

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

CAROLYN CHALECKI and JOYCE SPANG,  
individually, and on behalf of those similarly situated  
persons, and as a member of the general public,

Plaintiff,

vs.

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

Defendants.

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AND PLAINTIFFS-IN-INTERVENTION.

**CASE NO.: BC 300311**

Assigned to Hon. Anthony J. Mohr/Dept 309

**(CLASS ACTION)**

**[Related Cases Nos. BC 326162, BC 236552]**

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

Final Fairness and Approval Hearing

Date: March 28, 2008

Time: 11:00am

Dept.: 309

**NOTICE TO ALL INDIVIDUALS WHO WERE EMPLOYED BY STATE FARM IN THE STATE  
OF CALIFORNIA AS CLAIM REPRESENTATIVES IN STATE FARM'S SPECIAL INVESTIGATIVE  
UNIT AT ANY TIME FROM SEPTEMBER 8, 1996 THROUGH MAY 10, 2003:**

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

Pursuant to the Order of the Superior Court of the State of California for Los Angeles County entered  
December 18, 2007, **YOU ARE HEREBY NOTIFIED AS FOLLOWS:**

A proposed settlement has been reached between the parties in the above-captioned action pending in the  
Superior Court of the State of California for the County of Los Angeles on behalf of all individuals who were  
employed as claim representatives in the State of California by State Farm in State Farm's Special Investigative  
Unit ("SIU Claim Reps") at any time from September 8, 1996 through May 10, 2003 ("Class" or "Class  
Members"). You have received this Notice because records indicate that you are one of the individuals in the  
Class.

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**I. DESCRIPTION OF THE LITIGATION**

On or about August 6, 2003, Class Representative Carolyn Chalecki filed the initial Complaint in this action, entitled Chalecki v. State Farm, Los Angeles County Superior Court Case Number BC 300311. The operative Second Amended Complaint, which added Joyce Spang as a Class Representative, was filed on or about June 15, 2005. In addition to Class Representatives, 112 SIU Claim Reps have intervened in this action, 8 SIU Claim Reps are awaiting court approval of the Parties’ stipulations to permit their intervention, an additional 4 SIU Claim Reps have requested that Class Counsel take steps to have them intervene, and an additional 5 SIU Claim Reps have signed fee agreements with Class Counsel.

The Complaint pleads a number of wage and hour violations, primarily including, but not limited to, that: a) State Farm misclassified SIU Claim Reps as exempt employees, b) State Farm failed to pay SIU Claim Reps for hours worked and overtime premiums, c) State Farm failed to provide SIU Claim Reps with meal and rest periods, d) State Farm failed to pay terminated SIU Claim Reps all wages due upon termination, e) State Farm failed to pay minimum wage, f) State Farm violated the federal Fair Labor Standards Act (“FLSA”) and g) State Farm’s violations amounted to conversion and to unfair business practices in violation of Business and Professions Code section 17200 et seq. The Complaint seeks compensatory damages (including, but not limited to, unpaid wages, overtime premiums, and meal and rest period premiums), restitution, pre- and post-judgment interest, statutory penalties, attorneys’ fees, and costs.

State Farm denied and continues to deny each of these allegations, or that the allegations state a valid cause of action, and asserted that it has no liability. Specifically, State Farm alleges that SIU Claim Reps were covered by the administrative exemption to the overtime laws, were compensated properly, and were provided meal and rest periods. State Farm also denies that it engaged in any conversion or unfair business practices, and denies that SIU Claim Reps are entitled procedurally to proceed as a class.

Through the course of the litigation, the Parties have filed over fourteen motions. Class Counsel, on behalf

of Plaintiffs, filed two writs (one to the California Court of Appeal and the other to the California Supreme Court, which granted review) and later filed an appeal to the Court of Appeal. The Parties were due to file cross-motions for summary judgment and/or summary adjudication on December 13, 2007, with the hearings on those motions set for late-January 2008.

The Parties have engaged in substantial discovery. The Parties have propounded thousands of interrogatories and requests for admission upon each other. In response to requests for production, tens of thousands of pages of documents have been produced, with tens of thousands more pages of documents set to be produced and/or inspected before trial.

State Farm has deposed the two Class Representatives and 79 of the Interveners. These depositions were taken in six different locations spread throughout California. State Farm was scheduled to take 18 more Intervener depositions in December 2007. The Parties also have deposed several third-party witnesses. Plaintiffs were scheduled to take the depositions of two of State Farm's "persons most knowledgeable" regarding SIU policies and one of State Farm's managers in late November and early December 2007.

On September 18, 2007, the parties participated in mediation before retired California Supreme Court Justice Edward A. Panelli. The mediation did not resolve the case, but the Parties have agreed to have Justice Panelli review the Settlement Agreement and to provide his opinion and advice as to its fairness and propriety and as to whether changes should be made to its terms.

Trial was set in this action for March 10, 2008. To avoid the further substantial expense of time and resources by the Parties and their counsel attendant to all of the pending discovery and law and motion practice, as well as trial preparation, the Parties decided to enter into a Settlement.

The outcome of this litigation would be uncertain absent settlement. Plaintiffs' hand was strengthened by recent appellate rulings, particularly one on August 16, 2007 in Harris v. Superior Court (Liberty Mutual) (2007) 154 Cal.App.4th 164, which held that 39 categories of claim adjusters (including SIU claim representatives) for six different insurers working for Liberty Mutual and Golden Eagle had all been improperly classified as exempt under California law. The recent opinion in Eicher v. Advanced Business Integrators (2007) 151 Cal.App.4th 1363, also aided Plaintiffs in defining the administrative exemption and defining an employee's minimal burden to prove overtime hours. There was a risk at the time the Parties reached their tentative Settlement that the Supreme Court could grant review in Harris or order that opinion depublished. After the Settlement was reached, the Supreme Court on November 28, 2007 did grant review in Harris.

Proceedings through trial and appeal would involve substantial litigation risks, would be costly, and would substantially defer resolution. Plaintiffs face certain risks in going forward given State Farm's opposition to class certification. Unquestionably, Plaintiffs face protracted litigation. Settlement prior to a hearing on class certification removes the risk that State Farm will prevail on any arguments contesting typicality, commonality, class certification, or manageability for trial.

Even if the class were to be certified, State Farm could appeal that ruling, which would prolong any resolution of the case by at least a year. A number of key issues of first impression would remain for decision in this case (e.g., how should an employer provide its employees meal and rest breaks? does it need to merely offer them or take steps to ensure that they are taken? does the double wage penalty under Labor Code 1194.2 apply in this case? is interest on unpaid wages calculated on wages when earned [on a daily basis], or when due, or calculated on a mid-year convention?). No matter how the trial court would rule on these issues, they present the threat of protracted litigation proceeding well into the next decade.

Therefore, after taking into account the sharply disputed factual and legal issues involved in this action, the risks attending further prosecution, and the substantial benefits to be received pursuant to the Settlement reached with State Farm, Class Representatives and Class Counsel have concluded that settlement on the terms set forth in the Settlement Agreement is in the best interests of the Class of SIU Claim Reps and is fair and reasonable.

Similarly, State Farm concluded that there were benefits associated with settling the action. After taking into account the sharply disputed factual and legal issues, the expense and burden of protracted litigation, and its desire to put the controversy to rest, State Farm has concluded that settlement on the terms set forth in the Settlement Agreement is in its best interest and is fair and reasonable. By entering into this Settlement, State Farm does not admit any liability or wrongdoing.

This Settlement contemplates: (i) entry of a Court Order preliminarily approving the Settlement and approving certification of a provisional settlement class, contingent upon final approval of the settlement; (ii) entry of an Order granting final approval of the Settlement and dismissing the case with prejudice; and (iii) discharge of State Farm from liability for the claims released in the Settlement Agreement.

**II. THE CLASS**

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

“All individuals who were employed as claim representatives in the State of California by State Farm in State Farm’s Special Investigative Unit at any time from September 8, 1996 through May 10, 2003”

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

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

**III. ATTORNEYS OF RECORD**

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

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

APPELL | HILAIRE | BENARDO LLP  
Stephen M. Benardo, Esq.  
Barry A. Appell, Esq.  
Mika M. Hilaire, Esq.  
15233 Ventura Boulevard, Suite 420  
Sherman Oaks, California 91403  
Telephone: (818) 788-2300  
Facsimile: (818) 788-2464

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

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

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

**IV. SUMMARY OF THE PROPOSED SETTLEMENT**

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

**A. Settlement Fund**

State Farm shall pay a Settlement Fund in the sum of thirteen million, seven hundred and fifty thousand dollars (\$13,750,000) to the Class Members (i.e., the class of SIU Claim Reps). The following shall be paid from the Settlement Fund: i) all payments to Class Members, ii) all employment taxes to be paid on payments to Class Members, including the employer’s portion of payroll taxes, iii) the Settlement Administrator’s fees, and iv) all incentive awards to be paid to Class Representatives and to Interveners who were deposed in this action. The payments from the Settlement Fund to the Class Members shall not be pensionable. No attorneys’ fees, litigation expenses, or costs shall be paid from the Settlement Fund. No portion of the Settlement Fund shall revert back to State Farm.

**B. Settlement Amounts Payable to Class Members**

Individual payments shall be made to all Class Members who qualify for payment under the Settlement Agreement and who do not opt out of the Settlement (referred to as "Authorized Claimants"). The total amount available for distribution to Authorized Claimants shall be the Settlement Fund of thirteen million, seven hundred and fifty thousand dollars (\$13,750,000), minus the Settlement Administrator's fees, minus all employer-paid taxes due on payments to Class Members, minus the total of all additional incentive payments made to Class Representatives and Interveners who were deposed and do not opt out of the Settlement (referred to as the "Net Settlement Amount"). The amount of payment to each individual Authorized Claimant shall be calculated by taking the total number of weeks the Authorized Claimant worked for State Farm as an SIU Claim Rep from September 8, 1996 to May 10, 2003 and the total number of weeks worked by all Authorized Claimants during the same time period, and paying the Authorized Claimant his or her proportional share of the Net Settlement Amount.

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

Of the Net Settlement Amount, forty-nine percent (49%) shall be for wages (including, but not limited to, unpaid wages, overtime, and meal and rest period premiums), two percent (2%) shall be for statutory penalties (including, but not limited to, waiting time penalties, minimum wage violation penalties, and penalties for failure to provide timely and accurate wage statements), and forty-nine percent (49%) shall be for interest. Each Authorized Claimant shall receive two checks, one a payroll check for wages and the other a check for interest and penalties with no taxes withheld. If eligible, the Authorized Claimant shall receive a third check for an incentive award. The amount paid to each Authorized Claimant on his or her check for wages shall be reflected on a 2008 IRS Form W-2 to be issued by the Settlement Administrator to each Authorized Claimant. The amounts paid to each Authorized Claimant on his or her check for interest and penalties and his or her check for an incentive award shall be reflected on the appropriate 2008 IRS Form 1099s to be issued by the Settlement Administrator to each Authorized Claimant. Upon request of the Settlement Administrator an Authorized Claimant shall provide his or her IRS Form W-4 or IRS Form W-9, as required. Neither Class Counsel nor counsel for State Farm shall provide tax advice to any Class Member.

**D. Attorneys' Fees, Litigation Expenses, and Costs**

Subject to court approval, in addition to and separate from the Settlement Fund, State Farm shall pay attorneys' fees, litigation expenses, and costs of up to eleven million, two hundred and fifty thousand dollars (\$11,250,000), to be distributed among Class Counsel as follows: seven million, one hundred and four thousand dollars (\$7,104,000) to Pierry Shenoï LLP for attorneys' fees, three million, nine hundred and ninety-six thousand dollars (\$3,996,000) to Appell | Hilaire | Benardo LLP for attorneys' fees, one hundred and twenty-five thousand dollars (\$125,000) to Pierry Shenoï LLP for litigation expenses and costs, and twenty-five thousand dollars (\$25,000) to Appell | Hilaire | Benardo LLP for litigation expenses and costs. In the event that the Court reduces State Farm's payment to Class Counsel, State Farm will only be required to pay the amount set by the Court.

**E. Settlement Administrator's Fee**

The Settlement Administrator, Desmond, Marcello & Amster ("DMA"), shall mail the Class Notice to the Class Members, receive Claim Forms, set up and staff a dedicated telephone number to handle inquiries from Class Members regarding the calculation of settlement payments and the receipt and processing of their claims, receive the Settlement Fund, handle the disbursement of the Settlement Fund, and perform such other functions as required by the Settlement Agreement, by the Court, or to otherwise administer the Settlement. As compensation for performing these services, the Settlement Administrator shall receive the sum of fifteen thousand dollars (\$15,000).

**F. Incentive for Class Representatives and for Interveners Who Sat for Deposition**

Subject to court approval, in recognition of the risks taken by Class Representatives Carolyn Chalecki and Joyce Spang and by the 79 Interveners who were deposed in this action, and of their efforts assisting in the litigation, responding to discovery requests, and sitting for deposition, each Class Representative and each Intervener who was deposed and who does not opt out of the Settlement shall receive a payment in addition to the payment each will receive as a Class Member. Class Representative Carolyn Chalecki shall receive an additional payment in the amount of fifty thousand dollars (\$50,000). Class Representative Joyce Spang shall receive an additional payment of twenty-five thousand dollars (\$25,000). Each Intervener who was deposed in this action and who does not opt out of the Settlement shall receive an additional payment of five thousand dollars (\$5,000).

**G. Interveners**

Upon final approval of the Settlement, the Court will dismiss the cases of all Interveners who do not opt out of the settlement. Upon final approval of the Settlement the Court will sever the case of any Intervener who elects

to opt out of the Settlement. Any Intervener who elects to opt out of the Settlement shall not be entitled to receive any proceeds of the Settlement or any incentive award. Any Intervener who elects to opt out may continue to litigate his or her case. The attorneys' fees, litigation expenses, and costs of any such further litigation shall not be covered by State Farm's payment pursuant to this Settlement, but rather the Intervener who opts out shall be responsible for such attorneys' fees, litigation expenses, and costs expended in pursuing further litigation, whether he or she is represented by Class Counsel or by another attorney of his or her choosing, subject to the possibility of an award of attorneys' fees and costs by the Court in such further litigation.

H. Settlement Agreement

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

V. YOUR RIGHTS AS A CLASS MEMBER

A. Submitting a Claim

The Claim Form states the dates that you were an SIU Claim Rep at State Farm in California between September 8, 1996 and May 10, 2003. Your individual settlement amount will be based on the information shown on your Claim Form. You will not be compensated for any weeks worked that are not listed on your Claim Form.

To participate in the monetary compensation, you **MUST** complete and sign the enclosed Claim Form under penalty of perjury, and return it and any tax form (e.g. W-4 or W-9) requested by no later than March 3, 2008.

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

If you believe that the information shown is incorrect, you should explain your disagreement on the Claim Form. In addition, you should submit any documentation relating to your disagreement, along with your Claim Form by the deadline specified above. In the event of a dispute about the dates that you worked as a Class Member, the Settlement Administrator will review State Farm's records and your records to attempt to resolve the dispute. The Settlement Administrator will send you notice of its decision regarding any such dispute within twenty (20) days of its receipt of your Claim Form. Any Class Member dissatisfied with the resolution by the Settlement Administrator shall file his or her statement of disagreement and the basis therefore with the Court and provide copies of the statement of disagreement to Class Counsel and State Farm's Counsel within ten (10) days of the date of mailing of the decision by the Settlement Administrator. In such event, the Court shall resolve any disputes over a Class Member's dates worked at the Final Fairness and Approval Hearing.

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

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

Chalecki v. State Farm Class Action Case  
Settlement Administrator  
Desmond, Marcello & Amster  
P.O. Box 451999  
Los Angeles, California 90045  
Telephone: (866) 921-1344

The Claim Form must be postmarked no later than March 3, 2008. In no event will a Claim Form be accepted after final approval of the Settlement by the Court. If the form is sent from within the United States, they must be sent through the United States Postal Service via First-Class Mail or the equivalent. Do not use a postage meter as that may not result in a postmark appearing on the envelope containing your forms. If you lose, misplace, or need another Claim Form, you should contact the Settlement Administrator.

**B. Doing Nothing**

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

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

**C. Excluding Yourself from the Settlement**

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

Chalecki v. State Farm Class Action Case  
Settlement Administrator  
Desmond, Marcello & Amster  
P.O. Box 451999  
Los Angeles, California 90045  
Telephone: (866) 921-1344

The Request for Exclusion must be postmarked no later than March 3, 2008. If the Request for Exclusion is sent from within the United States, it must be sent through the United States Postal Service via First-Class Mail, or the equivalent. Do not use a postage meter as that may not result in a postmark appearing on the envelope.

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

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

**D. Objecting to the Settlement**

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

Any written objections should state each specific reason for your objection and any legal support for each objection. Your objection must also state your full name, address, and the dates you worked for State Farm in California as an SIU Claim Rep. To be valid and effective, any objections to the proposed Settlement must be filed with the Clerk of the Court and served upon each of the above-listed attorneys no later than 45 days from the date of the mailing of the Claim Form. **DO NOT TELEPHONE THE COURT.**

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

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

**VI. RELEASE OF CLAIMS**

By signing and returning a Claim Form, effective as of the date of final approval of the Settlement, each Class Member releases and discharges State Farm and its respective current and former agents, servants, employees, partners, directors, officers, trustees, members, owners, stockholders, representatives, attorneys, and insurers (hereinafter collectively referred to as the "Released Parties") from and against any and all claims and causes of action which the Class Member has or hereafter may have against Released Parties, known or unknown, foreseen or unforeseen, vested or contingent, choate or inchoate, that were alleged in the Complaint and/or that could have been alleged in the Complaint for wages, penalties, interest, attorneys' fees, or costs alleged to be owed to the Class Member by State Farm, or any of them, for his or her work as an SIU Claim Rep during the Class Period, i.e., September 8, 1996 to May 10, 2003, or any part thereof. Such released claims include without limitation, wage and hour claims, claims under Business and Professions Code section 17200 et seq. based on wage and hour violations, claims under the Private Attorneys General Act of 2004 (Labor Code section 2699 et seq.) ("PAGA"), and claims under the federal Fair Labor Standards Act ("FLSA"). This release does not apply to claims that cannot be released as a matter of law. Class Members expressly do not release claims arising out of work performed for State Farm in a capacity other than as an SIU Claim Rep. Claims specifically excluded from the release provisions of this Settlement include, without limitation, the claims made in the case entitled Slagel v. State Farm, Los Angeles County Superior Court Case Number BC 326162 and claims that could be made in that case.

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

**VII. FINAL FAIRNESS AND APPROVAL HEARING**

The Los Angeles County Superior Court will hold a hearing in Department 309, Central Civil West Courthouse, 600 South Commonwealth Avenue, Los Angeles, CA 90005, on March 28, 2008, at 11:00am to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve Class Counsel's request for attorneys' fees and reimbursement of costs and litigation expenses and the incentive awards to be paid to Class Representatives and to Interveners who were deposed. The hearing may be continued without further notice to the Class. It is not necessary for you to appear at this hearing unless you object to the proposed Settlement and you have timely filed an objection with the Court.

**VIII. ADDITIONAL INFORMATION**

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

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

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

**BY ORDER OF THE SUPERIOR COURT**

DATED: December 18, 2007

Hon. Anthony J. Mohr  
Judge of the Superior Court