendors related to settlement administration, regarding the Settlement. If, before the filing of the Motion for Preliminary Approval, Plaintiff or her attorneys disclose to any unauthorized party (a) that a settlement has been reached or (b) any of the terms of the Settlement except as required by law or to effect the Settlement, Target may rescind the Settlement, rendering it null and void.

**I. Miscellaneous Terms.**

**1. No Admission of Liability or Class Certification for Other Purposes.**

- a. Target denies that it has engaged in any unlawful activity, has failed to comply with the law in any respect, has any liability to anyone under the claims asserted in the Action, or that but for the Settlement a class should be certified in the Action. This Agreement is entered into solely for the purpose of compromising highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission of liability or wrongdoing by Target, or an admission by Plaintiff that any of her claims were non-meritorious or any defense asserted by Target was meritorious. This Settlement and the fact that Plaintiff and Target were willing to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with the Settlement).
- b. Target has agreed not to contest the certification of the Class for the sole purpose of effectuating this Settlement. Should the Settlement be voided pursuant to this Agreement, or not approved by the Court, or should the Judgment not become Final, the certification of the Class pursuant to this Agreement will be deemed null; and the fact that Target was willing not to contest class certification as part of the Settlement will have no bearing on, and will not be admissible in connection with, the issue of whether the Class should be certified in a non-settlement context in the Action or any other action. Nothing in this paragraph will have any effect on the Superior Court's class certification ruling that existed prior to this Agreement.
- c. Whether or not the Judgment becomes Final, nothing in the Settlement, this Agreement, any document, statement, proceeding or conduct related to the Settlement or the Agreement, or any reports or accounting of those matters, will be (i) construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Target or any other beneficiary of the releases granted under this Agreement (the "Released Parties"), including, but not limited to, evidence of a presumption, concession, indication or admission by any of the Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or (ii)

disclosed, referred to or offered in evidence against any of the Released Parties, in any further proceeding in the Action, or any other civil, criminal or administrative action or proceeding, except that any and all provisions of this Agreement may be admitted in evidence and otherwise used in any and all proceedings to enforce any or all terms of this Agreement, or in defense of any claims released or barred by this Agreement.

2. **Integrated Agreement.** After this Agreement is signed and delivered by all Parties and their counsel, this Agreement and its exhibits will constitute the entire agreement between the Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties, covenants, or inducements have been made to any Party concerning this Agreement or its exhibits other than the representations, warranties, covenants, and inducements expressly stated in this Agreement and its exhibits.
3. **Attorney Authorization.** Class Counsel and Target's Counsel warrant and represent that they are authorized by Plaintiff and Target, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Agreement, the Parties will seek the assistance of the Court, and in all cases all such documents, supplemental provisions and assistance of the court will be consistent with this Agreement.
4. **Modification of Agreement.** This Agreement, and any and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their successors-in-interest.
5. **Agreement Binding on Successors.** This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
6. **Applicable Law.** All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the laws of the State of California, without giving effect to any conflict of law principles or choice of law principles.
7. **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

8. **Fair Settlement.** The Parties and their respective counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, current and potential.
9. **Headings.** The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
10. **Notice.** All notices, demands or other communications given under this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, addressed as follows:

*To Plaintiff and the Class:*

Allen Graves  
The Graves Firm  
122 N. Baldwin Avenue, Main Floor  
Sierra Madre, CA 91024  
Telephone: (626) 240-0575  
Facsimile: (626) 737-7013  
[allen@gravesfirm.com](mailto:allen@gravesfirm.com)

*To Target:*

Jeffrey D. Wohl  
Jullie Z. Lal  
Lin Zhu  
Paul Hastings LLP  
55 Second Street, 24th Floor  
San Francisco, California 94105  
Telephone: (415) 856-7000  
Facsimile: (415) 856-7100  
[jeffwohl@paulhastings.com](mailto:jeffwohl@paulhastings.com)  
[jullielal@paulhastings.com](mailto:jullielal@paulhastings.com)  
[linzhu@paulhastings.com](mailto:linzhu@paulhastings.com)

11. **Execution in Counterpart.** This Agreement may be executed in one or more counterparts. All executed counterparts and each of them will be deemed to be one and the same instrument provided that counsel for the Parties will exchange between themselves original signed counterparts. Facsimile or digital signatures will be accepted if the original signature is provided within seven calendar days upon request. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

#### IV. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel hereby execute this Agreement.

Dated: April 12, 2017.

STACY THOMPSON

  
\_\_\_\_\_

Dated: April \_\_, 2017.

TARGET CORPORATION

By: \_\_\_\_\_

Sara Johanna Bolden  
Senior Group Manager & Senior Counsel

Dated: April 12, 2017.

ALLEN GRAVES  
THE GRAVES FIRM

By:   
\_\_\_\_\_

Allen Graves  
Attorney for Plaintiff Stacy Thompson

Dated: April \_\_, 2017.

JEFFREY D. WOHL  
JULLIE Z. LAL  
LIN ZHU  
PAUL HASTINGS LLP

By: \_\_\_\_\_

Jeffrey D. Wohl  
Attorneys for Defendant Target Corporation

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STACY THOMPSON

\_\_\_\_\_

Dated: April 12, 2017.

TARGET CORPORATION

By: Sara Johanna Bolden (is)  
Sara Johanna Bolden  
Senior Group Manager & Senior Counsel

Dated: April \_\_, 2017.

ALLEN GRAVES  
THE GRAVES FIRM

By: \_\_\_\_\_  
Allen Graves  
Attorney for Plaintiff Stacy Thompson

Dated: April 12, 2017.

JEFFREY D. WOHL  
JULLIE Z. LAL  
LIN ZHU  
PAUL HASTINGS LLP

By: Jeffrey D. Wohl  
Jeffrey D. Wohl  
Attorneys for Defendant Target Corporation