

NOTICE OF PROPOSED CLASS, COLLECTIVE, AND PAGA ACTION SETTLEMENT AND HEARING DATE FOR COURT APPROVAL

Rudy Sandoval v. US Foods, Inc. doing business as US Foodservice, Inc. Case No. STK-CV-UOE-2020-0000978

As a current or former hourly employee of US Foods, Inc. doing business as US Foodservice, Inc., you may be entitled to receive money from a putative class, collective, and PAGA action settlement.

ILYM ID: <<ILYM ID>>

Please provide current address (if different) here:

<<Name>>

<<Address1>>

<<City>>, <<State>> <<Zip Code>>

The San Joaquin County Superior Court has authorized this Class Notice. This is not a solicitation from a lawyer.

YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A PUTATIVE CLASS, COLLECTIVE, AND PRIVATE ATTORNEYS GENERAL ACT ACTION SETTLEMENT IF YOU ARE A CURRENT OR FORMER NON-EXEMPT (HOURLY) EMPLOYEE WHO WORKED FOR US FOODS, INC. DOING BUSINESS AS US FOODSERVICE, INC. AND WORKED AN ALTERNATIVE WORKWEEK SCHEDULE IN CALIFORNIA AT ANY TIME BETWEEN JANUARY 21, 2016 THROUGH NOVEMBER 25, 2020.

- A proposed settlement of \$1,080,000 (the "Gross Settlement Amount") will be used to pay claims to: current and former non-exempt, non-driver, non-union employees of US Foods, Inc. doing business as US Foodservice, Inc. ("US Foods") who worked an alternative workweek schedule in California at any time from January 21, 2016 through November 25, 2020 (such period of time, the "Class Period" and such employees, the "Class Members") and current and former non-exempt, non-driver, non-union employees of US Foods who worked an alternative workweek schedule in California at any time from January 14, 2019 through November 25, 2020 (such period of time, the "PAGA Period" and such employees, the "Aggrieved Employees").
- The settlement resolves a lawsuit entitled Rudy Sandoval v. US Foods, Inc. doing business as US Foodservice, Inc., Case No. STK-CV-UOE-2020-0000978, filed in San Joaquin County Superior Court on January 21, 2020, and all amendments to the complaint in that lawsuit (the "Lawsuit") over whether US Foods properly paid employees for regular and overtime hours worked, paid wages on time, improperly deducted from wages, provided legally compliant wage statements, maintained required records, and the related claims and penalties that would follow from not doing so. This settlement avoids the costs and risks from continuing the Lawsuit, pays money to Class Members and Aggrieved Employees like you, and releases US Foods and related parties from alleged liability.
- The Court has not made a determination of the validity of any of the claims in the Lawsuit. US Foods adamantly denies any and all liability arising from any of the claims and contends that, at all relevant times, US Foods properly compensated all employees and fully complied with all applicable laws. Also, US Foods denies that this Lawsuit is appropriate to maintain as a class or representative action.
- The parties to the Lawsuit disagree as to the probable outcome of the Lawsuit with respect to liability and damages had the Lawsuit not been settled. Nonetheless, in light of the risks and expenses associated with continued litigation, the parties believe the settlement is fair and appropriate under the circumstances. Accordingly, each Class Member who does not exclude himself or herself from the settlement will receive an Individual Class Settlement Payment based on the number of Class Workweeks worked during the Class Period, rounded up to the nearest full workweek. Even a Class Member who excludes himself or herself from the settlement will remain bound by the California Private Attorneys General Act ("PAGA") portion of the settlement, to the extent he or she is also an Aggrieved Employee and receive an Individual PAGA Settlement Payment based on the number of PAGA Workweeks worked during the PAGA Period, rounded up to the nearest full workweek.

PLEASE READ THIS CLASS NOTICE CAREFULLY. YOUR LEGAL RIGHTS ARE AFFECTED BY IT.

HOW MUCH WILL I GET?

You worked a total number of << Class Workweeks>> Class Workweeks during the Class Period. You worked a total number of <<PAGA Workweeks>> PAGA Workweeks during the PAGA Period.

Based on your Class Workweeks it is expected that your Individual Class Settlement Payment before payroll taxes is approximately \$<<Est Individual Class Settlement Payment>>. Based on your PAGA Workweeks it is expected that your Individual PAGA Settlement Payment is approximately \$<<Est Individual PAGA Settlement Payment>>.

Each Individual Class Settlement Payment will be allocated as follows for tax purposes: 50% as wages, to be reported on an IRS W-2, and which will be reduced for the Class Member’s share of taxes and withholdings; and 50% as interest, penalties, and liquidated damages, which portion shall be reported on an IRS Form 1099, and which will not be subject to reduction for taxes and withholdings. Each Individual PAGA Settlement Payment will be allocated as follows for tax purposes: 100% as penalties, which shall be reported on an IRS Form 1099, and which will not be subject to reduction for taxes and withholdings.

If you do nothing, it is expected that you will receive approximately \$<< Total Est. Settlement Amt.>> pursuant to the Settlement, and you will be bound by the release of “Class Released Claims” and/or “PAGA Released Claims” described in paragraph 8 below, as applicable to you.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS CLASS ACTION SETTLEMENT

DO NOTHING	Receive an Individual Class Settlement Payment and give up your legal rights to pursue claims released by the settlement of the Lawsuit. If the Court grants final approval of the Settlement, the Administrator will mail your check to the address on file for you. You will have 180 days to cash the check. If you do not cash the check, the money will be distributed to the California Rural Legal Assistance, Inc., but you will still be deemed to have released your claims.
OPT OUT OF CLASS PORTION	Receive no Individual Class Settlement Payment and retain your legal rights to pursue your individual claims that would otherwise be released by the settlement of the Lawsuit. You may opt out by following the procedures set forth below. However, to the extent you are also an Aggrieved Employee, you may not opt out of the PAGA portion of the settlement and will still receive your Individual PAGA Settlement Payment even if you opt out of the class portion of the settlement.
OBJECT TO THE SETTLEMENT	If you do not opt out, you may write to the Settlement Administrator, ILYM Group, Inc. about why you do not like the class action settlement, and they will forward your concerns to counsel, which will then be provided to the Court. More information on this process is set forth below.
OBJECT TO THE WORKWEEK CALCULATION	If you feel that you worked a different amount of Class Workweeks than identified above, you may object to that calculation by following the procedures set forth below.
ATTEND A HEARING	You have the right to attend a fairness hearing that will be conducted by the Court, but you are not required to attend. Regardless of whether you timely file and serve a written objection, you may ask to speak about your objection at the hearing. You can also send a letter to the Settlement Administrator, ILYM Group, Inc., providing notice of your intention to appear and speak at the hearing.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS PAGA SETTLEMENT

DO NOTHING	Receive an Individual PAGA Settlement Payment if you are an “Aggrieved Employee”. If the Court grants final approval of the Settlement, the Administrator will mail your check to the address on file for you. You will have 180 days to cash the check. If you do not cash the check, the money will be distributed to the California Rural Legal Assistance, Inc., but you will still be deemed to have released any covered PAGA claims.
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OBJECT TO THE WORKWEEK CALCULATION	If you feel that you worked a different amount of PAGA Workweeks than identified above, you may object to that calculation by following the procedures set forth below.
ATTEND A HEARING	You have the right to attend a fairness hearing that will be conducted by the Court, but you are not required to attend.

IMPORTANT INFORMATION ABOUT THE PROPOSED SETTLEMENT

1. Why did I get this Class Notice?

You were sent this Class Notice because you have a right to know about the proposed settlement in the Lawsuit and about all of your options before the Court rules on whether to finally approve the settlement. If the Court approves the settlement, and after any objections and appeals are resolved, a “Settlement Administrator” appointed by the Court will make the payments that the settlement allows. This Class Notice explains the Lawsuit, the proposed settlement, your legal rights, and what benefits are available and how to receive them.

The Court in charge of this case is the San Joaquin County Superior Court. The person who sued is called “Plaintiff,” and the organization he sued is called “Defendant.”

2. What is the Lawsuit about?

In the Lawsuit, Rudy Sandoval, the Plaintiff, alleged multiple violations of the California Labor Code, the Fair Labor Standards Act (“FLSA”), the California Business and Professions Code, and PAGA, including causes of action for: (1) failure to pay minimum wages; (2) failure to pay wages under the FLSA; (3) failure to pay wages and overtime; (4) failure to timely furnish accurate itemized wage statements; (5) failure to timely pay wages upon separation of employment; (6) failure to keep required payroll records; (7) violation of California Business and Professions Code §§ 17200, *et seq.*; (8) violations of PAGA; and related claims for penalties, interest, attorneys’ fees and costs.

3. Why is there a settlement?

The parties disagree on the probable outcome of the case with respect to liability, damages, and how much money could be recovered if the Plaintiff won at trial. Defendant believes that the Plaintiff would not prevail if this case went to trial. The Court has not decided in favor of the Plaintiff or Defendant. There has been no trial in this case. Instead, both sides recognize the risks, expenses, and disruption associated with continued litigation and they have therefore chosen to resolve their differences by entering into a settlement. By doing so, the parties can avoid the cost of a trial, yet Class Members and Aggrieved Employees are still entitled to receive payments if they comply with the instructions in this Class Notice. The parties entered into this settlement after arms-length negotiations while using the services of an experienced and neutral mediator. The Plaintiff and Class Counsel believe that the proposed settlement is fair and reasonable and is in the best interest of the Class Members and Aggrieved Employees.

4. What is a class action and PAGA settlement?

On March 10, 2021, the Court granted preliminary approval of the proposed settlement. However, the Court must still approve the terms of the proposed settlement as fair and reasonable. Once approved, the settlement will affect all Class Members, except those who have properly opted out, and all Aggrieved Employees. This Class Notice explains your legal rights, the terms of the settlement, what you must do to participate, and the estimated amount of money you may receive. *Please read this entire Class Notice carefully.*

5. What should I do?

You can do nothing, and if you are entitled to a payment, you will be paid. Be mindful, however, that if this Class Notice reaches you and the address where you now live is different, you need to contact the Settlement Administrator and provide updated information so that any future correspondence or the settlement check itself reaches you and is not returned as an address unknown.

6. How much will my payment be?

Under the proposed settlement, US Foods will pay \$1,080,000.00 to fully and finally resolve all claims in the Action (the “Gross Settlement Amount”). The amount to be distributed to Class Members who do not exclude themselves from the settlement (the “Net Settlement Amount”) will be the Gross Settlement Amount, minus the following amounts: (a) Settlement Administration Costs of approximately \$10,000.00; (b) enhancement payment to Plaintiff Rudy Sandoval not to exceed \$7,500.00 for his work and efforts in prosecuting this case; (c) Class Counsel’s attorney’s fees not to exceed one-third of the Gross Settlement Amount, or \$360,000.00; (d) reimbursement of Class Counsel’s actual litigation costs and expenses not to exceed \$25,000; and (e) payment of \$50,000.00 for resolution of all claims under PAGA (“PAGA Settlement Amount”). The attorneys’ fees, litigation costs and expenses, enhancement payment, Settlement Administration Costs, and PAGA Settlement Amount are all subject to Court approval. The Net Settlement Amount will be used to pay Class Members a pro-rata Individual Class Settlement Payment based on the number of Class Workweeks each Class Member worked during the Class Period. 75% or \$37,500 of the PAGA Settlement Amount of \$50,000 will be paid to the Labor and Workforce Development Agency. The remaining 25% or \$12,500 of the PAGA Settlement Amount will be used to pay Aggrieved Employees a pro-rata Individual PAGA Settlement Payment based on the number of PAGA Workweeks each Aggrieved Employee worked during the PAGA Period.

If you do not dispute your Class Workweek calculation, and do not opt out of the class settlement, you will be bound by the class settlement and release of claims and will receive an Individual Class Settlement Payment. **In other words, you do not need to take any action to receive an Individual Class Settlement Payment. If you are an “Aggrieved Employee”, you will receive an Individual PAGA Settlement Payment.**

7. When would I get my payment?

The Court will hold a hearing on **July 9, 2021 at 9:00 A.M.** at the San Joaquin County Superior Court – Stockton Courthouse, Department 10A, 180 E Weber Ave, Stockton, CA 95202 to decide whether to grant final approval of the proposed settlement. If the Court approves the settlement and anyone objects, there may be appeals. It is always uncertain when these objections and appeals can be resolved and resolving them can take time. To check on the progress of the settlement, call the Settlement Administrator at 1-888-250-6810, or contact Class Counsel (see below for Class Counsel’s contact information.). *Please be patient.*

Class Members will have 180 days to cash their checks after the checks are mailed. The value of all settlement checks that remain uncashed after 180 days from the mailing will be distributed to the California Rural Legal Assistance, Inc.

8. What am I releasing?

Class Released Claims. Once the Court’s order granting final approval of the settlement and judgment becomes final, Plaintiff and Class Members who have not effectively opted-out of the Class portion of the settlement as described below, fully release and discharge US Foods and all of its past, present and/or future owners, officers, directors, shareholders, members, employees, agents, principals, heirs, representatives, accountants, auditors, assigns, attorneys, consultants, insurers, parent companies, and their respective successors and predecessors in interest, assigns, subsidiaries, joint ventures, parents, and affiliates, if any, without limitation (“Released Parties”) of and from all claims, rights, demands, liabilities, penalties, wages, fees, and causes of action, arising from, or related to, or that were asserted, or that could have been asserted in the Action (whether in tort, contract, statute, or otherwise), including, but not limited to, for alleged violation of Labor Code sections 201-204, 226, 510, 558, 1174, 1174.5, 1182.2, 1185, 1194, 1194.2, 1197, or 1199, or any claims based on the following allegations under any theory: failure to pay minimum, regular, or hourly wages, and/or alleged off-the-clock work; failure to pay overtime wages or accurate overtime wages; failure to pay timely wages during employment or upon separation; failure to provide accurate and/or complete wage statements; failure to maintain records; or violation of Cal. Bus. & Prof. Code section 17200 et seq. by engaging in the foregoing conduct. Settlement Class Members’ Class Released Claims include all claims for unpaid wages, overtime wages, statutory penalties, damages of any kind, interest, attorneys’ fees, costs, injunctive relief, restitution, and any other equitable relief under California or federal statute, ordinance, regulation, common law, or other source of law, including but not limited to the California Labor Code, California Business and Professions Code, and California Civil Code, California Industrial Welfare Commission Wage Orders, and the FLSA.

The time period covered by this class release is January 21, 2016 through November 25, 2020. This release does not apply to claims for workers' compensation benefits, unemployment insurance benefits, or any other claim or right that as a matter of law cannot be waived or released.

If you do not exclude yourself from the settlement, the endorsement and cashing of your settlement check will be deemed to be your consent in writing to become a party to this action for the purposes of effectuating the settlement and release of claims arising under the FLSA.

PAGA Released Claims. Even if you effectively opt-out of the class settlement as described below, you will still be bound by the PAGA portion of the settlement to the extent you are also an Aggrieved Employee. Once the Court's order granting final approval of the settlement and judgment becomes final, Plaintiff and all Aggrieved Employees fully release and discharge the Released Parties of and from all claims, demands, rights, liabilities, penalties, fees, and causes of action under PAGA, including under Labor Code sections 558 and/or 2698 *et seq.*, predicated on any Labor Code violations alleged in the operative Complaint (which include Labor Code sections 201-204, 210, 226, 510, 511, 558, 1174, 1174.5, 1182.2, 1185, 1194, 1194.2, 1197, and 1199) or that could have been alleged in the operative Complaint based on the facts, policies, practices, occurrences, or acts alleged in the operative Complaint, or that are based on any alleged failure to pay minimum, regular, or hourly wages, and/or alleged off-the-clock work; failure to pay overtime wages or accurate overtime wages; failure to pay timely wages during employment or upon separation; failure to provide accurate and/or complete wage statements; failure to maintain records.

The time period covered by this PAGA release is January 14, 2019 through November 25, 2020.

9. How can I opt out of this settlement?

You can opt out and retain your rights over the class portion of this settlement. To do so, you must submit a written, signed request to opt out of the settlement. You will have 45 days from the date of mailing of this Class Notice to do so. A request to opt out of the settlement must be in writing and include all of the following: (i) your first and last name, address, telephone number, and last four digits of your Social Security Number; (ii) your signature; and (iii) a clear statement by you that you do not wish to be included in the settlement.

Your Opt-Out request must be faxed or mailed to the Settlement Administrator, ILYM Group, Inc., P.O. Box 2031 Tustin, CA 92781, fax: 888-845-6185, and be postmarked no later than **May 24, 2021**, or it will not be considered, and you will be bound by the settlement.

You cannot opt out of the PAGA portion of this settlement. Any Class Member who opts out of the settlement will still remain bound by the PAGA portion of the settlement, including the PAGA Released Claims, to the extent the Class Member also is an Aggrieved Employee.

10. Do I have a lawyer in this case?

The Court has appointed David Yeremian of DAVID YEREMIAN & ASSOCIATES, INC., 535 N. Brand Blvd., Suite 705, Glendale, California 91203, telephone 818.230.8380 to represent you and other Class Members and Aggrieved Employees in the Lawsuit. These lawyers are called Class Counsel. They will be compensated from the Gross Settlement Amount as discussed in this Class Notice. If you want to be represented by your own lawyer, you may hire one at your own expense.

11. How will the lawyers be paid?

Class Counsel will ask the Court to award them fees up to 1/3 (one-third) of the Gross Settlement Amount. Class Counsel will also ask the Court to award them reasonable costs incurred in connection with the Lawsuit. The Court may choose to award less than the amounts requested by Class Counsel.

12. How do I tell the Court that I do not like the class settlement?

You can ask the Court to deny approval of the class settlement by filing an objection. You cannot ask the Court to order a larger class settlement; the Court can only approve or deny the class settlement. If the Court denies the class settlement,

no Individual Class Settlement Payments will be sent out and the Lawsuit will continue. If that is what you want to happen, you must object.

You may object to the proposed class settlement in writing. You may also appear at the Final Approval Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. All written objections and supporting papers must (a) clearly identify the case name and number (*Rudy Sandoval v. US Foods, Inc., doing business as US Foodservice, Inc.*, Case No. STK-CV-UOE-2020-0000978), (b) be submitted to the Settlement Administrator, ILYM Group, Inc., located at P.O. Box 2031 Tustin, CA 92781, and (c) be filed or postmarked on or before **May 24, 2021**.

13. How do I dispute my workweek calculation?

Class Workweeks are calculated based on the number of workweeks each Class Member worked an alternative workweek schedule in California during the Class Period. PAGA Workweeks are calculated based on the number of workweeks each Aggrieved Employee worked an alternative workweek schedule in California during the PAGA Period. To dispute the number of workweeks with which you have been credited, you must submit evidence to the Settlement Administrator showing that the workweek information is inaccurate. Such evidence must be mailed to the Settlement Administrator, ILYM Group, Inc., at P.O. Box 2031 Tustin, CA 92781 and postmarked on or before **May 24, 2021**. The Settlement Administrator shall decide the dispute. US Foods' records will be presumed correct, but the Settlement Administrator will evaluate the evidence submitted and make a final decision on the merits of the dispute.

14. When and where will the Court decide whether to approve the settlement?

The Court will hold a fairness hearing on **July 9, 2021 at 9:00 A.M.** at the San Joaquin County Superior Court – Stockton Courthouse, Department 10A, 180 E Weber Ave, Stockton, CA 95202. At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections and they have been properly lodged, the Court will consider them. The Court will also listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Class Counsel. At or after the hearing, the Court will decide whether to approve the settlement. We do not know how long this decision will take.

15. Do I have to come to the hearing?

No. Class Counsel will answer any questions that the Court may have but, you are welcome to come at your own expense. If you sent an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not required.

17. What happens if I do nothing at all?

You will participate in the settlement and receive payment. You will be bound by the release as set forth herein.

GETTING MORE INFORMATION

This Class Notice summarizes the proposed settlement. You may call or contact Class Counsel or the Settlement Administrator if you would like more information about the case. You may call 1-888-250-6810 or write the Settlement Administrator, ILYM Group, Inc., located at P.O. Box 2031 Tustin, CA 92781.

You can also access the San Joaquin Superior Court Case Information Portal at <https://cms.sjcourts.org/fullcourtweb/start.do>, or by visiting the Clerk's Office at the San Joaquin County Superior Court, located at San Joaquin County Superior Court – Stockton Courthouse, 180 E Weber Ave, Stockton, CA 95202, between 8:00 a.m. and 5:00 p.m., Monday through Friday, excluding Court holidays.

The Settlement Administrator has also setup a website which has links to this Class Notice and other documents related to the proposed settlement, including the Joint Stipulation of Class Action and PAGA Settlement. The website is: www.ilymgroup.com/usfoods.

PLEASE DO NOT TELEPHONE THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.