

SUPERIOR COURT OF THE STATE OF CALIFORNIA

Shany Chavez v. Norwalk 939, Inc.

Case No. BC BC369862

IF YOU WORKED AT THE IHOP RESTAURANT LOCATED AT 12623 NORWALK BLVD., NORWALK, CA 90650 BETWEEN THE DATES OF MAY 24, 2006 AND JULY 7, 2008, YOU MAY GET MONEY FROM A CLASS ACTION SETTLEMENT

A state court has permitted this notice. This is not an ad. You are not being sued. Your legal rights are affected whether you act or not.

PLEASE READ THIS NOTICE

Preguntas Respecto al Acuerdo o Este Aviso. Si tuviera Vd. alguna pregunta acerca de este acuerdo propuesto o este aviso, puede ponerse en contacto con los abogados que representan la clase de demandantes por telefono o por correo. Su direccion se encuentra mas arriba.

Why should you read this Notice?

On April 20, 2007, a class action lawsuit was filed in the Superior Court of Los Angeles, entitled Rafael Sundoval v. Norwalk 939, Inc., Los Angeles Superior Court, Case No. BC369862 (the "Action"). Subsequent to the filing, Shany Chavez became the named class representative.

The principal allegations in the Action are that Defendant Norwalk 939, Inc. more commonly known as the IHOP Restaurant located at 12623 Norwalk Blvd., Norwalk, CA 90650 ("Defendant") failed to provide meal and rest periods and pay wages upon termination of employment. The Named Plaintiff also alleges that Defendant engaged in unlawful business practices and failed to provide itemized wage statements.

Named Plaintiff and Defendant have reached an agreement to settle the Action on behalf of themselves and the Settlement Class. This agreement is referred to below as the "Class Settlement," and is set forth in the Stipulation of Settlement on file with the Clerk of the Los Angeles Superior Court. The Class Settlement is a compromise and is not to be construed as an admission of liability on the part of Defendant or any related entity. The Court has granted preliminary approval of the Class Settlement, and the parties are now seeking final Court approval, which is required for the Class Settlement to become effective. The Class Settlement includes a procedure for Settlement Class Members to receive compensation by filing a Claim Form

Why Did I get this Notice?

You have received this notice because the IHOP Restaurant located at 12623 Norwalk Blvd., Norwalk, CA 90650 records indicate you were employed by Norwalk 939, Inc. as a non-exempt hourly employee during the Class Period This notice is designed to advise you of the terms of the Settlement and to inform you of your rights and options in connection with the Settlement.

What is a Class Action settlement?

The Parties and their attorneys have investigated the facts and law during the litigation of the Action, including, among other things, information and documents obtained both formally and informally. The attorneys have analyzed the applicable law as it relates to Plaintiff's allegations, the defenses thereto, and the damages claimed by plaintiff. There has been no determination by any court, administrative agency, or other tribunal as to the truth or validity of the factual or legal allegations made against Defendant in the Action.

Plaintiff and Plaintiff's counsel believe that the claims asserted in the Action have merit. However, Plaintiff's counsel recognize and acknowledge the expense and delay of continued proceedings necessary to prosecute the Action against Defendant through trial and possible appeals. Plaintiff's counsel have also taken into account the uncertainty of the outcome and the risk of any litigation. Thus, Plaintiff and Plaintiff's counsel engaged in intensive arm's-length negotiations with Defendant and its attorneys, leading to the Class Settlement. Plaintiff and Plaintiff's counsel believe that the Class Settlement is fair, reasonable, and adequate and in the best interests of the Settlement Class and of Plaintiff.

Defendant believes that the claims asserted in the Action are without merit. Accordingly, Defendant has denied and continues to deny Plaintiff's claims and all charges of wrongdoing and liability. Although Defendant has vigorously contested the allegations in the Action and denies that it committed any wrongdoing or violation of law, it believes that further litigation of this case would be protracted, expensive, and contrary to its best interests. Substantial amounts of time, energy, and other resources have been devoted to defending this Action, and unless there is a settlement, that situation will continue. Defendant's attorneys have also taken into account the uncertainty of the outcome and the risk of litigation. In light of these realities, Defendant believes that the settlement is the best way to resolve the Action while minimizing its own further expenditures.

Who are the attorneys?

Attorneys for the Plaintiff, Shany Chavez

Roger R. Carter, Esq.
2030 Main Street, Suite 1300
Irvine, CA 92614
Phone: (949) 260-4737
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Attorneys for Defendant, Norwalk 939, Inc.

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
Greg Labate, Esq.
Matt Sonne, Esq.,
650 Town Center Drive, 4th Floor
Costa Mesa, California 92626-1993
Telephone: 714-513-5100
Facsimile: 714-513-5130

What is the Total Amount of the Settlement?

Defendant has agreed to pay a Gross Settlement Amount of up to Sixty Two Thousand Five Hundred Dollars (\$62,500.00) to resolve all Class Action Claims on a claims-made basis, wages and penalties, attorneys' fees, costs and expenses directly associated with the Action, interest, class representative enhancements, and all costs of administration, including administration fees.

What Fees and Costs are involved?

The Court has preliminarily approved the following amounts to be funded from the Settlement Consideration:

1. Fee & Expense Award for Class Counsel: Plaintiff's counsel will be paid a sum for all past and future fees, costs and expenses in an amount to be determined by the Court. Plaintiff's counsel undertook this litigation on a contingent fee basis and, under the terms of the Class Settlement, may seek collectively attorneys' fees in an amount up to Twenty Thousand Eight Hundred Thirty One Dollars and 25 Cents (\$20,831.25), which represents 33 1/3% of the Gross Settlement Amount Defendant has agreed to pay. The Court will determine the actual amount of the fees and costs awarded to Plaintiff's counsel. Class Counsel shall also be entitled to request reimbursement for the costs of the Action not to exceed Two Thousand Dollars (\$2,000) upon proof to the Court.
2. Enhancement to Class Representative: Class Counsel shall also be entitled to apply for an incentive award to Named Plaintiff in an amount not to exceed One Thousand Five Hundred Dollars (\$1,500.00) ("Incentive Award"), to be paid by Defendant to Named Plaintiff for his time and effort spent pursuing the Action. The Court will determine the actual amount to be awarded.
3. Settlement Administration Costs: Settlement Administration Costs in an amount not to exceed \$ 6,000 to the Settlement Administrator

If I make a claim, how is my share of the settlement calculated?

The Settlement Fund will be distributed to Class Participants as follows: The Claims Administrator will divide the Payout Fund by the total gross (pre-tax) compensation paid to members of the Settlement Class during the Class Period to determine a multiplier ("the Multiplier"). A Settlement Class Member's payment will equal that Class Member's gross (pre-tax) compensation earned during the Class Period times the Multiplier (the "Class Period Claim Amount"). Each Claim Form will identify the gross (pre-tax) compensation which the Class Member earned during the applicable class period and the Class Member's estimated Individual Settlement Payment. To the extent a Class Member disputes the compensation described on a Claim Form, the Class Member may produce evidence to the Claims Administrator indicating the amount of compensation alleged to have been earned during the applicable class period. Defendant's records will be presumed determinative, but the Claims Administrator will evaluate the evidence submitted by the Class Member and make the final decision as to which

dates should be applied. To determine the Individual Settlement Payment for each Settlement Class Member, the Claims Administrator will multiply the individual's gross (pre-tax) compensation by the Multiplier. The Individual Settlement Payment will be reduced by any required legal deductions, for each Settlement Class Member. Settlement Awards paid to Settlement Class Members shall be classified as fifty percent (50%) non-taxable penalties and interest in connection with alleged meal and/or rest period violations and fifty percent (50%) as taxable wages. If the Stipulation for Settlement is not approved by the Court, the Settlement will be null and void and the Litigation will proceed.

What are my rights?

In order to receive Money from the Settlement, you must submit a claim by filling out the enclosed Claim Form, and it must be postmarked no later than September 29, 2008. By executing the Claim Form, you are consenting to the terms of the Settlement. Defendant will not retaliate against any person who participates in this Settlement.

In order to obtain payment under the terms of the Class Settlement, you must file a signed Claim Form with the Settlement Administrator Desmond, Marcello & Amster, P.O. Box 451999, Los Angeles, CA 90045. postmarked and/or received by the Settlement Administrator no later than September 29, 2008, which is the Final Date for Submission of Claims.

If you wish assistance in completing your Claim Form, you may contact Plaintiff's counsel at the address set forth below. You should keep a copy of your Claim Form, as well as the envelope reflecting the postmark and/or other evidence of the date of mailing or transmission by facsimile.

Can I exclude myself from the Settlement?

You may opt out of the Class Settlement if you comply with the Opt Out procedure stated below. Class Members who wish to exclude themselves from the Class must submit a written statement requesting exclusion from the Class no later than forty five (45) days after the date the Notice is first mailed (the "Objection/Exclusion Deadline Date). Such written request for exclusion must contain the name, address, telephone number, and social security number of the person requesting exclusion and the location and years of his or her employment by Defendant, must be returned by mail to the Claims Administrator at a specified address, and must be postmarked on or before the Objection/Exclusion Deadline Date. Any Plaintiff who opts out of the Class will not be entitled to any recovery under the Settlement and will not be bound by the Settlement or have any right to object, appeal, or comment thereon. You may, however, pursue other legal remedies apart from the Class Settlement that may be available to you. Class Members who fail to submit a valid and timely request for exclusion on or before the Objection/Exclusion Deadline Date shall be bound by all terms of the Settlement and any Final Judgment entered in this Class Action if the Settlement is approved by the Court, regardless of whether they have requested exclusion from the Settlement.

If you have submitted a Request for Exclusion you will have no right to challenge the settlement or participate in the Final Approval Hearing.

Can I object to the Settlement?

Any Class Member who has not opted out of the Settlement, who objects to the proposed Settlement, and who has followed the procedure set forth in this paragraph, may appear in person or through counsel, at your own expense, at the hearing on final approval, described above, and be heard as to why the Settlement should not be approved as fair, reasonable, and adequate, or why a dismissal with prejudice should or should not be entered. (No attorneys' fees will be paid by defendants, Class Counsel, or the Settlement Class, for such counsel's appearance at the hearing on final approval). No Class Member shall be entitled to be heard at the final Settlement Hearing (whether individually or through separate counsel) or to object to the Settlement, and no written objections or briefs submitted by any Class Member shall be received or considered by the Court at the Settlement Hearing, unless written notice of the Class Member's intention to appear at the Settlement Hearing, and copies of any written objections or briefs, have been filed with the Court and served on counsel for the Parties on or before the Objection/Exclusion Deadline Date. Class Members who fail to file and serve timely written objections in the manner specified above shall be deemed to have waived any objections and shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement. **You must also file a Proof of Service with the Court stating that you mailed or delivered copies of these papers to these attorneys for the parties, listed above, on or before the Final Date for Submission of Claims.**

What Claims Am I Releasing by Participating in the Settlement?

As of the Effective Date, excluding those who submit timely and valid Requests for Exclusion, the Class Members, including Named Plaintiff, and their successors, assigns, and/or agents, release Defendant and each of its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsures, and their respective successors and predecessors in interest, subsidiaries, affiliates, parent companies and attorneys (the "Released Parties"), from the "Released Claims." For purposes of this Agreement, the "Released Claims" are defined as any and all applicable California wage and hour claims, rights, demands liabilities and causes of action of every nature and description, whether known or unknown, arising during the class period for the Class Members based on the claims reasonably related to the facts alleged in Plaintiffs' lawsuit under California law.

The Released Claims include any unknown claims that the Class Members do not know or suspect to exist in their favor at the time of the release with respect to the released claims, which, if known by them, might have affected their settlement with, and release of, the Released Parties or might have affected their decision not to object to this Settlement. With respect to the Released Claims, the Class Members stipulate and agree that, upon the Effective Date, the Class Members shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which provides:

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

The Class Members agree not to sue or otherwise make a claim against any of the Released Parties that is reasonably related to the Released Claims.

The Released Claims do not include a release of *all* your rights you have as an employee or former employee of Defendant. The Released Claims are specifically limited to the claims set forth above. Claims not listed are NOT part of this lawsuit and settlement

When is the next Court hearing?

A Final Approval Hearing will be held on October 30, 2008, at 8:30 a.m., before the Honorable James R. Dunn, Judge of the Los Angeles Superior Court located at 111 North Hill Street, Los Angeles, California, Department 26, to determine whether the proposed Settlement of the Action is fair, reasonable, and adequate, and should be finally approved by the Court. The Court may adjourn the hearing from time to time, without further notification, as the Court may direct.

What if I Need More Information?

The foregoing is only a summary of the Actions and the Class Settlement and does not purport to be comprehensive. For a more detailed statement of the matters involved in the Actions and the Class Settlement, you may refer to the pleadings, the Stipulation of Settlement, and other papers filed in the Actions, which may be inspected at the Office of the Court Clerk at the Los Angeles Superior Court, between the Court's normal business hours. All inquiries by Settlement Class Members about the Class Settlement should be directed to the Claims Administrator; or you may contact Plaintiff's Counsel, listed above.

PLEASE DO NOT CONTACT DEFENDANT'S COUNSEL, THE CLERK OF THE COURT, OR THE JUDGE WITH INQUIRIES ABOUT THE SETTLEMENT.