

1 James M. Finberg (SBN 114850)
Eve H. Cervantez (SBN 164709)
2 Eileen B. Goldsmith (SBN 218029)
ALTSHULER BERZON LLP
3 177 Post Street, Suite 300
San Francisco, CA 94108
4 Tel. (415) 421-7151
Fax (415) 362-8064
5 Email: ecervantez@altber.com

6 Matthew J. Matern (SBN 159798)
RASTEGAR & MATERN,
7 ATTORNEYS AT LAW APC
1010 Crenshaw Boulevard, Suite 100
8 Torrance, CA 90501
Tel. (310) 218-5500
9 Fax (310) 218-1155
Email: mjm@rastegar-matern.com

10 MATTHEW RIGHETTI (SBN 121012)
11 JOHN GLUGOSKI (SBN 191551)
RIGHETTI GLUGOSKI
12 456 Montgomery Street, Suite 1400
San Francisco, California 94014
13 Tel. (415) 983-0900
Fax. (415) 397-9005
14 Class Counsel

Douglas R. Hart, SBN 115673
Dhart@sidley.com
Sheryl K. Horwitz, SBN 229115
shorwitz@sidley.com
Francis S. Lam, SBN 279076
flam@sidley.com
SIDLEY AUSTIN LLP
555 West Fifth Street, Suite 4000
Los Angeles, California 90013
Telephone: (213) 896-6000
Facsimile: (213) 896-6600

Counsel for Defendant

16 SUPERIOR COURT FOR THE STATE OF CALIFORNIA

17 FOR THE COUNTY OF LOS ANGELES

19 BRIAN BEHAIEN, BORIS GNEZDILOV,
20 RAQUEL CRUZ, AND BERSAYNA
CLEMENTE, on Behalf of Themselves and
21 All Others Similarly Situated,

22 Plaintiffs,

23 vs.

24 PIZZA HUT, INC.,

25 Defendant.

Case No. BC384563

CLASS ACTION

**JOINT STIPULATION OF
SETTLEMENT**

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28 JOINT STIPULATION OF SETTLEMENT
CASE NO. BC384563

1 This Joint Stipulation of Settlement, dated February 1, 2016, is made and
2 entered into between Plaintiffs Brian Behaein, Boris Gnezdilov, Raquel Cruz, and
3 Bersayna Clemente (collectively, “Plaintiffs” or “Class Representatives”), on behalf
4 of themselves and the certified Class (as defined below) and Defendant Pizza Hut,
5 Inc. (“Defendants” or “PHI”), who are parties to the above-captioned litigation.

6 I. THE CONDITIONAL NATURE OF THIS STIPULATION

7 This Joint Stipulation of Settlement (herein “Stipulation,” “Settlement,” or
8 “Agreement”) and all associated exhibits or attachments is made for the sole
9 purpose of settling the above-captioned action. This Stipulation and the settlement
10 it evidences is made in compromise of disputed claims. Recognizing that this
11 settlement must receive preliminary and final approval by the Court, the Settling
12 Parties (as defined in Section V.1.42) enter into this Stipulation and associated
13 settlement on a conditional basis. In the event that the Settlement is not approved
14 by the Court or the Settlement is terminated or cancelled in accordance with its
15 terms, (i) the Settling Parties shall be restored to their respective positions in the
16 litigation, and shall jointly request that all scheduled litigation deadlines be
17 reasonably extended by the Court so as to avoid prejudice to any Settling Party or
18 litigant, which extension shall be subject to the decision of the Court, (ii) the terms
19 and provisions of the Settlement Agreement shall have no further force or effect
20 with respect to the Settling Parties and shall not be used in the litigation or in any
21 other proceeding for any purpose except as expressly set forth herein, and (iii) any
22 judgment or order entered by the Court in accordance with the terms of the
23 Settlement Agreement shall be treated as vacated, *nunc pro tunc*.

24 PHI denies all claims as to liability, damages, penalties, interest, fees,
25 restitution, injunctive relief, and all other forms of relief as well as the class
26 allegations asserted in the Action, as that term is defined in Section V.1.1. For
27 purposes of this Stipulation only, PHI agrees to the conditional class certification,
28 for settlement purposes, of the meal and rest break and reporting time causes of

1 action alleged in the Fourth and Fifth Amended Complaints, and to conditional
2 collective action certification under 29 U.S.C. §216(b) of the FLSA cause of action
3 alleged in the Fifth Amended Complaint. PHI has agreed to resolve the Action via
4 this Stipulation, but to the extent this Stipulation is deemed void or the Effective
5 Date does not occur, PHI does not waive, but rather expressly reserves, all rights to
6 challenge all such claims and allegations in the Action upon all procedural, factual,
7 and legal grounds, including asserting any and all other potential defenses or
8 privileges and appealing on an interlocutory basis the Court's July 15, 2015 Order
9 granting class certification of the driver under-reimbursement claim. Similarly, if
10 the Effective Date does not occur, the Class Representatives and Class Counsel
11 reserve the right to actively litigate all claims, including, *inter alia*, by appealing
12 Judge Mohr's February 5, 2013 Order granting class certification of the meal and
13 rest break and reporting time claims on an issue-only basis.

14 II. DESCRIPTION OF THE LITIGATION

15 *Brian Behaein et al. v. Pizza Hut, Inc.*, Los Angeles Superior Court Case No.
16 BC384563, asserts claims for failure to properly pay meal and rest break premiums,
17 failure to properly pay reporting time pay, failure to properly compensate
18 employees for business expenses, and unfair business practices under Section
19 17200 of the Business & Professions Code, as well as seeks civil penalties under
20 the California Labor Code Private Attorneys General Act ("PAGA"). The Fourth
21 Amended Complaint sought to certify a class of all non-exempt, non-managerial
22 employees employed at any time between May 26, 2006 and December 13, 2010,
23 by restaurants owned and operated by PHI in California. The Fourth Amended
24 Complaint also sought to certify a subclass of all delivery drivers employed at any
25 time between June 6, 2006 and December 13, 2010, by restaurants owned and
26 operated by PHI in California.

27 On January 25, 2011, plaintiffs filed their Fourth Amended Complaint, which
28 includes allegations under the following statutes: California Labor Code §§200,

1 201, 202, 203, 226, 226.7, 510, 558, 1182.12, 1194, 1194.2, 1197, 1197.1, 2698-
2 2699, and 2802; California Business & Professions Code § 17200; and Industrial
3 Welfare Commission Wage Order No. 5.

4 On February 5, 2013, Judge Anthony Mohr granted plaintiffs’ motion for
5 class certification in part. Judge Mohr granted issue-only certification as to the
6 plaintiffs’ meal and rest break and reporting time causes of action. Judge Mohr
7 denied without prejudice plaintiffs’ motion to certify a subclass of delivery drivers
8 on their claim that PHI’s policy of providing per-order reimbursements for
9 deliveries undercompensated them for business-related vehicle expenses in
10 violation of Labor Code §2802.

11 Following further discovery, Plaintiffs filed a renewed motion for class
12 certification of the driver subclass’ vehicle expense reimbursement claim. On July
13 17, 2015, Judge Amy D. Hogue granted class certification of the driver subclass’
14 vehicle expense reimbursement claim. On September 10, 2015, PHI filed a Petition
15 for Alternative and Peremptory Writs of Mandamus (“Writ Petition”) in the Second
16 District Court of Appeal, *Pizza Hut, Inc. v. Superior Court*, Case No. B266710.

17 The parties have engaged in extensive formal and informal discovery and
18 investigation of Plaintiffs’ claims and PHI’s defenses. The parties engaged in
19 mediation several times, with the assistance of several mediators. As a result of a
20 further mediation session, the parties reached the terms set forth in this Stipulation,
21 with the assistance of mediator Hunter R. Hughes III. The mediation included
22 discussion and examination of the parties’ respective positions on the legal and
23 factual issues raised by the Fourth Amended Complaint. At all times, the parties’
24 settlement negotiations have been non-collusive, adversarial, and at arm’s length.
25 The parties agree that the above-described investigation and evaluation, as well as
26 discovery and the information exchanged during the settlement negotiations, and
27 the Court’s orders on Plaintiffs’ motions for class certification, are more than
28

1 sufficient to assess the merits of the respective parties' positions and to compromise
2 the issues on a fair and equitable basis.

3 III. DEFENDANT'S DENIAL OF WRONGDOING OR LIABILITY

4 PHI specifically and generally denies any and all liability or wrongdoing of
5 any sort with regard to any and all of the claims alleged, and makes no concessions
6 or admissions of liability of any sort. PHI further specifically and generally
7 contends that none of the claims are appropriate for adversarial litigation on a class
8 basis.

9 Nonetheless, PHI has concluded that further conduct of the Action would be
10 protracted, distracting, and expensive, and that it is desirable that the Action be
11 fully and finally settled in the manner and upon the terms and conditions set forth in
12 this Stipulation. PHI has also taken into account the uncertainty and risks inherent
13 in any litigation. PHI has therefore determined that it is desirable and beneficial to
14 them to settle the Action in the manner and upon the terms and conditions set forth
15 in this Stipulation.

16 IV. CLAIMS OF THE CLASS AND BENEFITS OF SETTLEMENT

17 The Class Representatives and Class Counsel believe that the claims asserted
18 in the Action have merit and that evidence developed to date supports the claims,
19 but recognize and acknowledge the expense and length of time necessary to
20 prosecute the Action against PHI through summary judgment, trial and appeals.
21 The Class Representatives and Class Counsel have also taken into account the risk,
22 difficulties and delays inherent in any litigation. Based upon their evaluation, the
23 Class Representatives and Class Counsel have determined that the settlement set
24 forth in the Stipulation is in the best interests of the Class Representatives and the
25 Class.

26 Based on their own independent investigations and evaluations, Class
27 Counsel are of the opinion that, considering the Class Representatives' and average
28 class members' claims, and the risk of loss, the Settlement with PHI for the

1 consideration and terms set forth below is fair, reasonable, and adequate in light of
2 all known facts and circumstances, and is in the best interests of the Class. Class
3 Counsel are also of the opinion that the total consideration and payment set forth in
4 this Stipulation is adequate in light of the uncertainties surrounding further
5 litigation.

6 V. TERMS OF STIPULATION AND AGREEMENT OF
7 SETTLEMENT

8 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and
9 between the Class Representatives (for themselves and the Class) and PHI
10 (together, the “Parties”), with the assistance of their respective counsel or attorneys
11 of record, that, as among the Settling Parties, including all members of the
12 Settlement Class, the Released Claims shall be finally and fully compromised,
13 settled, and released, and the Action shall be dismissed as to all Settling Parties,
14 upon and subject to the terms and conditions of the Stipulation and the Judgment
15 (as defined herein).

16 1. DEFINITIONS.

17 The following terms, when used in this Joint Stipulation of Settlement, shall
18 have the following meanings:

19 1.1 “Action” or “Instant Action” means the above stated action entitled
20 *Brian Behaein et al. v. Pizza Hut, Inc.*, Case No. BC384563.

21 1.2 “Actual Point Value” means the resulting amount when the Adjusted
22 Final Settlement Proceeds are divided by the total number of Participating
23 Settlement Class Members’ Settlement Points.

24 1.3 “Adjusted Final Settlement Proceeds” means the Final Settlement
25 Proceeds, less the aggregate amount paid to all Participating Settlement Class
26 Members receiving the minimum payment of \$10.00.

27 1.4 “Claims” shall mean the claims asserted in the Action.
28

1 1.5 “Class” means all former employees of PHI who were actively
2 employed at a restaurant in California owned or operated by PHI at any time
3 between May 26, 2006 and December 13, 2010, and who worked at any time during
4 that period in any Class Position. “Class” does not include any employee of PHI
5 for any time that the employee was employed by a restaurant in California owned
6 or operated by a Pizza Hut franchisee.

7 1.6 “Class Counsel” means, collectively, Altshuler Berzon LLP, Righetti
8 Glugoski, and Rastegar & Matern, APC.

9 1.7 “Class Database” means information in electronic form provided by
10 Defendants that includes the names, last known addresses, last known phone
11 numbers (to the extent reasonably available), social security numbers, dates of
12 employment and job positions of Class Members in Class Positions during the
13 Class Period, and to the extent reasonably available, driver’s license numbers for all
14 Class Members who were employed as delivery drivers at any time during the Class
15 Period.

16 1.8 “Class Member” means each person who is a member of the Class
17 defined above and who has not previously released the Released Claims.

18 1.9 “Class Period” means May 26, 2006 through and including December
19 13, 2010.

20 1.10 “Class Position” means the following classifications: delivery drivers,
21 production employees (“cooks”), customer service representatives, hosts/servers,
22 and any other non-exempt, non-managerial positions. Delivery drivers are only
23 included in the Class for the period from June 6, 2006 through and including
24 December 13, 2010.

25 1.11 “Class Representatives” means Brian Behaein, Boris Gnezdilov,
26 Raquel Cruz, and Bersayna Clemente.

27 1.12 “Class Representatives’ Released Claims” means any and all claims,
28 obligations, demands, actions, rights, causes of action, and/or liabilities against the

1 PHI Releasees (as defined below) of whatever kind, nature, character, and/or
2 description whether in law or equity, whether sounding in tort, contract, federal
3 law, state law, local law, statute, ordinance, regulation, common law, and/or other
4 source of law, whether known or unknown, and/or whether anticipated or
5 unanticipated, including unknown claims covered by California Civil Code section
6 1542 (as quoted in Section V.13.2 below), by the Class Representatives arising out
7 of their employment with PHI arising at any time up to and including the date on
8 which the Court enters the Order Granting Preliminary Settlement Approval, for
9 any type of relief, including without limitation claims for wages, premium pay,
10 unreimbursed business expenses, retaliation, failure to provide accurate wage
11 statements, damages, unpaid costs, penalties (including PAGA penalties and
12 waiting time penalties), liquidated damages, punitive damages, interest, attorneys’
13 fees, litigation costs, restitution, and/or equitable or declaratory relief. The Class
14 Representatives’ Released Claims include but are not limited to the Released
15 Claims as well as any other claims under any provision of the Fair Labor Standards
16 Act, the California Labor Code or any applicable California Industrial Welfare
17 Commission Wage Orders, and claims under state or federal discrimination statutes
18 including but not limited to the California Fair Employment and Housing Act,
19 California Government Code section 12940 *et seq.*, the Unruh Civil Rights Act,
20 California Civil Code section 51 *et seq.*, the California Constitution, the California
21 Business and Professions Code, the United States Constitution, the Uniformed
22 Services Employment and Reemployment Rights Act (USERRA), Title VII of the
23 Civil Rights Act of 1964, 42 U.S.C. § 2000 *et seq.*, the Family and Medical Leave
24 Act, the California Family Rights Act, the Americans with Disabilities Act, 42
25 U.S.C. § 12101 *et seq.*, and the Employee Retirement Income Security Act of 1974,
26 29 U.S.C. § 1001 *et seq.*, and all of their implementing regulations and interpretive
27 guidelines.

1 1.13 “Complaint” means the Fifth Amended Complaint, to be filed
2 concurrently with the motion for Preliminary Approval. The Fifth Amended
3 Complaint, to be filed substantially in the form attached to this Stipulation as
4 Exhibit A, includes all causes of action alleged in the Fourth Amended Complaint,
5 filed January 25, 2011, and adds a cause of action for drivers for violation of the
6 minimum wage requirements of the federal Fair Labor Standards Act (“FLSA”), 29
7 U.S.C. §201 *et seq.* PHI agrees not to remove the Fifth Amended Complaint to
8 federal court. If this Settlement does not become final for any reason, Plaintiffs
9 shall amend their complaint to remove the FLSA claim.

10 1.14 “Court” means the Los Angeles Superior Court.

11 1.15 “Defendant” means Pizza Hut, Inc.

12 1.16 “Defendant’s Counsel” means Sidley Austin LLP.

13 1.17 “Driver Subclass” means Class Members who worked as delivery
14 drivers at any time from June 6, 2006 through and including December 13, 2010.

15 1.18 “Effective Date” means the latest of the following dates: (i) if no
16 Class Member files an objection to the Settlement, then the date the Court enters
17 Judgment and an Order Granting Final Approval of the Settlement; (ii) if a Class
18 Member files an objection to the Settlement, then after the last date for seeking
19 appellate review of the District Court’s Final Approval of the Settlement has
20 passed, assuming no appeal or request for review is filed; and (iii) if a timely appeal
21 is filed, the final resolution of that appeal (including any requests for rehearing
22 and/or petitions for writ of certiorari) resulting in the final judicial approval of the
23 Settlement. Notwithstanding the foregoing, any proceeding, order, or appeal
24 pertaining solely to the award of attorneys’ fees, attorneys’ costs, or any Service
25 Payment shall not by itself in any way delay or preclude the Judgment from
26 becoming a Final Judgment or the Settlement from becoming “Effective.”

27 1.19 “Eligible Workweek” means any workweek in which a Class Member
28 was employed in a Class Position in California during the period from May 26,

1 2006 through and including December 13, 2010. With respect to the Driver
2 Subclass, “Eligible Workweek” refers only to those workweeks in which the Class
3 Member was employed as a delivery driver during the period from June 6, 2006
4 through and including December 13, 2010.

5 1.20 “Estimated Individual Settlement Payment” means the product of the
6 Class Member’s Settlement Points times the Estimated Point Value.

7 1.21 “Estimated Point Value” means the amount of the Net Settlement
8 Amount that will be allocated per Settlement Point (*i.e.*, the result reached by
9 dividing the Net Settlement Amount by the total number of Settlement Points).

10 1.22 “Final Approval Hearing” means a hearing set by the Court for the
11 purpose of: (i) determining the fairness, adequacy, and reasonableness of the
12 Stipulation terms and associated settlement pursuant to class action procedures and
13 requirements; (ii) determining the amount of the award of attorneys’ fees and costs
14 to Class Counsel; (iii) determining the amount of the Service Payments to Class
15 Representatives; and (iv) entering Judgment.

16 1.23 “Final Judgment” means the date the Court issues an Order Granting
17 Final Settlement Approval and enters judgment.

18 1.24 “Final Individual Settlement Payment” means a minimum payment of
19 \$10.00 or the value of each Participating Settlement Class Member’s Settlement
20 Points times the Actual Point Value, whichever is greater.

21 1.25 “Final Settlement Proceeds” means the Net Settlement Amount minus
22 the total of all Estimated Individual Settlement Payments of all Class Members who
23 timely opt out of the Settlement pursuant to section V.7.8, and do not rescind their
24 opt outs.

25 1.26 “Funding Date” shall be ten (10) business days following the date of
26 the Order of Preliminary Approval.

27 1.27 “Gross Settlement Amount” is the sum of Six Million Dollars
28 (\$6,000,000) which includes without limitation the Settlement Administration

1 Costs, amount of Court-approved Service Payments to Class Representatives,
2 amount of Court-approved attorneys’ fees and costs to Class Counsel, the Net
3 Settlement Amount, and the payment to the California Labor Workforce
4 Development Agency. The Gross Settlement Amount also includes the employer’s
5 portion of payroll taxes on the portion of the settlement amount that is treated as
6 wages.

7 1.28 “Net Settlement Amount” means the Gross Settlement Amount, as
8 defined above, less (a) the amount of Court-approved Service Payments to the Class
9 Representatives, (b) the amount of Court-approved attorneys’ fees and costs to
10 Class Counsel, (c) Settlement Administration Costs (as defined in section V.6.1),
11 (d) the \$15,000 PAGA payment to the LWDA; and (e) the employer’s portion of
12 payroll taxes on the portion of the settlement amount that is treated as wages; plus
13 any interest earned on any portion of the Gross Settlement Amount after the Gross
14 Settlement Amount is deposited in the QSF.

15 1.29 “Notice of Settlement” or “Notice” means the Notice entitled “Notice
16 to Class Members Regarding Pendency of a Class Action and Notice of Hearing on
17 Proposed Settlement,” which shall be substantially in the same form attached hereto
18 as Exhibit B.

19 1.30 “Order Granting Final Approval” shall mean the order to be entered
20 and filed by the Court following the Final Approval Hearing.

21 1.31 “Participating Settlement Class Members” means all Settlement Class
22 Members other than those whose Notices are returned as undeliverable and for
23 whom the Settlement Administrator is unable to ascertain a valid address, despite
24 reasonable efforts, as provided in Section V.7.6.

25 1.32 “PHI Releasees” means PHI and each of its officers, directors, agents,
26 representatives, attorneys, insurers, partners, investors, shareholders, administrators,
27 parent companies, subsidiaries, affiliates, divisions, predecessors, successors,
28 and/or assigns, including but not limited to Yum! Brands, Inc.

1 1.33 “Preliminary Approval Date” means the date the Court preliminarily
2 approves the Stipulation of Settlement, and the exhibits thereto, and enters an Order
3 providing for notice to be sent to the Class, an opportunity to opt out of the Class,
4 an opportunity to submit timely objections to the settlement, and setting a date for a
5 hearing on the fairness of the terms of settlement, including approval of attorneys’
6 fees and costs.

7 1.34 “QSF” shall mean the Qualified Settlement Fund set up by the
8 Settlement Administrator for the benefit of the Class.

9 1.35 “Released Claims” shall mean any and all causes of action and/or
10 claims, liens, demands, obligations, damages, or liabilities of any nature whatsoever
11 that arise out of the facts alleged in the Fourth and Fifth Amended Complaints,
12 whether known or unknown, and whether anticipated or unanticipated, arising
13 under state laws or regulations or local rule or ordinance or federal law, including
14 the FLSA minimum wage claims to be alleged in the Fifth Amended Complaint,
15 that accrued or accrue through the Preliminary Approval Date, including without
16 limitation the causes of action asserted in the Fourth Amended Complaint for
17 violations of California Labor Code §§ 200-203, 226, 226.7, 510, 558, 1182.12,
18 1194, 1194.2, 1197, 1197.1, 2698-2699, 2802; Cal. Bus. And Prof. Code § 17200;
19 Industrial Welfare Commission Wage Order No. 5; and the California Labor Code
20 Private Attorneys General Act.

21 1.36 “Service Payment” means the amount approved by the Court to be
22 paid to the Class Representatives, not to exceed \$12,000 each for Brian Behaein,
23 Boris Gnezdilov, Raquel Cruz, and Bersayna Clemente, in addition to their
24 Individual Settlement Payments as Settlement Class Members, in recognition of
25 their efforts in coming forward as Class Representatives and as consideration for a
26 full, general, and comprehensive release of the Class Representatives’ Released
27 Claims.

28

1 1.37 “Settlement Administration Costs” shall mean those costs of
2 settlement administration described in Section V.6.1.

3 1.38 “Settlement Administrator” means the third-party settlement
4 administration firm KCC LLC.

5 1.39 “Settlement Class” means all of the Class Members who do not timely
6 opt out of the Settlement by timely submitting a communication in writing pursuant
7 to Section V.7.8, or who do timely opt out, but rescind their opt out. All Settlement
8 Class Members will become bound by the Judgment if the Effective Date occurs.

9 1.40 “Settlement Class Member” means each person who is a member of
10 the Settlement Class defined above.

11 1.41 “Settling Defendant” shall mean Defendant PHI.

12 1.42 “Settling Parties” shall mean the Settling Defendant and the Settlement
13 Class.

14 1.43 “Settlement Points” means the total value of each Class Member’s
15 Eligible Workweeks. “General Settlement Points” means Settlement Points earned
16 by all Class Members, at a rate of one point per Eligible Workweek in any class
17 position, including but not limited to drivers. “Driver Settlement Points” means
18 Settlement Points earned by Driver Subclass Members, at a rate of one point per
19 Eligible Workweek in a driver position, during the period June 6, 2006 through
20 December 13, 2010. “Settlement Points” includes both General Settlement Points
21 and Driver Settlement Points.

22 2. SETTLEMENT AMOUNT.

23 2.1 PHI shall pay the sum of six million dollars (\$6,000,000.00) to an
24 interest-bearing QSF set up by the Settlement Administrator for the benefit of the
25 Plaintiff Class within 10 business days of the issuance of the Preliminary Approval
26 Order. The sum transmitted by PHI to the QSF shall cover all payments associated
27 with this Settlement, including: (a) all Individual Settlement Payments to
28 Settlement Class Members; (b) the payment to the California Labor & Workforce

1 Development Agency (“LWDA”) of fifteen thousand dollars (\$15,000) for its share
2 of the settlement of claims for penalties under PAGA; (c) the Court-approved Class
3 Representative Service Payments (collectively up to \$48,000); (d) Court-approved
4 attorneys’ fees for Class Counsel (not to exceed \$2,000,000); (e) the employer’s
5 share of payroll taxes owed on that portion the Settlement Amount that is treated as
6 wages; (f) actual litigation expenses incurred by Class Counsel (not to exceed
7 \$450,000); and (g) Settlement Administration Costs (estimated to be \$146,000 and
8 not to exceed \$150,000).

9 3. CLASS REPRESENTATIVE SERVICE PAYMENTS.

10 3.1 The four Class Representatives may apply to the Court for payments of
11 up to twelve thousand dollars (\$12,000) each from the Gross Settlement Amount
12 for their service and assistance to the Class (including depositions) and for giving a
13 broader release than Class Members. PHI will not oppose Plaintiffs’ application to
14 the Court for Service Payments totaling \$48,000 for the Class Representatives.
15 Class Representatives shall also be entitled to recover their proportionate share of
16 the Net Settlement Proceeds. The Settlement Administrator will issue an IRS form
17 1099 for amounts awarded as service payments.

18 4. PAYMENT TO LWDA FOR SETTLEMENT OF PAGA CLAIMS.

19 4.1 Fifteen thousand dollars (\$15,000) will be paid from the Gross
20 Settlement Amount to the LWDA as its 75% share of that portion of the settlement
21 attributable to claims for civil penalties brought under the Labor Code Private
22 Attorneys General Act (“PAGA”).

23 5. ATTORNEYS’ FEES AND EXPENSES

24 5.1 Class Counsel shall apply to the Court for an award of reasonable
25 attorneys’ fees not to exceed one-third (1/3) of the Gross Settlement Amount (*i.e.*,
26 \$2,000,000). Class Counsel shall also apply for an award of reimbursement of
27 actual litigation costs, not to exceed \$450,000. PHI and its counsel shall not oppose
28 Class Counsel’s application for attorneys’ fees and costs in these amounts. The

1 Settlement Administrator will issue an IRS form 1099 for amounts issued as
2 attorneys' fees and costs.

3 6. SETTLEMENT ADMINISTRATOR AND SETTLEMENT
4 ADMINISTRATION COSTS.

5 6.1 The Settlement Administrator shall be KCC LLC. The fees and
6 expenses reasonably incurred by the Settlement Administrator as a result of the
7 procedures and processes expressly required by this Stipulation (the "Settlement
8 Administration Costs") will be paid out of the Gross Settlement Amount. The
9 Settlement Administration Costs include all costs of administering the settlement,
10 including but not limited to all tax document preparation, custodial fees, and
11 accounting fees incurred by the Settlement Administrator; all costs and fees
12 associated with preparing, issuing and mailing any and all notices and other
13 correspondence to Class Members; all costs and fees associated with computing,
14 processing, reviewing, and paying the Individual Settlement Payments; all costs and
15 fees associated with calculating tax withholdings and payroll taxes and making
16 related payment to federal and state tax authorities and issuing tax forms relating to
17 payments made under the Settlement; all fees and costs associated with any other
18 payments to be made out of or into the QSF; all costs and fees associated with
19 preparing any tax returns and any other filings required by any governmental taxing
20 authority or agency; all costs and fees associated with preparing any other notices,
21 reports, or filings to be prepared in the course of administering disbursements from
22 the QSF; and any other costs and fees incurred and/or charged by the Settlement
23 Administrator in connection with the execution of its duties under this Agreement.
24 The Settlement Administrator estimates the cost of administration to be \$146,000,
25 and has agreed that the cost of administration shall not exceed \$150,000.

26 6.2 The actions of the Settlement Administrator shall be governed by the
27 terms of this Stipulation. Either party may engage in communications with the
28 Settlement Administrator without notice or copies to the other party or the Court. If

1 either party provides documents concerning a Class Member to the Settlement
2 Administrator, copies shall be provided to counsel for the other party.

3 6.3 In the event that either PHI or Class Counsel takes the position that the
4 Settlement Administrator is not acting in accordance with the terms of the
5 Stipulation, such party shall meet and confer first with opposing counsel and, if
6 necessary, with the Settlement Administrator or the Court.

7 7. PRELIMINARY APPROVAL, NOTICE TO THE CLASS

8 7.1 By February 1, 2016, Class Counsel and Defendants' Counsel shall
9 jointly submit to the Court this Stipulation and exhibits thereto for preliminary
10 approval by the Court. Class Counsel shall also separately file a Motion for
11 Preliminary Approval of Class Action Settlement that will not be opposed by
12 Defendants if it is consistent with the terms of this Stipulation. The Motion for
13 Preliminary Approval shall be provided to Defendant's counsel for review before it
14 is filed. Class Counsel shall file a proposed Order Granting Preliminary Approval
15 of the Settlement that (1) certifies the meal and rest break claims and reporting time
16 claims alleged in the Fourth Amended Complaint for settlement purposes; (2)
17 grants conditional collective action designation of the FLSA minimum wage claim
18 to be alleged in the Fifth Amended Complaint; (3) approves of the form of the
19 Notice; (4) approves the plan of dissemination of Notice; (5) establishes
20 appropriate deadlines consistent with the terms of the Stipulation; and (6) sets the
21 date for the Final Approval Hearing. The Parties shall request the Court to schedule
22 a Preliminary Approval Hearing within fourteen (14) calendar days after this
23 Stipulation and exhibits thereto have been filed with the Court, and in any event no
24 later than February 26, 2016, or as soon thereafter as the Court's schedule will
25 accommodate. The Parties will obtain execution of the Stipulation by the Class
26 Representatives and PHI prior to the Preliminary Approval Hearing and file a copy
27 of the fully executed Stipulation with the Court before the Preliminary Approval
28 Hearing.

1 7.2 Within ten (10) calendar days after the Court grants Preliminary
2 Approval, PHI will provide to the Settlement Administrator the names, last known
3 addresses, social security numbers, and last known phone numbers (to the extent
4 reasonably available) (“Class Database”). The Class Database provided by PHI
5 shall also identify the number of workweeks worked by each Class Member in a
6 Class Position during the Class Period, and the number of workweeks, if any,
7 worked by each Class Member as a delivery driver during the period from June 6,
8 2006 through and including December 13, 2010, to enable the Settlement
9 Administrator to determine subclass membership, Eligible Workweeks, and
10 Settlement Points for each Class Member. For members of the Driver Subclass,
11 PHI will also provide drivers’ license numbers to the extent that those numbers are
12 reasonably available. This database shall be based on PHI’s payroll and personnel
13 records and in a format acceptable to the Settlement Administrator. The Settlement
14 Administrator shall maintain the Class Database, and all data contained with the
15 database, as private and confidential and shall not disclose such data to any persons
16 or entities other than PHI. At the same time PHI provides the Class Database to the
17 Settlement Administrator, PHI will also provide a copy of the Class Database
18 without social security numbers or drivers’ license numbers to Class Counsel, who
19 will maintain the Class Database and all data contained therein as private and
20 confidential and shall not disclose such data to any other persons or entities. Class
21 Counsel shall not use the class list for any purpose other than for the sole purpose
22 of representing class members in connection with the settlement of this case.

23 7.3 Within ten (10) calendar days after receiving the Class Member
24 information from PHI, the Settlement Administrator will send the Notice to each
25 Class Member via first class mail. Notices will be printed in both English and
26 Spanish. Before mailing the Notices, the Settlement Administrator shall update all
27 mailing addresses through the NCOA database, and shall further skip trace all
28 addresses using social security numbers. The Settlement Administrator shall

1 provide the Parties' counsel with any updated addresses so received. The Notice
2 shall include instructions to Class Members to contact the Settlement Administrator
3 to update their mailing address if the address on their Notice is incorrect.

4 7.4 Unless the Settlement Administrator receives a mailed Notice returned
5 as undeliverable from the U.S. Postal Service, the Notice shall be deemed received
6 by the Class Member to whom it was sent.

7 7.5 If at any time prior to the Final Approval Hearing, a Notice is returned
8 to the Settlement Administrator by the United States Postal Service with a
9 forwarding address for the recipient, the Settlement Administrator shall re-mail
10 such Notice to that forwarding address within three (3) calendar days.

11 7.6 If at least seven (7) calendar days prior to the Final Approval Hearing,
12 any Notice is returned to the Settlement Administrator by the United States Postal
13 Service without a forwarding address because the address of the recipient is no
14 longer valid, the Settlement Administrator shall perform a standard skip-trace using
15 that Class Member's social security number, address, and/or telephone number in
16 an effort to ascertain the current address and telephone number of the Class
17 Member. If the Class Member was a delivery driver and the Class Database
18 contains the person's driver's license number, the Settlement Administrator shall
19 also use the driver's license to perform a search of driving records, to the extent
20 permitted by law, to locate an updated address. If such an address is ascertained,
21 the Settlement Administrator shall re-mail the Notice within three (3) calendar
22 days, and shall provide any updated addresses to the Parties' counsel. If several
23 alternative addresses are obtained for a Class Member, the Settlement
24 Administrator shall send a Notice to up to three (3) alternative addresses.

25 7.7 The Notice of Settlement shall include a website address for a website
26 created by and maintained by the Settlement Administrator. The website shall
27 contain a copy of (1) the Fifth Amended Complaint; (2) the executed Joint
28 Stipulation of Settlement; (3) the Notice of Settlement, in English and Spanish; (4)

1 the motion for preliminary approval; (5) the Preliminary Approval Order; and,
2 when available, (6) Class Counsel’s motion for attorneys’ fees and expenses. The
3 cost for the translation of the Notice of Settlement and the cost of the website shall
4 be part of the costs of administration to be paid out of the Gross Settlement
5 Amount. In designing the case website, the Settlement Administrator shall not
6 include the phrase “Pizza Hut” in the website URL, and shall take all reasonable
7 steps to shield the website from search engine review.

8 7.8 Class Members may elect to opt out of the Settlement Class. Class
9 Members who wish to exercise this option must timely submit a signed written
10 request to be excluded from the Settlement Class to the Settlement Administrator
11 (“Opt Out Request”). The Opt Out Request must be post-marked no later than
12 thirty (30) calendar days from the original date of mailing of the Notice. Class
13 Members who do not timely submit an executed opt out request shall be part of the
14 Settlement Class and be bound by the Settlement and judgment. Class Members
15 who timely submit an executed Opt Out Request, and who do not rescind that opt
16 out request, shall have no further role in the Action, shall not be entitled to any
17 payment as a result of this Settlement, and shall not be entitled to or permitted to
18 assert an objection to the Settlement. The Notice of Settlement shall advise Class
19 Members of their ability to opt out of the Settlement and of the consequence
20 thereof. The Notice of Settlement shall instruct persons seeking to opt out that an
21 Opt Out Request should include the following language:

22 I understand that, by this request to be excluded from the
23 Settlement in this case, I am giving up all monetary benefits
24 from this Settlement and will receive no money from this
25 Settlement. I understand that I may bring a separate legal
26 action seeking damages, but might receive nothing or less than
27 what I would have received under the Settlement in this case.

27 Neither the Parties nor any of their Counsel will solicit any Class Member
28 to submit an Opt Out Request.

1 7.9 Class Members who do not opt out of the Settlement Class may object
2 to the Settlement by filing written objections with the Court. The objections must
3 be filed no later than thirty (30) calendar days after the original mailing of the
4 Settlement Notice. The Notice shall advise Class Members of this option. Neither
5 the Parties nor any of their Counsel shall encourage any Class Member to object to
6 the Settlement.

7 7.10 The Settlement Administrator shall provide to Class Counsel and
8 Defendants' Counsel weekly status reports stating the names and number of Class
9 Members who have submitted timely Opt Out Requests, as well as information
10 about how many Notices have been mailed, returned as undeliverable, and re-
11 mailed. With respect to Notices that have been mailed to forwarding addresses,
12 returned as undeliverable, and/or remailed, the Settlement Administrator shall
13 provide to Class Counsel and Defendant's Counsel Class Members' names, the
14 invalid addresses, any addresses used for re-mailing, and any telephone numbers
15 obtained through skip-tracing. Thirty-seven (37) days after the mailing of the
16 Notice, the Settlement Administrator shall email to counsel a list of persons who
17 have timely opted out.

18 7.11 If 10% or more of the total number of Class Members submit timely
19 and valid Opt Out Requests, then Defendant shall have the option to void the
20 Settlement. To exercise this option, Defendant's Counsel must send written
21 notification to Class Counsel within seven (7) calendar days of receiving a final
22 report from the Settlement Administrator of the total number of timely and valid
23 Opt Out Requests received from Class Members. If Defendant chooses to exercise
24 this option, the effect will be precisely the same as if Final Approval does not
25 occur, as discussed herein, and all Settlement Administration Costs incurred by the
26 Settlement Administrator through that date will be paid by Defendant.

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1 8. DISTRIBUTION OF GROSS SETTLEMENT AMOUNT.

2 8.1 After (a) adding the interest earned on the funds transferred to the QSF
3 and (b) deducting (i) the Court-approved Class Representative Service Payments,
4 (ii) Court-approved attorneys' fees and costs to Class Counsel, (iii) the Settlement
5 Administration Costs, (iv) the \$15,000 to be paid to LWDA, and (v) the employer's
6 share of payroll taxes on the portion of the Gross Settlement Amount that is treated
7 as wages, the remainder of the Gross Settlement Amount (the "Net Settlement
8 Amount") will be allocated as set forth below in Section V.8 of this Agreement.

9 8.2 Calculation of Estimated Individual Settlement Payments

10 (a) After Preliminary Approval, the Settlement Administrator will
11 calculate each Class Member's Settlement Points as follows:

12 (1) For each Eligible Workweek, each Class Member shall receive
13 one General Settlement Point, regardless of the Class Position held by
14 that Class Member.

15 (2) For each Eligible Workweek during which the Class Member
16 worked as a delivery driver on or after June 6, 2006, the Class Member
17 shall receive two additional Driver Settlement Points.

18 (b) The Settlement Administrator will then calculate each Class
19 Member's Estimated Individual Settlement Payment as follows: (1) calculate the
20 total number of Settlement Points for all Class Members; (2) calculate the
21 Estimated Point Value by dividing the Net Settlement Amount by the total number
22 of Settlement Points; and (3) calculate each Class Member's Estimated Individual
23 Settlement Payment by multiplying each Class Member's Settlement Points by the
24 Estimated Point Value.

25 8.3 Calculation of Final Settlement Payments

26 (a) No settlement checks shall be issued to any Settlement Class
27 Member whose Notice is returned as undeliverable with no valid address
28 ascertained as provided in Section V.7.6. Any such Settlement Class Member shall

1 nevertheless be bound by the Judgment and release of claims. For all such
2 Settlement Class Members, the value of their total Estimated Individual Settlement
3 Payments shall be included in the Final Settlement Proceeds to be allocated to
4 Participating Settlement Class Members.

5 (b) All Participating Settlement Class Members shall be entitled to a
6 minimum payment of \$10.00. In the event that a Participating Settlement Class
7 Member's Estimated Individual Settlement Payment is less than \$10.00, the
8 Settlement Administrator shall allocate \$10.00 to each such person from the Final
9 Settlement Proceeds.

10 (c) Within seven (7) calendar days following the Court's entry of
11 the Final Judgment, the Settlement Administrator shall calculate the Final
12 Individual Settlement Payment of each Participating Settlement Class Member as
13 follows: (1) calculate and refund to Defendants from the Net Settlement Amount
14 the total value of Estimated Individual Settlement Payments of Class Members who
15 timely opt out of the Settlement pursuant to section V.7.8, but who do not rescind
16 their opt outs; (2) allocate to each Participating Settlement Class Member whose
17 Estimated Individual Settlement Payment was less than \$10.00, the sum of \$10.00;
18 (3) calculate the Actual Point Value by dividing the Adjusted Final Settlement
19 Proceeds by the total number of Settlement Points of all Participating Settlement
20 Class Members other than those to whom a minimum payment of \$10.00 will be
21 made under section V.8.3(c)(2), above; and (4) calculate each remaining
22 Participating Settlement Class Member's Final Settlement Payment by multiplying
23 that Participating Settlement Class Member's Settlement Points by the Actual Point
24 Value. Upon its calculation of the Final Individual Settlement Payments, and at
25 least ten (10) days prior to the distribution of payments to Participating Settlement
26 Class Members from the Final Settlement Proceeds, the Settlement Administrator
27 shall provide Class Counsel and Defendants' Counsel with a report listing the
28

1 amount of all payments to be made to each Participating Settlement Class Member
2 from the Final Settlement Proceeds.

3 8.4 Thirty (30) calendar days following the Effective Date, the Settlement
4 Administrator shall mail to each Participating Settlement Class Member his or her
5 Final Individual Settlement Payment, calculated pursuant to Section V.8.3, in the
6 form of a check drawn from the QSF. If the conditions set forth in Section V.8.8
7 are met, there will be a second distribution.

8 8.5 In the initial distribution, settlement checks shall remain negotiable for
9 a period of one hundred twenty (120) calendar days from the date of issuance.
10 Checks issued to Participating Settlement Class Members will state on their face
11 that they must be cashed within one hundred twenty (120) calendar days. After one
12 hundred twenty (120) calendar days following issuance, the checks will be voided
13 and funds from uncashed checks will be held in the QSF.

14 8.6 For all Participating Settlement Class Members who have not cashed
15 their initial settlement checks within 45 days after their initial mailing, the
16 Settlement Administrator shall perform a standard skip-trace for updated addresses,
17 and where possible, a check of Department of Motor Vehicles records, and then
18 mail a reminder postcard. The Settlement Administrator shall also attempt to call
19 (including, as necessary, performance of a standard skip-trace for a more current
20 telephone number) any Participating Settlement Class Member whose check
21 exceeds the gross amount of \$500 but has not been cashed within 60 days after
22 issuance and initial mailing. Upon request of a Participating Settlement Class
23 Member who has not received or has lost his or her initial settlement check, a stop
24 payment will be placed on that check and a new check will be issued, which will
25 remain negotiable for 30 days. After the initial settlement checks are mailed, the
26 Settlement Administrator shall provide Class Counsel and Defendants' Counsel
27 with weekly reports regarding the number of checks cashed and the total value of
28 the Final Individual Settlement Payments remaining uncashed, the mailing of

1 reminder postcards, and calls to Settlement Class Members who have not cashed
2 their initial settlement checks.

3 8.7 Settlement Class Members who fail to negotiate their initial settlement
4 checks within the 120-day period, like all members of the Settlement Class, remain
5 subject to the terms of the Final Judgment and release of claims. In such event,
6 those Settlement Class Members will be deemed to have waived irrevocably any
7 right in or claim to a settlement payment; however, the Settlement Administrator
8 may, in its discretion and without appeal to or right of review by the Court, agree to
9 make full or partial payment of the amount calculated to be due to such Settlement
10 Class Members out of the residual funds held in the QSF pursuant to section
11 V.8.8(b) or (c) and any further residual funds remaining after a second distribution,
12 if any.

13 8.8 Except as provided in this section V.8.8, the sum of the uncashed
14 settlement payments from the initial distribution will be distributed in a second
15 distribution on a pro rata basis to Participating Settlement Class Members who
16 timely cashed their initial settlement checks, based on the gross amounts of the
17 initial Settlement Payments received by eligible Participating Settlement Class
18 Members.

19 (a) Any Participating Settlement Class Members whom the Settlement
20 Administrator determines would receive less than \$5 in the second
21 distribution shall not be eligible for a payment in the second distribution, and
22 the allocation shall be adjusted pro rata among the remaining Settlement
23 Class Members who timely cashed their checks during the initial distribution.

24 (b) Except as provided below in section V.8.8(c), the Settlement
25 Administrator shall hold in the QSF \$10,000 of unclaimed funds from the
26 initial distribution to provide late payments to Participating Settlement Class
27 Members who fail to timely cash their initial settlement payments but who
28 are determined to be legitimate payees, to resolve any other disputes

1 regarding payment, or to pay Settlement Class Members who did not
2 participate in the initial distribution because their Notices were returned as
3 undeliverable and the Settlement Administrator was unable to ascertain a
4 valid address, but for whom the Settlement Administrator subsequently
5 ascertained a valid address.

6 (c) If the amount of unclaimed funds from the initial distribution does not
7 exceed \$75,000, there shall be no second distribution, and all remaining
8 funds shall be held in the QSF to resolve any late claims or other disputes
9 regarding payment. Determinations regarding late payments shall be made in
10 the sole discretion of the Settlement Administrator. After six months, any
11 remaining funds shall be distributed to the *cy pres* recipient identified in
12 section V.8.11.

13 8.9 The second distribution shall occur no later than 30 days after the end
14 of the 120-day period for cashing checks in the initial distribution.

15 8.10 Participating Settlement Class Members who are mailed checks in the
16 second distribution shall have 90 calendar days after mailing by the Settlement
17 Administrator to cash their second settlement checks. If such Participating
18 Settlement Class Members do not cash their second settlement checks within that
19 90 day period, those checks will become void, and all uncashed funds shall be
20 returned to the QSF. Participating Settlement Class Members who fail to cash their
21 checks in a timely fashion shall remain subject to the terms of the Final Judgment.

22 8.11 Cy Pres

23 Any amounts remaining in the QSF after the end of the 90-day period for
24 cashing second distribution settlement checks, shall, after payment of any
25 remaining Settlement Administration Costs and payment of any reissued checks
26 pursuant to Sections V.8.5 and V.8.7, be payable to Legal Services for Children
27 subject to Court approval. Notwithstanding any other provision of this Stipulation,
28 no order of the Court, or modification or reversal on appeal of any order of the

1 Court, disapproving the *cy pres* recipient, shall constitute grounds for cancellation
2 or termination of the Stipulation or grounds for limiting any other provision of the
3 Judgment. In such case the Parties shall meet and confer and agree upon a further
4 *cy pres* recipient, and work together to secure Court approval of any newly agreed
5 upon *cy pres* recipient.

6 8.12 Except as expressly set forth in section V.8.3(c)(1) of this Stipulation
7 regarding refunds of estimated payments allocated to opt outs, no portion of the
8 Gross Settlement Amount shall revert to Defendant.

9 8.13 Tax Treatment of Payments to Participating Settlement Class Members

10 (a) The Parties recognize that the amounts to be paid to Settlement
11 Class Members reflect the settlement of a bona fide dispute over claimed wages and
12 other non-wage claims, including claims for interest, penalties, and reimbursement
13 of business expenses.

14 (b) Amounts paid to Participating Settlement Class Members based
15 on General Settlement Points shall be allocated for tax treatment as follows: wages
16 (15%); interest (42.5%); penalties (42.5%). The Settlement Administrator will send
17 IRS Form 1099s for amounts treated as penalties and interest. The Settlement
18 Administrator will provide IRS Form W2s for amounts treated as wages.

19 (c) Amounts paid to Participating Settlement Class Members based
20 on Driver Settlement Points represent reimbursements for business-related expenses
21 on an accountable basis. Accordingly, these amounts shall not be subject to
22 withholding for taxes or subject to tax reporting.

23 8.14 The Settlement Administrator shall determine the employer's and
24 employees' share of payroll taxes on the portion of the Final Individual Settlement
25 Payments that is allocated to wages. The Settlement Administrator shall remit and
26 report the applicable payroll taxes from the QSF to the appropriate taxing
27 authorities on a timely basis pursuant to obligations set forth in Section V.6.1. PHI
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1 agrees to reasonably cooperate with the Settlement Administrator to the extent
2 necessary to determine the amount of the payroll taxes required under this Section.

3 8.15 Thirty (30) calendar days after the Effective Date, the Settlement
4 Administrator shall pay by check fifteen thousand dollars (\$15,000) to the LWDA
5 as its share of the settlement of the PAGA claims.

6 8.16 Fifteen (15) calendar days after the Effective Date, the Settlement
7 Administrator shall wire the Court-approved attorneys' fees and costs to the
8 Altshuler Berzon LLP trust account. Altshuler Berzon LLP shall provide the
9 Settlement Administrator with the pertinent taxpayer identification number and
10 wire instructions. Altshuler Berzon LLP shall distribute attorneys' fees and costs to
11 other Class Counsel, as appropriate.

12 8.17 Fifteen (15) calendar days after the Effective Date, the Settlement
13 Administrator shall pay by check sent by mail to Altshuler Berzon LLP the Court-
14 approved Class Representative Service Payments. Because the Class
15 Representative Service Payments represent a payment to the Class Representatives
16 for their service to the Class Members and general release, and not wages, taxes
17 will not be withheld from the Class Representative Service Payments. The
18 Settlement Administrator will report the Class Representative Service Payments on
19 a Form 1099 which it will provide to Class Representatives and to the pertinent
20 taxing authorities as required by law. Class Representatives assume full
21 responsibility for paying all taxes, federal and state, due as a result of the Class
22 Representative Service Payments.

23 8.18 Fifteen (15) calendar days after the Effective Date, the Settlement
24 Administrator will refund to Defendants the total value of Estimated Individual
25 Settlement Payments of any Class Members who opt out of the Settlement pursuant
26 to Section V.7.8, and who do not rescind their opt outs.

27 8.19 After all checks to Settlement Class Members have been either cashed
28 or voided in accordance with the terms of this Stipulation, and all expenses of the

1 Settlement Administrator have been approved by the parties and paid, any
2 remaining funds shall be distributed to the *cy pres* recipient identified in Section
3 V.8.11.

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6 9. NO IMPACT ON BENEFIT PLAN

7 9.1 Neither the Settlement nor any amounts paid under the Settlement will
8 modify any previously credited hours or service under any employee benefit plan,
9 policy, or bonus program sponsored by PHI. Such amounts will not form the basis
10 for additional contributions to, benefits under, or any other monetary entitlement
11 under PHI's sponsored benefit plans, policies, or bonus programs. The payments
12 made under the terms of this Stipulation shall not be applied retroactively,
13 currently, or on a going forward basis, as salary, earnings, wages, or any other form
14 of compensation for the purposes of any PHI benefit plan, policy, or bonus
15 program.

16 10. FINAL APPROVAL.

17 10.1 Prior to the Final Approval hearing by the Court, Plaintiffs will move
18 the Court for entry of the Order Granting Final Approval (and associated Entry of
19 Judgment): (a) finding the Settlement fair, reasonable, and in the best interests of
20 the Class Members; (b) approving Class Counsel's application for an award of
21 attorneys' fees and costs; (c) approving Class Representatives' application for
22 Service Payments; (d) approving the payment of reasonable settlement
23 administration costs and of a reserve for reasonably anticipated additional costs of
24 settlement administration; (e) approving the payment to the LWDA for PAGA
25 penalties; and (f) entering Judgment dismissing the claims in this Action with
26 prejudice and releasing and barring any further Released Claims by Settlement
27 Class Members. The Parties and their Counsel shall make all reasonable efforts to
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1 secure entry of the Order Granting Final Approval. Class Counsel shall be
2 responsible for drafting and filing the motion for final approval.

3 10.2 Class Counsel shall file a motion seeking approval of attorneys' fees
4 and costs and the proposed Service Payments of the Class Representatives as set
5 forth in the Stipulation. Class Representatives and Class Counsel agree that they
6 shall be responsible for justifying the amount of Service Payments and attorneys'
7 fees and documented costs to the Court, and they agree to submit, as appropriate,
8 the necessary materials to justify this payment. PHI will not oppose the amount of
9 the Service Payments and attorneys' fees and costs sought consistent with the
10 Stipulation. If the Court (or any appellate court) awards less than the amount
11 requested for attorneys' fees and/or costs, or less than the amount requested for
12 Service Payments for Class Representatives as set forth in Sections V.5.1 and V.3.1
13 respectively, only the awarded amounts shall be paid and shall constitute
14 satisfaction of the obligations of PHI under this Stipulation. Any unawarded
15 amounts shall be added to the Net Settlement Proceeds for distribution to the
16 Settlement Class Members. If Class Counsel file a timely appeal regarding the
17 amount of Class Counsel fees and expenses approved by the Court, the Settlement
18 Administrator shall hold the difference between the amount requested and the
19 amount awarded in escrow, in an interest-bearing account until such appeal has
20 been fully resolved.

21 10.3 If the Stipulation is not approved by the Court substantially in the form
22 agreed to by the Parties, or if the Settlement set forth in the Stipulation is
23 terminated, cancelled, declared void, or fails to become effective in accordance
24 with its terms, or if the Judgment does not become a Final Judgment, or if the
25 Effective Date does not occur, no payments shall be made by PHI or the Settlement
26 Administrator to anyone in accordance with the terms of this Stipulation and the
27 Settling Parties will each bear their own costs and fees with regard to the efforts to
28 obtain Court approval and will split the cost of printing and mailing the Notice and

1 the costs of settlement administration incurred through the date that the Parties
2 learn that the Effective Date will not occur, at which point the Parties will instruct
3 the Settlement Administrator to discontinue further work. In such event, this
4 Stipulation (except for those provisions relating to non-admission and denial of
5 liability set forth in Section I and III and Plaintiffs' obligation to amend their
6 complaint to remove the FLSA claim) shall be deemed null and void, its terms and
7 provisions shall have no further force and effect with respect to the Settling Parties
8 and shall not be used in this Action or in any other proceeding for any purpose, and
9 any Judgment or order entered by the Court in accordance with the terms of the
10 Stipulation shall be treated as vacated *nunc pro tunc*. Notwithstanding any other
11 provision of this Stipulation, no order of the Court, modification, or reversal on
12 appeal of any order of the Court reducing the amount of any attorneys' fees or costs
13 to be paid by PHI to Class Counsel or reducing the amount of any Service
14 Payments paid to the Class Representatives shall constitute grounds for cancellation
15 or termination of the Stipulation or grounds for limiting any other provision of the
16 Judgment.

17 10.4 If the Effective Date does not occur, or if this Stipulation is terminated
18 or canceled pursuant to its terms, the Settling Parties will each bear their own fees
19 and costs with regard to the efforts to obtain Court approval. The Parties to this
20 Stipulation shall be deemed to have reverted to their respective status as of the date
21 and time immediately prior to the execution of this Stipulation. If PHI has already
22 made payments to the QSF, all amounts plus interest accruing thereon shall be
23 returned to PHI, less amounts spent on disseminating Notice and on claims
24 administration.

25 11. THE QSF.

26 11.1 The Settling Parties acknowledge that it is their intent that the
27 Qualified Settlement Fund ("QSF") qualify as a "qualified settlement fund" within
28 the meaning of Treas. Reg. § 1.468B-1 *et seq.*

1 12. DISMISSAL.

2 12.1 Upon the Effective Date, the Claims in this Action will be dismissed
3 with prejudice on a class-wide basis with respect to the Settlement Class.

4 12.2 Upon the Effective Date, PHI shall dismiss the Writ Petition with
5 prejudice.

6 13. RELEASE OF CLAIMS.

7 13.1 Upon Final Approval, each Settlement Class Member shall be deemed
8 to have fully, finally, and forever released the PHI Releasees from all Released
9 Claims through the Preliminary Approval Date.

10 13.2 With respect to the Released Claims, each Settlement Class Member
11 shall be deemed to have expressly waived and relinquished to the fullest extent
12 permitted by law the provisions, rights, and/or benefits s/he may otherwise have
13 had pursuant to Section 1542 of the California Civil Code, which provides as
14 follows:

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

19 13.3 The release given is conditional and shall only take effect
20 unconditionally upon the Effective Date.

21 14. MISCELLANEOUS PROVISIONS.

22 14.1 The Court shall retain jurisdiction with respect to the implementation
23 and enforcement of the terms of the Stipulation, and all parties hereto submit to the
24 jurisdiction of the Court for purposes of implementing and enforcing the Settlement
25 embodied in the Stipulation. Any action to enforce this Stipulation shall be
26 commenced and maintained only in the Court.

27 14.2 The Settling Parties (a) acknowledge that it is their intent to
28 consummate this Settlement, and (b) agree to cooperate to the extent reasonably
necessary to effect and implement all terms and conditions of the Stipulation and to

1 exercise their best efforts to accomplish the foregoing terms and conditions of the
2 Stipulation.

3 14.3 Each counsel or other person executing the Stipulation or any of its
4 exhibits on behalf of any party hereto hereby warrants that such person has the full
5 authority to do so.

6 14.4 This Stipulation and the exhibits hereto represent the entire Agreement
7 of the Settling Parties. PHI's complete obligations are detailed herein, and the
8 Settling Parties agree and understand that there shall be no injunctive relief
9 included as part of any Court Order as to them.

10 14.5 The Stipulation and the exhibits hereto shall be considered to have
11 been negotiated, executed, and delivered, and to have been wholly performed, in
12 the State of California, and the rights and obligations of the parties to the
13 Stipulation shall be construed and enforced in accordance with, and governed by,
14 the substantive laws of the State of California without giving effect to that State's
15 choice of law principles.

16 14.6 Neither the acceptance nor the performance by PHI of the terms of this
17 Agreement nor any of the related negotiations or proceedings is or shall be claimed
18 to be, construed as, or deemed to be an admission by PHI of the truth of any of the
19 allegations in the Complaint, the class or representative character of the Action, the
20 validity of any of the claims that were or could have been asserted by any of
21 Plaintiffs and/or Class Members in the Action, or of any liability or guilt of PHI in
22 the Action.

23 14.7 Neither this Agreement nor any of its terms shall be offered or used as
24 evidence by any of the Parties, Class Members, or their respective counsel in the
25 Action or in any other action or proceeding; provided, however, that nothing
26 contained in this Paragraph shall prevent this Agreement from being used, offered,
27 or received in evidence in any proceeding to enforce, construe, or finalize this
28 Agreement.

1 14.8 The Parties agree that this Settlement Agreement shall be fully
2 enforceable and binding upon all Parties. This Settlement Agreement cannot be
3 modified, except in a writing signed by PHI and Class Counsel. Material changes
4 must also be approved by the Court.

5 14.9 This Stipulation shall become conditionally effective upon its
6 execution by all of the undersigned. The Settling Parties may execute this
7 Stipulation in counterparts, and execution of counterparts shall have the same force
8 and effect as if all Settling Parties had signed the same instrument. A facsimile or
9 scanned signature shall have the same force and effect as an original signature.

10 14.10 Neither Class Counsel nor any other attorneys acting for, or purporting
11 to act for the Class, Class Members, or Plaintiffs may recover or seek to recover
12 any amounts for fees, costs, or disbursements from the PHI Releasees or the Gross
13 Settlement Amount except as expressly provided herein.

14 14.11 Unless otherwise specifically provided herein, all notices, demands, or
15 other communications given hereunder shall be in writing and shall be deemed to
16 have been duly given as of the third business day after mailing by United States
17 certified mail, return receipt requested, addressed as follows:

18
19 To the Settlement Class:

20 Eileen B. Goldsmith, Esq.
21 Altshuler Berzon LLP
22 177 Post Street, Suite 300
23 San Francisco, CA 94108

24 To the Defendants:

25 Francis S. Lam, Esq.
26 Sidley Austin LLP
27 555 South Grand Avenue, 40th Floor
28 Los Angeles, CA 90013

1 14.12 The Parties agree that the terms and conditions of this Stipulation of
2 Settlement are the result of lengthy, extensive, arm's-length negotiations between
3 the Parties, and that this Stipulation shall not be construed in favor of or against any
4 party by reason of the extent to which any party or its counsel participated in the
5 drafting of this Stipulation.

6 14.13 The Parties and their respective counsel agree that they will not issue
7 any press releases, initiate any contact with the press, respond to any press inquiry,
8 post anything about this Action on any internet websites, intranet websites, blogs,
9 social media websites and/or services (including but not limited to Facebook and/or
10 Twitter), and any other mass media, or have any communication with the press
11 about this Action and/or the fact, amount, or terms of the Settlement. If any party
12 or counsel for that party is contacted about this Action by someone who is not a
13 party or counsel of record in the Action, the party or their counsel shall state only
14 that the case was settled on mutually satisfactory terms. Notwithstanding the
15 foregoing, Class Counsel may post a notice on their respective law firm websites
16 stating that the case has been settled, and referring Class Members to the Settlement
17 Administrator's case website for further information.

18 14.14 This Stipulation shall be binding upon and inure to the benefit of the
19 Parties hereto and their respective heirs, trustees, executors, administrators,
20 successors, and assigns.

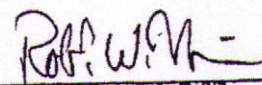
21 15. RESERVATION OF JURISDICTION

22 The Parties shall request the Court to reserve jurisdiction over this action to
23 enforce the terms of the Settlement Agreement, and to oversee issues involving
24 Settlement Administration, attorneys' fees, or Service Payments.

25 **SIGNATURES ON FOLLOWING TWO PAGES**

1 IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to
2 be executed.

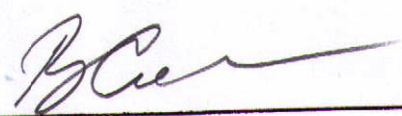
3 Date: February 1st, 2016

By: 
Chief Legal Officer and General Counsel, on
behalf of Pizza Hut, Inc.

6 Date: January ____, 2016

By: _____
Brian Behaen

9 Date: January ____, 2016

By: 
Boris Gnezdilov

12 Date: January ____, 2016

By: _____
Raquel Cruz

15 Date: January ____, 2016

By: _____
Bersayna Clemente

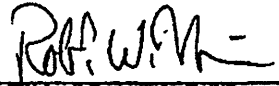
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IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to

be executed.

Date: February 1st, 2016

By: 
Chief Legal Officer and General Counsel, on
behalf of Pizza Hut, Inc.

Date: January ____, 2016

By: _____
Brian Behaein


Date: January ____, 2016

By: _____
Boris Gnezdilov

Date: January ____, 2016

By: _____
Raquel Cruz

Date: ~~January~~ February 18, 2016

By: 
Bersayna Clemente

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IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to

be executed.

Date: February 1st, 2016

By:
Chief Legal Officer and General Counsel, on
behalf of Pizza Hut, Inc.

Date: January ____, 2016

By: _____
Brian Behaein

Date: January ____, 2016

By: _____
Boris Gnezdilov

Date: ^{February} ~~January~~ 18, 2016

By:
Raquel Cruz

Date: January ____, 2016

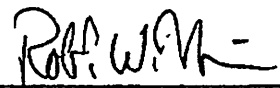
By: _____
Bersayna Clemente

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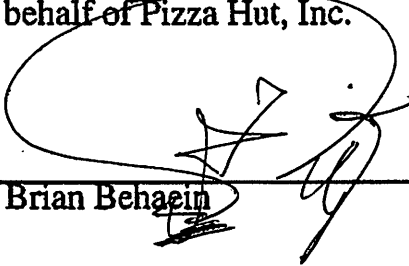
IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to

be executed.

Date: February 1st, 2016

By: 
Chief Legal Officer and General Counsel, on
behalf of Pizza Hut, Inc.

March
Date: ~~January~~ 8, 2016

By: 
Brian Behazin

Date: January ___, 2016

By: _____
Boris Gnezdilov

Date: January ___, 2016

By: _____
Raquel Cruz

Date: January ___, 2016

By: _____
Bersayna Clemente

1 APPROVED AS TO FORM
AND CONTENT:

2
3 Date: February ___, 2016

SIDLEY AUSTIN LLP

By: _____
Francis S. Lam
Attorneys for Defendant Pizza Hut Inc.

4 APPROVED AS TO FORM
5 AND CONTENT:

6
7 Date: February 8, 2016


ALTSHULER BERZON LLP

By: 
Eileen B. Goldsmith
Class Counsel

8 APPROVED AS TO FORM
9 AND CONTENT:

10
11 Date: February 5, 2016

RASTEGAR & MATERN,
ATTORNEYS AT LAW, APC

By: 
Matthew J. Matern
Class Counsel

12
13 APPROVED AS TO FORM
14 AND CONTENT:

15
16 Date: February ___, 2016

RIGHETTI GLUGOSKI

By: _____
John Glugoski
Class Counsel

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APPROVED AS TO FORM AND CONTENT:

Date: February __, 2016

APPROVED AS TO FORM AND CONTENT:

Date: February __, 2016

APPROVED AS TO FORM AND CONTENT:

Date: February 5, 2016

APPROVED AS TO FORM AND CONTENT:

Date: February __, 2016


SIDLEY AUSTIN LLP

By: _____
Francis S. Lam
Attorneys for Defendant Pizza Hut Inc.


ALTSHULER BERZON LLP

By: _____
Eileen B. Goldsmith
Class Counsel

RASTEGAR & MATERN,
ATTORNEYS AT LAW, APC

By: 
Matthew J. Matern
Class Counsel

RIGHETTI GLUGOSKI

By: 
John Glugoski
Class Counsel

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APPROVED AS TO FORM AND CONTENT:

Date: February 2, 2016

APPROVED AS TO FORM AND CONTENT:

Date: February __, 2016

APPROVED AS TO FORM AND CONTENT:

Date: February __, 2016

APPROVED AS TO FORM AND CONTENT:

Date: February __, 2016

SIDLEY AUSTIN LLP

By: 
Francis S. Lam
Attorneys for Defendant Pizza Hut Inc.

ALTSHULER BERZON LLP

By: _____
Eileen B. Goldsmith
Class Counsel

RASTEGAR & MATERN,
ATTORNEYS AT LAW, APC

By: _____
Matthew J. Matern
Class Counsel

RIGHETTI GLUGOSKI

By: _____
John Glugoski
Class Counsel