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Attorneys for Defendant
MCKESSON MEDICAL-SURGICAL INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF PLACER

KEVIN HARRIS, individually and on behalf of
himself and all others similarly
situated,

Plaintiff,

v.

MCKESSON MEDICAL-SURGICAL
INC., a Virginia Corporation; and DOES
1-50, inclusive,

Defendant.

Case No. S-CV-0044686

[Consolidated with Case No. S-CV-0045007]

**JOINT STIPULATION OF CLASS
ACTION AND PAGA SETTLEMENT**

IT IS HEREBY STIPULATED AND AGREED, between Plaintiff KEVIN HARRIS (“Plaintiff” or “Harris”) and the Settlement Class (as defined below), on the one hand, and Defendant MCKESSON MEDICAL-SURGICAL INC. (“Defendant” or “McKesson”) on the other, subject to the approval of the Court, that the settlement of this action shall be effectuated upon and subject to the following terms and conditions.

A. DEFINITIONS

As used in this Joint Stipulation of Settlement of Class Action (“Joint Stipulation”), the following terms shall have the meanings specified below. To the extent terms or phrases used in this Joint Stipulation are not specifically defined below, but are defined elsewhere in the Joint Stipulation, they are incorporated by reference into this definition section.

“Action” or “Lawsuit” shall mean the above-entitled class and representative action, entitled *Kevin Harris v. McKesson Medical-Surgical Inc.*, Placer County Superior Court, Case No. S-CV-0045007.

“Joint Stipulation” or “Settlement” shall mean this Joint Stipulation, including any attached exhibits.

“Class” shall mean “all current and former non-exempt employees of Defendant in the State of California who hold/held delivery driver positions from April 3, 2016 to January 27, 2023 (“Class Period”).

“Class Counsel” shall mean James Hawkins, Esq. and Christina Lucio, Esq., of James Hawkins, APC, 9880 Research Drive, Suite 200, Irvine, CA 92618.

“Class Member,” “Settlement Class Member” or “Settlement Class” shall mean any person who is a member of the Class or, if such person is incompetent or deceased, the person’s legal guardian, executor, heir, or successor in interest.

“Class Notice” shall mean the Notice of Class Action Settlement, as set forth in the form of **Exhibit 1** attached hereto, or as otherwise approved by the Court, which is to be mailed to Class Members and PAGA Employees as part of the Notice Packet (defined below).

“Class Participant(s)” shall mean any and all Class Members except those who timely request

exclusion (i.e., who elect to “opt out”) as provided herein.

“Class Period” is April 3, 2016 to January 27, 2023.

“Class Representative” and “Plaintiff” shall mean Plaintiff KEVIN HARRIS.

“Class Settlement” or “Settlement” shall mean the settlement embodied in this Joint Stipulation, which is subject to Court approval.

“Complaint” shall mean the operative First Amended Complaint filed in the above-entitled case consistent with this Settlement. Plaintiff will amend the Complaint further if required by the Court to effectuate the released claims stated herein.

“Court” shall mean the Placer County Superior Court.

“Defendant” shall mean Defendant MCKESSON MEDICAL-SURGICAL INC.

“Defense Counsel” or “Counsel for Defendants” shall mean the law firm of Littler Mendelson, P.C. located at 500 Capitol Mall, Suite 2000, Sacramento, CA 95814.

“Effective Date” shall mean the date this Settlement is approved as provided herein and the Court’s order granting Final Approval and entry of Judgment becomes final and is no longer appealable. For purposes of this Settlement, “becomes final and is no longer appealable” shall mean the later of: (a) the day after the last date by which a notice of appeal to the applicable Court of Appeal of the order and judgment approving this Settlement may be timely filed and none is filed (*i.e.*, 61 days from notice of entry of judgment); (b) if an appeal is filed, and the appeal is finally disposed of by ruling, dismissal, denial, or in a any other manner that confirms the validity of the order and judgment, the day after the last date for filing a request for further review of the order and judgment approving this Settlement passes, and no further review is requested; or (c) if an appeal is filed and the order approving this Settlement is affirmed and further review of the order is requested, the day after the review is finally resolved and the order and judgment approving this Settlement is affirmed.

“Final Approval Date” shall mean the date upon which the Court enters an Order approving the Class Settlement, after having determined that the Class Settlement is fair, adequate, and reasonable to the Class as a whole, following: (i) notice to the Class; (ii) an opportunity to submit timely exclusion or objections to the non-PAGA portion of the Settlement; and (iii) a hearing on the

fairness of the terms of the Settlement.

“Final Approval Hearing” shall mean the final hearing held by the Court to ascertain the fairness, reasonableness, and adequacy of the Class Settlement.

“Individual PAGA Payment” shall mean the pro-rata share of the PAGA penalties allocated to the settlement of the PAGA Claims to which each PAGA Employee is entitled from the PAGA Fund based on the number of pay periods they worked during the PAGA Period, as described in Section D.5 below (PAGA Fund and Payment to Labor and Workforce Development Agency).

“Individual Class Settlement Payment” shall mean the amount to be distributed to any and each Class Participant as described in Section D.6 below (Class Participant Distribution Formula).

“LWDA” means the California Labor and Workforce Development Agency.

“Net Settlement Amount” means the Total Settlement Amount less the Settlement Administrator’s Expenses, the Class Representative’s Service Payment (up to \$10,000), the PAGA Fund (up to \$64,750), and Class Counsel’s attorneys’ fees (not to exceed 1/3 of the Gross Settlement Amount), and costs (up to \$35,000), subject to approval by the Court.

“Notice Packet” shall mean the Notice of Class Action Settlement and Opt-Out Form, collectively, attached hereto as **Exhibits 1 and 2** respectively.

“Opt-Out(s)” shall mean any and all persons who timely and validly request exclusion from the Settlement of the Released Class Claims in accordance with the terms of the Class Notice. Notwithstanding the submission of a timely request for exclusion, PAGA Employees will still be bound by the settlement and release of the Released PAGA Claims or remedies under the Judgment pursuant to *Arias v. Superior Court*, 46 Cal. 4th 969 (2009). Requests for exclusion do not apply to the Released PAGA Claims, and will not be effective to preclude the release of the Released PAGA Claims.

“Opt-Out Form” or “Exclusion Form” shall mean a document that the Class Member is required to mail to the Settlement Administrator, as set forth in the form of **Exhibit 2** attached hereto, postmarked no later than the date indicated on the Class Notice, to exclude himself or herself from the non-PAGA portion of the Settlement.

1 “Parties” shall mean the Class Representative and Defendants.

2 “PAGA” means the California Labor Code Private Attorneys General Act, California Labor
3 Code §§ 2698 *et seq.*

4 “PAGA Employees” shall mean all current and former non-exempt employees of Defendant
5 in the State of California who hold/held delivery driver positions from April 3, 2019 to January 27,
6 2023 (“PAGA Period”).

7 “PAGA Claims” shall mean all claims for penalties under the PAGA that were actually
8 alleged or that could have been alleged in the Action by Plaintiff in the operative Complaint or in the
9 LWDA letters, based on the allegations in the Complaint and the LWDA letters, from April 3, 2019
10 through March 31, 2023.

11 “PAGA Fund” means the gross amount of \$64,750 which the parties have allocated for PAGA
12 penalties for alleged Labor Code violations. Seventy-five percent of the PAGA Fund (i.e., \$48,562.50)
13 shall be paid to the LWDA, and the remaining twenty-five percent (i.e., \$16,187.50) shall be paid to
14 PAGA Employees.

15 “PAGA Period” means the period from April 3, 2019 through January 27, 2023.

16 “Participating Settlement Employees” means all Class Participants and PAGA Employees.

17 “Preliminary Approval” means the Court Order preliminarily approving this Joint
18 Stipulation, authorizing the mailing of the Notice Packet by the Settlement Administrator, and
19 setting the date of the Final Approval Hearing.

20 “Preliminary Approval Date” means the date upon which the Court preliminarily approves
21 this Settlement, pending notice, an opportunity to submit objections, and a fairness hearing thereon.

22 “Preliminary Approval Hearing” shall mean the hearing held on the motion for preliminary
23 approval of the Class Settlement.

24 “Released Class Claims” means any and all claims, rights, demands, liabilities, and causes of
25 action, whether known or unknown, arising from the same set of operative facts as those set forth in
26 the operative Complaint, or in Plaintiff’s LWDA letters, including those claims which could have
27 been asserted based on the facts alleged in the operative Complaint or LWDA letters, through the
28

Release Period, including claims for: failure to provide rest periods; failure to pay minimum, regular, and overtime wages; failure to timely pay wages during employment and/or upon termination; improperly itemized wage statements; unreimbursed business expenses; unfair competition; and violations of the California Labor Code Private Attorneys General Act, California Labor Code §§ 2698 *et seq.*

“Released PAGA Claims” means all PAGA Claims that were actually alleged or could have been alleged based upon the facts set forth in the operative Complaint or based upon the facts set forth in the April 3, 2020 LWDA letter by the named Plaintiff on behalf of the State of California, himself, and the PAGA Employees. The release of the Released PAGA Claims shall be effective from April 3, 2019 to March 31, 2023.

“Released Parties” shall mean Defendant and any of its former and present parents, subsidiaries, affiliates, insurers, insurance policies, and benefit plans; each of the former and present officers, directors, employees, equity holders (partners, shareholders, holders of membership interests, etc.), agents, representatives, administrators, fiduciaries, and attorneys of the entities described in this sentence; and any other predecessors, successors, transferees, and assigns of each of the persons and entities described in this sentence (“Released Parties”) through the Release Period.

“Release Period” means the period from April 3, 2016 through March 31, 2023.

“Service Payment” shall mean any additional monetary payment provided to the Class Representative for his efforts on behalf of the Class.

“Settlement Administrator” shall mean the company known as ILYM Group, Inc., a qualified, third-party settlement administrator which the Parties have agreed will be responsible for administration of the Settlement and related matters.

“Settlement Administrator’s Expenses” means all costs and expenses relating to the administration of the Settlement, including without limitation, address verification measures, formatting, preparing, and mailing of Notice Packets, accounting for opt-outs and objections, calculation and determination of payments to Participating Settlement Employees, accounting and maintenance of Settlement Fund Account (defined below), posting the necessary information (i.e.,

“Settling Parties” shall mean the Class Representative, the Class, PAGA Employees, and Defendant.

“Total Settlement Amount” or “Total Settlement Payment” shall mean the total amount that Defendants will pay to resolve this Action, which is Nine Hundred Twenty-Five Thousand Dollars (\$925,000.00) which includes the payments to the Class, the payments to the PAGA Employees, the Settlement Administrator’s Expenses, the Class Representative Service Payment, the payment to Labor and Workforce Development Agency for PAGA penalties, and Class Counsel’s attorneys’ fees and costs. In no event will Defendant be required to pay more than the Total Settlement Amount as part of this Settlement.

1. Investigation, Discovery, and Research

Class Counsel have conducted investigation, discovery, and research during the prosecution of the Action. Such efforts included, among other things: (a) conducting a thorough pre-filing investigation; (b) propounding a comprehensive set of written discovery requests; (c) inspecting and analyzing data and documents produced by Defendant pertaining to Plaintiff and the putative class

members and PAGA Employees; (d) interviewing putative class members and PAGA Employees; (e) analyzing the legal arguments made by Defendant; (f) preparing an analysis of potential class-wide damages/PAGA penalties and constructing a damages model; and (g) researching the applicable law with respect to the claims asserted in this Action and the potential defenses thereto. Thus, the Parties have engaged in sufficient investigation, discovery, and research to assess the relative merits of the claims of the Class and PAGA Employees and of Defendant's defenses.

2. Allegations of the Class/PAGA Employees and Benefits of Settlement

The investigation and discovery conducted in this matter were adequate to give the Plaintiff and Class Counsel a sound understanding of the merits of their position and to evaluate the worth of the claims of the Class/PAGA Employees. This Settlement was reached after arm's-length bargaining by the Parties with the assistance of an experienced mediator, Hon. Ronald Sabraw (ret.), and after Class Counsel thoroughly reviewed all relevant evidence. The information obtained from investigation and discovery as well as information exchanged for mediation was sufficient to assess reliably the merits of the respective Parties' positions and to compromise the issues on a fair and equitable basis.

Plaintiff and Class Counsel believe that the causes, allegations, and contentions asserted in the Action have merit. However, they recognize and acknowledge the expense and delay of continued lengthy proceedings necessary to prosecute the Action against Defendant through trial and through appeals. Class Counsel have taken into account the uncertain outcome and the risk of any litigation, the risk of continued litigation in complex actions such as this, as well as the difficulties and delays inherent in such litigation, and the potential difficulty maintaining the Action as a class action. Class Counsel are also mindful of the inherent problems of proof under, and possible defenses to, the claims alleged in the Action. Class Counsel believe that the Settlement set forth in this Joint Stipulation confers substantial benefits upon the Class, LWDA and PAGA Employees, and that an independent review of this Joint Stipulation of Settlement by the Court in the approval process will confirm this conclusion. Based on their own independent investigation and evaluation, Class Counsel have determined that the Settlement set forth in the Settlement is in the best interest of

the Class Representative the members of the Settlement Class, the State and PAGA Employees.

3. Defendant’s Denial of Wrongdoing

Defendant has denied and continues to deny generally each and all of the claims and contentions alleged by the Plaintiff in the Action. Defendant has expressly denied and continues to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged in the Action. Nonetheless, Defendant has concluded that the further litigation of the Action would be protracted and expensive and determined that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Joint Stipulation in order to limit further expense, inconvenience, uncertainty, and distraction. This Settlement is entered into solely for the purpose of compromising highly disputed claims. Nothing in this Settlement is intended or will be construed as an admission of liability or wrongdoing by Defendant or the Released Parties. This Settlement and the fact that Parties were willing to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (other than solely in connection with effectuating the Settlement pursuant to this Settlement).

4. Intent of the Settlement

The Class Settlement set forth herein intends to achieve the following: (1) entry of an Order approving the terms of this Joint Stipulation and granting the monetary relief set forth herein to the Participating Settlement Employees; (2) entry of judgment; and (3) discharge of Released Parties from liability for any and all of the Released Class Claims and Released PAGA Claims.

C. PROCEDURAL ISSUES

1. Binding Settlement

This Settlement shall bind the Parties, all PAGA Employees as to the release of Released PAGA Claims, and all Class Participants as to Released Class Claims, subject to the terms and conditions herein and the Court’s approval.

2. Preliminary Approval

Class Counsel will submit this Joint Stipulation to the Court along with the Motion for

Preliminary Approval of Class Action Settlement. Class Counsel will provide a draft of the Motion to Defendant at least 3 business days in advance of filing for review and comment. In connection with their filing of the Motion for Preliminary Approval, Plaintiff and Class Counsel shall notify the LWDA of the existence of the Settlement.

3. Qualified Stipulation to Class Certification

The Parties stipulate to class certification for purposes of settlement only. Defendant contends that the facts do not justify class certification under the governing legal standards. The Court has not ruled on class certification in the underlying litigation. Consequently, a Settlement Class will be established for purposes of administration and resolution of this matter only. It is not, and it should not be construed as, any admission of fact or law in this matter or any other matter that class certification is appropriate. If the Court does not grant either preliminary or final approval of this Settlement, then the Parties will revert to their previous positions and Defendant will not stipulate to class certification.

4. Settlement Administrator

Subject to Court approval, the third-party company known as ILYM Group, Inc. will act as the Settlement Administrator. The Settlement Administrator will perform address verification measures, formatting, preparing, translating and mailing of the Notice Packets; accounting for Opt-Outs and objections; calculation and determination of payments to Participating Settlement Employees; accounting and maintenance of Settlement Fund Account; posting of the necessary information (i.e., regarding the judgment) on the Settlement Administrator's website; resolution of any differences between Defendant's payroll records and information provided by Participating Settlement Employees; distribution of payments to Participating Settlement Employees; preparation of a report for the Court indicating the total amount that was actually paid to Participating Settlement Employees; administration and payment of unclaimed and/or uncashed checks pursuant to California Code of Civil Procedure § 384; preparation and issuance of checks to Class Counsel for attorneys' fees and costs; preparation and issuance of the checks to the Class Representative for his Service Payment; calculation and remitting of payroll taxes to the appropriate federal and state tax

authorities; administration and submission of all tax-related documents concerning the Settlement; and any other issues related to the Settlement administration.

On a weekly basis, the Settlement Administrator will provide reports to Class Counsel and Defendant’s Counsel to provide an update as to the number of Opt-Out Forms as well as any disputes or objections submitted by Class Members or PAGA Employees. The Settlement Administrator will serve on Class Counsel and Defendant’s Counsel via e-mail date-stamped copies of the original Opt-Out Forms, challenges, and objections no later than five (5) court days after their receipt. The Settlement Administrator will provide the Parties with a declaration setting forth the results of the settlement administration no later than five (5) court days after the end of the Opt-Out period. The Settlement Administrator will provide a draft declaration for review and comment prior to finalizing it.

All fees and costs of the Settlement Administrator for administration of the Settlement shall be paid from the Total Settlement Amount. The costs of the settlement administration are estimated to be \$12,000.

5. Notice to Class Members and PAGA Employees

Notice shall be provided to Class Members and PAGA Employees in the following manner:

Within twenty-one (21) calendar days of Preliminary Approval of the Settlement, Defendant shall provide the Settlement Administrator with the names, last known mailing address, last known telephone number (if available), social security number, and the respective Pay Periods that each Class Member worked during the Class Period, and the number of pay periods worked by each PAGA Employee in the PAGA Period in a readable MS Excel spreadsheet (collectively “Class List and Data”). The Class List and Data will be used for settlement notification and settlement administration only and shall not be used for any other purpose. The Settlement Administrator shall provide reasonable and appropriate administrative, physical, and technical safeguards for any personally identifiable information (“PII”) that it receives from Defendant; and promptly provide Defendant with notice if PII is subject to unauthorized access, use, disclosure, modification, or destruction.

Within fourteen (14) calendar days after receipt of the Class List and Data, the Settlement Administrator shall mail the Notice Packet to the Class Members and PAGA Employees via first-class regular U.S. mail. Prior to mailing, the Settlement Administrator will perform a search based on the National Change of Address Database information to update and correct for any known or identifiable address changes. It will be presumed that, if an envelope containing the Class Notice has not been returned before the end of the 45-day opt-out period, the Class Member and/or PAGA Employee received the Notice. If a new address is obtained by a way of a returned Notice Packet, then the Settlement Administrator shall promptly forward the original Notice Packet to the updated address via first-class regular U.S. mail indicating on the original Notice Packet the date of such re-mailing. Where a Notice Packet is returned as undeliverable, without a forwarding address, the Settlement Administrator will perform a computer/SSN and “skiptrace” search to obtain an updated address within three (3) court days of receiving the notice from the U.S. Post Office. If a new address is obtained by a way of a returned Notice Packet or skiptrace, then the Settlement Administrator shall promptly forward the original Notice Packet (no later than 3 court days of receiving the undeliverable notice or obtaining the skiptrace results) to the new address via first-class regular U.S. mail. Those Class Members and/or PAGA Employees who were re-mailed the Notice Packet will be given additional ten (10) calendar days after the 45-day deadline. The parties will take all reasonable steps to cooperate with the Settlement Administrator to locate a more recent address for Class Members and/or PAGA Employees, where necessary.

The Notice will be approved by the Court at the time of Preliminary Approval. The notice will include, but shall not be limited to: information regarding the nature of the Lawsuit and the names and contact information for Class Counsel; a summary of the substance of the Settlement; the Class definition; a description of the Settlement administration, procedure, and the deadline for submitting Opt-Out Forms and objections; the date for the Final Approval Hearing; and the formula used to calculate Individual Class Settlement Payments and Individual PAGA Payments. The Notice shall also include the number of Pay Periods the Class Member and/or PAGA Employee worked during the Class Period and/or PAGA Period (according to Defendant’s records) and the Class

An Opt-Out Form shall allow the Class Members to elect exclusion from the settlement of the Released Class Claims, but does not exclude a PAGA Employee from the settlement of the Released PAGA Claims. If a Class Member does not want to participate in the Class portion of this Settlement and wants to avoid being bound by the non-PAGA Settlement terms, a Class Member must sign his or her Opt-Out Form and submit it to the Settlement Administrator by not later than forty-five (45) calendar days after the Notice Packet was first mailed. To be valid, an Opt-Out Form must be timely and must comply with the instructions in the Class Notice. A Class Member who does not complete and mail a timely Opt-Out Form in the manner and by the deadline specified in the Class Notice will automatically become a Class Participant and will be bound by all terms and conditions of the Settlement, including the Released Class Claims by the Class, if the Settlement is approved by the Court, and by the Judgment, regardless of whether he or she has objected to the Settlement. Persons who submit an Opt-Out Form shall not be permitted to file objections to the Settlement or appear at the Final Approval Hearing to voice any objections to the Settlement. Notwithstanding the submission of a timely request for exclusion, PAGA Employees will still be bound by the settlement and release of the Released PAGA Claims or remedies under the Judgment pursuant to *Arias v. Superior Court*, 46 Cal. 4th 969 (2009). Requests for exclusion do not apply to the PAGA Claims, and will not be effective to preclude the release of the PAGA Claims.

Class Members who wish to object to the Settlement should follow the instructions in the Class Notice to timely submit their objection. In order to object to the Settlement, a Class Member must file his or her written objection with the Court not later than forty-five (45) calendar days after

the Notice Packet was first mailed. Any Class Member who wishes to appear at the Final Approval Hearing should submit a Notice of Intention to Appear at the Final Approval Hearing by the deadline stated in the Class Notice. Any Class Member who fails to comply with the requirements for submitting a timely objection may be deemed by the Court to have waived any right to object to the settlement and may not appeal any ruling in connection with the Settlement.

Compliance with the notice procedures specified in this Settlement shall constitute due and sufficient notice to Class Members and PAGA Employees of this Settlement and shall satisfy the requirements of due process. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defense Counsel to provide notice of the proposed Settlement. In the event the procedures in this Settlement are followed and the intended recipient of a Notice of Settlement still does not receive the Notice of Settlement, the intended recipient shall remain a Class Participant and/or PAGA Employee and will be bound by all terms of the Settlement and any Final Approval Order entered by the Court.

6. Submission of Claim Form Unnecessary to Participate in Class Settlement

Unless the Class Member submits a valid and timely Opt-Out Form to the Settlement Administrator by not later than forty-five (45) calendar days after the Notice Packet was first mailed, the Class Member will automatically be mailed a check for his or her pro rata share of the Net Settlement Amount.

7. Disputes Regarding Administration of Settlement

Any dispute not resolved by the Settlement Administrator concerning the administration of the Settlement shall be resolved by the Court. The Parties intend that any decision in this regard shall be consistent with this Settlement and the exhibits hereto. Prior to any such involvement of the Court, counsel for the Parties shall confer in good faith and make use of the services of the mediator, the Honorable Ronald Sabraw (Ret.), if necessary, to resolve the dispute without the necessity of involving the Court.

8. Reminder of Opt-Out & Objection Deadlines

Not more than 30 days, but not fewer than 25 days after mailing of the original Notice Packet, the Settlement Administrator shall mail one reminder postcard, which shall include the

estimated Individual Class Settlement Payment and/or Individual PAGA Payment, as well as contact information for the Parties’ Counsel and the Settlement Administrator, to all Class Members who have not yet submitted an Opt-Out Form, to remind them of the deadline. The postcard shall be mailed to such Class Members via first-class regular U.S. Mail, using the most current mailing address information then available for the Class Members.

D. SETTLEMENT TERMS

1. The Settlement Class

For the purposes of this Joint Stipulation, the Settlement Class to be conditionally certified for settlement purposes only shall consist of “all current and former non-exempt employees of Defendant in the State of California who hold/held delivery driver positions” from April 3, 2016 to January 27, 2023 (“Class Period”).

The Parties also stipulate to the approval by the Court of a representative action, for settlement purposes only, as to all claims asserted pursuant to PAGA on behalf of the State of California to consist of “all current and former non-exempt employees of Defendant in the State of California who hold/held delivery driver positions from April 3, 2019 to January 27, 2023 (“PAGA Period”). Defendant’s stipulation to the certification of a settlement class and to a representative action shall not be construed as an admission or acknowledgment of any kind that any class should be certified or that any claims should be given class or representative action treatment.

2. Total Settlement Amount

The Total Settlement Amount that Defendant will pay to resolve this Action is Nine Hundred Twenty-Five Thousand Dollars (\$925,000.00), which includes the payment to the Class Participants, the Settlement Administrator’s expenses, the Class Representative’s service payment, the PAGA Fund, and Class Counsel’s attorneys’ fees and costs.

3. Class Representative Service Payment

Defendant will not oppose the Class Representative’s application to the Court for a service payment of \$10,000, to be paid out of the Total Settlement Amount. To the extent the Court approves less than the requested amount of the Class Representative Service Payment, the difference

between the requested and awarded amount will added to the amount to be distributed to the Class Participants.

In consideration of the mutual covenants and promises set forth herein, as of the Final Approval Date, the Class Representative fully releases and discharges Defendant and the other Released Parties from any and all claims that Class Representative now has or claims to have or which Class Representative at any time heretofore had or claimed to have, or which Class Representative at any time hereafter may have or claim to have, known or unknown, arising out of or related to any act, omission, event, fact, or other thing that existed or occurred on or before Preliminary Approval.

Without limiting the generality of the foregoing, and in addition to the foregoing, the Class Representative specifically and expressly releases to the maximum extent permitted by law any and all claims, rights, demands, liabilities, and causes of action, whether known or unknown, against Defendant and the Released Parties, that arise from, or are related to Plaintiff's employment with or separation from Defendant through the Release Period. The named Plaintiff also waives any and all rights conferred upon him under Section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

This release does not include any pending claims for workers' compensation benefits that the Class Representative may have against Defendant, or any other claim that cannot be released by law. Any Class Representative Service Payment approved by the Court shall be paid to the Class Representative from the Total Settlement Amount, and shall be in addition to any distribution to which she may otherwise be entitled as a Class Participant and PAGA Employee. The Class Representative Service Payment shall not be considered wages, and the Settlement Administrator shall issue the Class Representative a Form 1099 reflecting such payment.

4. Class Counsel's Attorneys' Fees and Costs

Defendant will not oppose the Class Counsel's application to the Court for attorneys' fees of

up to 1/3 of the Total Settlement Payment (\$308,333.33) and costs incurred of up to \$20,000. The Class Counsel’s fees and costs approved by the Court shall encompass: (a) all work performed and costs incurred by Class Counsel in representing Plaintiff and the putative class/PAGA Employees through the date of this Joint Stipulation; (b) all work to be performed and costs to be incurred in connection with obtaining final approval from the Court of the terms of this Joint Stipulation; and (c) all work and costs, if any, incurred in connection with administering the Settlement through the conclusion of the Action. To the extent the Court approves less than the requested amount of Class Counsel’s fees and costs, the difference between the requested and awarded amounts will be added to the amount to be distributed to the Class Participants. Defendant shall bear its own attorneys’ fees and costs incurred for the Action.

5. PAGA Fund and Payment to Labor and Workforce Development Agency

The Parties agree to allocate \$64,750 of the Total Settlement Payment for settlement of claims for civil penalties under PAGA, Labor Code § 2699, *et seq.* Pursuant to Labor Code Section 2699(i), 75% of that amount (\$48,562.50) will be paid to the Labor and Workforce Development Agency. The remaining 25% (\$16,187.50) will be distributed to PAGA Employees on a pro rata basis based on the number of pay periods they worked during the PAGA Period as the Individual PAGA Payment. The PAGA Fund shall be treated as miscellaneous income which shall be reported on an IRS 1099 without withholdings.

6. Class Participant Distribution Formula

After deducting for the amounts for Settlement Administrator’s Expenses, Plaintiff’s awarded Class Representative Service Payment, the PAGA Fund, and Class Counsel’s awarded attorneys’ fees and costs, the balance of the Total Settlement Payment (the “Net Settlement Amount”) will be distributed as follows:

- (a) “Total Pay Periods” will be the total number of Pay Periods worked by all Class Participants during the Class Period according to Defendant’s records.
- “Individual Pay Periods” will be the total number of Pay Periods worked by each individual Class Participant during the Class Period, according to

Defendant’s records. If Defendant’s records reflect that a Class Participant worked any amount of time during a Pay Period, that Pay Period will be counted as a Pay Period for purposes of calculating the Total Pay Periods and the Individual Pay Periods for the particular Class Participant.

(b) Each Class Participant’s “Individual Settlement Payment” will be based on a ratio of the Class Participant’s Individual Pay Periods to the Total Pay Periods. The Individual Settlement Payment will be calculated by dividing the Class Participant’s Individual Pay Periods by the Total Pay Periods and multiplying by the Net Settlement Amount. A portion of this resulting amount will be subject to tax withholdings, as described below.

7. Non-Reversionary Settlement

The Parties agree that no part of the Total Settlement Amount will revert back to Defendant. The Class Participants and PAGA Employees shall have one-hundred eighty (180) calendar days to deposit or otherwise cash their settlement checks. This 180-day period will be counted from the postmark date of the checks’ mailing to Class Participants and PAGA Employees by the Settlement Administrator.

As to the funds that remain in the Settlement Fund Account after 180 days due to Class Participants’ and PAGA Employees’ failure to deposit or cash their settlement checks, those funds will be sent to State of California’s Unclaimed Property Fund in the Class Participants’ names.

8. No Credit Toward Benefit Plans

The Individual Settlement Payments made to Class Participants under this Settlement, as well as any other payments made pursuant to this Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any Class Participants may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties’ intention that this Settlement will not affect any rights, contributions, or amounts to which any Class Participants may be entitled under any benefit plans.

9. Treatment of Class Settlement Payments and Payroll Tax Obligations

All Individual Settlement Payments to Class Participants will be allocated as follows: 20% to settlement of wage claims, and 80% to settlement of claims for penalties. The Settlement Administrator shall calculate the payroll taxes, including, but not limited to, Medicare taxes, Social Security taxes, federal unemployment taxes, state unemployment insurance taxes, and employment training taxes associated with the wage portion of the Settlement Amount made to each Class Participant. The employee's share of payroll taxes shall be withheld by the Settlement Administrator and paid to the appropriate governmental agencies. The Settlement Administrator will calculate the employer's share of payroll taxes, which shall be paid by Defendant separately from the Total Settlement Amount, and pay those amounts to the appropriate governmental agencies. For purposes of calculating payroll taxes, the Parties agree, for purposes of this Settlement only and for no other purpose that twenty percent (20%) of each Individual Settlement Payment shall constitute wages subject to standard withholdings.

The Parties make no representations as to the tax treatment or legal effect of the payments specified herein, and the Class Participants and PAGA Employees are not relying on any statement or representation by the Parties, Class Counsel, or Defendant's Counsel in this regard. Class Participants and PAGA Employees will be responsible for the payment of all taxes and penalties assessed on the payments specified herein.

The Parties acknowledge and agree that: (1) no provision of this Joint Stipulation, and no written communication or disclosure between or among the Parties, Class Counsel, or Defendant's Counsel and other advisers, is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended); (2) the acknowledging party: (a) has relied exclusively upon his, her, or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Joint Stipulation, (b) has not entered into this Joint Stipulation based upon the recommendation of any other party or any attorney or advisor to any other party; and (c) is not entitled to rely upon any communication or disclosure by any attorney or

adviser to any other party to avoid any tax penalty that may be imposed on the acknowledging party; and (3) no attorney or adviser to any other party has imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Joint Stipulation.

10. Deadline to Fund the Settlement Fund Account

Defendant shall deliver or otherwise remit to Settlement Administrator the necessary funds to fully fund the Settlement Fund Account within fourteen (14) calendar days from the Effective Date (unless that date falls on a weekend or holiday, in which case, payment shall be delivered the next business day). This deadline is contingent on the Settlement Administrator providing to the Defendant: the amounts to be paid (including the employer's share of payroll taxes with a spreadsheet showing the amount for each Class Participant's Individual Settlement Payment), W-9 form for the Qualified Settlement Fund, and payment instructions within 14 calendar days of the order granting final approval of the Settlement. Settlement checks will be mailed within fourteen (14) calendar days of funding unless otherwise provided herein.

11. Release of Claims by Class Participants

Upon entry of the Judgment, all Participating Class Members shall release Defendant and the Released Parties from all class claims which were pled or could have been pled based on the factual allegations contained in the operative complaint or any amendments thereto which occurred during the Class Period, and expressly excluding claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, and workers' compensation, and class claims outside of the Class Period ("Released Class Claims"). The Released Class Claims include any claims, demands, lawsuits, administrative actions, arbitrations, and participation to any extent in any pending or future class, collective, or representative actions, or other action of any kind based on the Released Class Claims. Participating Class Member releases include known and unknown claims as described in this paragraph.

12. Release of Claims by PAGA Employees

Upon approval of the terms of this Joint Stipulation at the Final Approval Hearing, all PAGA Employees shall release and discharge Defendants and the other Released Parties from Released PAGA Claims, irrespective of whether that PAGA Employee validly requests exclusion from the settlement of Released Class Claims. An opt-out does not affect the release of PAGA Claims under this Settlement.

The PAGA Employees shall also waive unknown claims pursuant to California Civil Code § 1542 with regard to the Released PAGA Claims only. The PAGA release shall become effective upon Final Approval.

13. Number of Class Members and Pay Periods at Issue

Defendant represents that there are a total of approximately 227 Class Members, and that the total number of class Pay Periods is approximately 19,913 during the Class Period. If the total number of Pay Periods during the Class Period is more than 7.5% greater than 19,913, Defendant agrees to either, at Defendant's sole option, cut off the class membership as of the date that the number of Pay Periods reaches 7.5% more than the total above, or the Total Settlement Amount will be increased on a proportional basis.

E. NULLIFICATION OF THE JOINT STIPULATION

1. Non-Approval of the Joint Stipulation

If (a) the Court should for any reason fail to approve any material term of this Settlement in the form agreed to by the Parties, or (b) the Court should for any reason fail to enter a judgment in the Action, or (c) the judgment is reversed, modified, or declared or rendered void, then this Settlement shall be considered null and void, and neither this Settlement, nor any of the related negotiations or proceedings, shall be of any force or effect, and all Parties to this Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered into nor filed with the Court. Invalidation of any material portion of this Settlement shall invalidate this Settlement in its entirety, unless the Parties shall subsequently agree in writing that the remaining provisions of the Settlement are to remain in full force and effect. The Court's failure to approve

If 5% or more of the Class Members validly opt out, Defendant will have the right to rescind the Settlement and all actions taken in its furtherance of the Settlement will be null and void. Defendant must exercise this right in writing to Class Counsel within ten (10) calendar days after the latest Opt-Out deadline. If Defendant exercises this right, it shall be solely responsible for all costs of the settlement administration incurred to date.

At the Final Approval Hearing, Plaintiff shall move the Court for an order finally approving the terms of the Joint Stipulation, certifying the Class for settlement purposes, finding the terms of the Joint Stipulation as being fair, reasonable, and adequate to the Class Participants, and approving the settlement and release of the Released PAGA Claims by PAGA Employees. Class Counsel will provide a draft of the Motion to Defendants at least 3 business days in advance of filing for review and comment. The Parties do not anticipate that a separate submission will be required for Defendant, but Defendant's Counsel agree to submit to the Court such pleading and/or evidence as may be required for the Court's determination if it is ordered by the Court.

The Parties agree to cooperate fully with each other to accomplish and implement the terms of this Joint Stipulation. Such cooperation shall include, but not be limited to, execution of such other documents and the taking of such other actions as may reasonably be necessary to fulfill the terms of this Joint Stipulation. The Parties shall use their best efforts, including all efforts

contemplated by this Joint Stipulation and any other efforts that may become necessary by Court Order, or otherwise, to effectuate this Joint Stipulation and the terms set forth herein. As soon as practicable after execution of this Joint Stipulation, Class Counsel, with the cooperation of Defendants and its counsel, shall take all necessary and reasonable steps to secure the Court's Final Approval of the terms of this Joint Stipulation.

2. Duty to Support and Defend the Settlement

The Parties agree that the terms of the Joint Stipulation are fair and reasonable and will so represent to the Court. In addition, the mediator may, at his discretion, execute a declaration supporting the Settlement and the reasonableness of this Settlement, and the Court may, in its discretion, contact the mediator to discuss the Settlement and whether or not the Settlement is fair and reasonable. The Parties agree to abide by all of the terms of the Joint Stipulation in good faith and to support the Settlement fully, and to use their best efforts to defend this Settlement from any legal challenge, whether by appeal or collateral attack.

H. MISCELLANEOUS PROVISIONS

1. Construction

The Parties agree that the terms and conditions of this Joint Stipulation are the result of lengthy, intensive, arm's length negotiations between the Parties and that this Joint Stipulation is not to be construed in favor of or against any party by reason of the extent to which any party or its counsel participated in its drafting.

2. Choice of Law

This Joint Stipulation is intended to and shall be governed by the laws of the State of California, without regard to conflicts of law principles.

3. Captions and Interpretations

Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference only, and in no way define, limit, extend, or describe the scope of this Joint Stipulation or any provision thereof.

4. Modification

This Joint Stipulation may not be changed, altered, or modified, except in writing signed by the Parties, and approved by the Court if required. This Joint Stipulation may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties.

5. Integration Clause

This Joint Stipulation contains the entire agreement between the Parties relating to the Settlement of the Action and the transactions contemplated thereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written, and whether by a party or such party's legal counsel, are merged herein. No rights under this Joint Stipulation may be waived except in writing.

6. Interim Stay of Proceedings

The Parties agree to stay all proceedings in the Action, subject to necessary compliance with the Court's orders, except such proceedings necessary to implement and complete the Settlement, in abeyance pending the Final Approval Hearing to be conducted by the Court. The Parties further agree that, pursuant to Code of Civil Procedure § 583.330(a), the five-year period specified in Code of Civil Procedure § 583.310 shall be tolled for the time period beginning on December 14, 2022 (the date on which the Parties conducted the mediation during which the settlement was reached) and ending on the Effective Date of this Settlement or the date of a final order denying approval of this Settlement.

7. Jurisdiction of the Court

Following entry of the Final Approval, the Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Joint Stipulation and all orders and judgments entered in connection therewith, and the Parties, Class Counsel, and Defense Counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing, and enforcing the Settlement embodied in this Joint Stipulation and all orders and judgments entered in connection therewith.

8. Invalidity of Any Provision

Before declaring any term or provision of this Joint Stipulation invalid, the Parties request that the Court first attempt to construe the terms or provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Joint Stipulation as valid and enforceable.

9. Successors and Assigns

This Joint Stipulation shall be binding upon and inure to the benefit of the Parties and their respective heirs, trustees, executors, administrators, successors, and assigns.

10. Confidentiality

All Parties agree that this Settlement is strictly confidential until the Preliminary Approval Motion is filed. Nothing in this provision is intended to either (a) interfere with the ability of Class Counsel to communicate with Class Members in connection with the action, or (b) restrict Class Counsel's right to practice law under CRPC Rule 1-500. Class Counsel will maintain as Confidential any information about the Class Members provided in connection with this Settlement in accordance with the Stipulated Protective Order entered in the action on December 8, 2020.

11. No Prior Assignments

Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, or encumbered, or purported to assign, transfer or encumber, to any person or entity any portion of any liability, claim, demand, action, cause of action or right released and discharged by the Party in this Settlement.

12. Class Counsel Signatories

Because the Members of the Class are so numerous, the Parties agree that it is impossible or impractical to have each Class Participant and PAGA Employee sign this Joint Stipulation. Thus, it is agreed that, for purposes of seeking approval of the Class Settlement, this Joint Stipulation may be executed on behalf of the Class by the Class Representative and Class Counsel.

13. Corporate Signatories

Any person executing this Joint Stipulation or any such related document on behalf of a

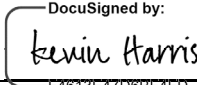
corporate signatory hereby warrants and promises, for the benefit of all Parties hereto, that such person has been duly authorized by such corporation to execute this Joint Stipulation or any such related document.

14. Execution in Counterparts

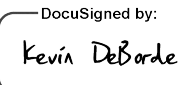
This Joint Stipulation shall become effective upon its execution by all of the undersigned Parties. The Parties may execute this Joint Stipulation in counterparts, and execution of counterparts shall have the same force and effect as if all Parties had signed the same instrument.

SIGNATURES

PLAINTIFF/CLASS REPRESENTATIVE

Dated: August 14, 2023 By:  F4613E47D6BF4FD...
KEVIN HARRIS

DEFENDANT

Dated: August __, 2023 By:  BC0F087A260E4D9...
Print Name: Kevin DeBorde
Title: ~ \$\$Z\$%f! % / ! ! ! #f!Z ~ " &! \$! ž
McKesson Medical-Surgical Inc.

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APPROVED AS TO FORM

Dated: August , 2023

JAMES HAWKINS APLC



JAMES R. HAWKINS
CHRISTINA M. LUCIO
Attorney for Plaintiff
KEVIN HARRIS

Dated: August 23 2023

LITTLER MENDELSON P.C.



TANJA L. DARROW
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Attorneys for Defendant
MCKESSON MEDICAL-SURGICAL INC.