

STIPULATION OF SETTLEMENT AND RELEASE

This Stipulation of Settlement and Release (“**Settlement Agreement**” or “**Settlement**”) is reached by and between Plaintiff Barbara Farinha (the “**Plaintiff**” or “**Class Representative**”), individually and on behalf of all members of the Settlement Class (defined below), and Defendant Williams-Sonoma Stores, Inc. (“**Defendant**”) (The Class Representative and Defendant are collectively referred to herein as the “**Parties**”).

The Class Representative and the Settlement Class are represented by Dennis S. Hyun of Hyun Legal, APC and William L. Marder of Polaris Law Group LLP (“**Class Counsel**”). Defendant is represented by Jessica R. Perry and Allison Riechert Giese of Orrick, Herrington & Sutcliffe LLP (“**Defendant’s Counsel**”).

Plaintiff filed her initial Class Action Complaint on April 12, 2019 in Placer County Superior Court, entitled *Barbara Farinha v. Williams-Sonoma Stores, Inc.*, Case No. S-CV-0042819 (the “**Lawsuit**”). On July 30, 2019, Plaintiff filed the operative First Amended Complaint.

The Lawsuit alleges that Defendant: (i) issued inaccurate wage statements; (ii) failed to pay all minimum wages owed; (iii) failed to pay overtime; (iv) failed to authorize and permit rest periods; (v) failed to provide meal periods; (vi) failed to reimburse for necessary business expenses incurred; (vii) failed to pay all final wages owed upon separation from employment; (viii) engaged in unlawful business practices pursuant to California Business and Professions Code sections 17200, *et seq.*; and (ix) is liable for civil penalties under the Private Attorneys General Act (“**PAGA**”), Labor Code section 2698, *et seq.* After the exchange of documents and information, the Parties participated in a mediation with neutral third party, Tripper Ortman of Ortman Mediation (the “**Mediator**”), which ultimately led to the resolution of the Lawsuit.

Defendant denies any liability and wrongdoing of any kind associated with the claims alleged in the Lawsuit, and further denies that the Lawsuit is appropriate for class treatment for any purpose other than this Settlement. Defendant contends, among other things, that it has complied at all times with the California Labor Code, the applicable Wage Orders, the California Business and Professions Code, and PAGA. In addition, it is Defendant’s position that, if this case were to be litigated, class certification would be inappropriate. 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.

Given the uncertainty of litigation, the Parties wish to settle the Class Representative’s claims, both individually and on behalf of the Settlement Class. Accordingly, the Parties agree as follows:

1. Settlement Class. For purposes of this Settlement Agreement only, the Parties stipulate to certification of the following “**Settlement Class**”:

All current and former non-exempt retail store employees employed by Williams-Sonoma Stores, Inc. in California at any time from April 12, 2015 through the date of preliminary approval, or January 31, 2020, whichever is earlier (“**Class Period**”).

The Parties agree that certification for the purpose of settlement is not an admission that class certification is proper under Section 382 of the California Code of Civil Procedure. Should, for whatever reason, the Court not grant Final Approval, the Parties' stipulation to class certification as part of the Settlement shall become null and void *ab initio* and shall have no bearing on, and shall not be admissible in connection with, the issue of whether or not certification would be inappropriate in a non-settlement context.

2. Release. The Class Representative and every member of the Settlement Class (except those who opt out of the Settlement), will release and discharge Defendant, its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys ("**Released Parties**") from any and all claims, demands, rights, liabilities and causes of action that were or could have been pleaded (whether in tort, contract or otherwise) under local, state or federal law arising out of, relating to, or based on any facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions, or failures to act pleaded in the operative complaint against Williams-Sonoma Stores, Inc. through the date of preliminary approval, or January 31, 2020, whichever is earlier, including but not limited to claims related to minimum wage, unpaid wages and overtime compensation, meal and rest break violations, untimely wages, untimely final paychecks, inaccurate itemized wage statements, failure to maintain payroll records, unreimbursed business expenses, and unfair and unlawful business practices, and for civil penalties under the Private Attorney General Act ("**Class Released Claims**"). The aforementioned Release shall be printed on the back of the settlement checks issued to participating members of the Settlement Class.

3. Maximum Settlement Amount. As consideration, Defendant agrees to pay a non-reversionary maximum amount ("**Maximum Settlement Amount**") of one million, eight hundred and eighty-five thousand dollars and no cents (\$1,885,000.00) in full and complete settlement of this matter, as follows:

- A. The Parties agree to engage Phoenix Settlement Administrators as the "**Settlement Administrator**" to administer the Settlement.
- B. The Maximum Settlement Amount shall be deposited with the Settlement Administrator within thirty (30) calendar days after the Payment Obligation and Class Release Date. The "**Payment Obligation and Class Release Date**" is defined as the date the Notice of Entry of Order granting final approval is served, or, solely in the event that there are any objections to the settlement (the filing of an objection being a prerequisite to the filing of an appeal), the later of (a) the last date on which any appeal might be filed, or (b) the date of successful resolution of any appeal(s) – including expiration of any time to seek reconsideration or further review.
- C. The Maximum Settlement Amount includes:
 - (1) All payments to the Settlement Class;
 - (2) All costs of the Settlement Administrator associated with the administration of the Settlement, which are anticipated to be no greater than \$37,500.00;

- (3) Up to \$10,000 for Plaintiff as consideration for the Class Representative Enhancement Payment, in recognition of the Class Representative's contributions to the action and her service to the Settlement Class and for a general release of claims by Plaintiff. In the event the Court reduces the requested Class Representative Enhancement Payment, the Class Representative and the Settlement Class shall not have the right to revoke the Settlement for that reason, and it will remain binding. In consideration for the Class Representative Enhancement Payment, the Class Representative agrees never to apply for or accept employment with Defendant or any of its brands. Defendant shall comply with its reference policy with respect to the Class Representative.
- (4) Up to one-third of the Maximum Settlement Amount in attorneys' fees, which is currently estimated at \$628,333.33, plus actual reasonable costs and expenses related to the action, which are not to exceed \$25,000, as supported by declaration. Should the Court award a lesser sum for attorneys' fees and costs, the residual shall be included in the Net Settlement Amount for the Settlement Class. In the event the Court reduces the requested attorneys' fees and costs, the Class Representative and the Settlement Class shall not have the right to revoke this Settlement for that reason, and it will remain binding, although Plaintiff reserves all rights to appeal any such ruling; and
- (5) \$100,000 of the Maximum Settlement Amount has been set aside by the Parties as PAGA civil penalties. Per Labor Code section 2699(i), 75% of such penalties, or \$75,000, will be payable to the Labor & Workforce Development Agency ("LWDA") for its share of PAGA penalties, and the remaining 25%, or \$25,000, will be payable to the members of the Settlement Class who worked for Defendant from the period February 6, 2018 to the date of preliminary approval, or January 31, 2020, whichever is earlier (the "**PAGA Period**") as the "**PAGA Amount.**" In the event the Court reduces or increases the requested PAGA civil penalties, the Class Representative and the Settlement Class shall not have the right to revoke this Settlement for that reason, and it will remain binding.

D. **Escalator Clause.** Defendant represents that the number of unique individuals comprising the Settlement Class members is estimated at approximately 10,600 individuals. In the event that the actual number of Settlement Class members during the Class Period increases by more than 10%, then Defendant shall proportionally increase the Maximum Settlement Amount on a proportional basis beyond 10% (e.g., if there is a 11% increase in the number of unique individuals, Defendant will increase the Maximum Settlement Amount by 11%).

E. **Corporate Payroll Taxes.** The Maximum Settlement Amount does not include Corporate Payroll Taxes, which shall be paid by Defendant separate and apart from the Maximum Settlement Amount. The Corporate Payroll Taxes will be computed by the Settlement Administrator based on the amounts to be paid as wages to the Settlement Class members. The Settlement Administrator shall be responsible for

making all necessary payments and government filings in connection with such payments.

4. Payments to the Settlement Class. Settlement Class members are not required to submit a claim form to receive a payment (“**Individual Settlement Payment**”) from the Settlement. Individual Settlement Payments will be determined and paid as follows:

- A. The Settlement Administrator shall deduct from the Maximum Settlement Amount the amounts approved by the Court for Class Counsel’s attorneys’ fees, Class Counsel’s costs and expenses, the Class Representative Enhancement Payment, the Settlement Administrator’s costs, and the LWDA’s share of the PAGA payment. The remaining amount shall be known as the “**Net Settlement Amount.**”
- B. From the Net Settlement Amount, the Settlement Administrator will calculate each Settlement Class member’s Individual Settlement Payment based on the following formulas:
 - i. PAGA Amount: The sum of \$25,000 (representing the employees’ share of the PAGA Payment) shall be designated as the “**PAGA Amount.**” Each participating Settlement Class Member who was employed by Defendant at during the PAGA Period shall receive a portion of the PAGA Amount proportionate to the number of pay periods that he or she worked during the PAGA Period (exclusive of leaves of absence). To determine the amount of each participating Settlement Class member’s portion of the PAGA Amount, the Settlement Administrator shall multiply the PAGA Amount by a fraction, the numerator of which is the Settlement Class member’s total pay periods worked during the PAGA Period and the denominator of which is the total number of pay periods worked by all participating Settlement Class members during the PAGA Period.
 - ii. Waiting Time Amount: Twenty-five percent (25%) of the Net Settlement Amount shall be designated as the “**Waiting Time Amount.**” The Waiting Time Amount shall be distributed to each participating Settlement Class Member who separated their employment from Defendant at any time between April 12, 2016 and the date of preliminary approval, or January 31, 2020, whichever is earlier (the “**Waiting Time Period**”) on a pro-rata basis.
 - iii. Wage Statement Amount: Five percent (5%) of the Net Settlement Amount shall be designated as the “**Wage Statement Amount.**” The Wage Statement Amount shall be distributed to each participating Settlement Class Member based on the proportional number of pay periods worked during the “**Wage Statement Period,**” which is April 12, 2017 through the date of preliminary approval, or January 31, 2020, whichever is earlier.
 - iv. Other Claims Amount: The remainder of the Net Settlement Amount shall be designated as the “**Other Claims Amount.**” The Other Claims Amount shall be distributed to each participating Settlement Class Member based on their proportional number of work weeks worked during the Class Period

(exclusive of leaves of absence), by multiplying the remaining Net Settlement Amount by a fraction, the numerator of which is the Settlement Class Member's total workweeks worked during the Class Period, and the denominator of which is the total number of workweeks worked by all participating Settlement Class Members during the Class Period.

- C. Within seven (7) calendar days of the Payment Obligation and Class Release Date, Settlement Administrator shall provide Defendant with the disbursement amount (including Corporate Payroll taxes) and wiring instructions.
- D. Within twenty (20) calendar days following the deposit of the Maximum Settlement Amount with the Settlement Administrator, the Settlement Administrator will calculate each Settlement Class Member's Individual Settlement Payment and will prepare and mail Individual Settlement Payments to Settlement Class members.
- E. Each Individual Settlement Payment shall be allocated as (70%) penalties and interest and (30%) wages. The Settlement Administrator will issue each participating Settlement Class member an IRS Form 1099 (for amounts paid as penalties and interest) and an IRS Form W-2 (for amounts paid as wages).
- F. The Individual Settlement Payment paid to Settlement Class Members and the Class Representative's Enhancement Payment shall be deemed not to be "pensionable" earnings and shall not have any effect on the eligibility for, or calculation of, any of the employee benefits (*i.e.* vacation, retirement plans, etc.) of Settlement Class members or the Class Representative. The Parties agree that any Individual Settlement Payments or Class Representative Enhancement Payment paid to Settlement Class members or Class Representative under the terms of this Settlement Agreement do not represent any modification of Settlement Class Members' or Class Representative's previously credited hours of service or other eligibility criteria under any employee pension benefit plan, employee welfare benefit plan, or any other plan or program. Further, any Individual Settlement Payments or Service Payment paid hereunder shall not be considered "compensation" in any year for purposes of determining eligibility for, or benefit accrual within, an employee pension benefit plan, employee welfare benefit plan, or any other plan or program sponsored by Defendant. No benefit, including but not limited to 401k benefits, shall increase or accrue as a result of any payment made as a result of this Settlement.
- G. It shall be the responsibility of the Settlement Administrator to timely and properly withhold from Individual Settlement Payments payable to Settlement Class members all applicable payroll and employment taxes, but not Corporate Payroll Taxes, and to prepare and deliver the necessary tax documentation and, thereafter, to cause the appropriate deposits of withholding taxes and informational and other tax return filing to occur. Each Settlement Class Member's share of all applicable payroll and employment taxes (excluding Corporate Payroll Taxes) withheld and deposited with the applicable governmental authorities in accordance with this Settlement Agreement shall be a part of, and paid out of, the Individual Settlement Payment to each Settlement Class member. Each Settlement Class member will be

responsible for paying all applicable state, local, and federal income taxes on all amounts the Settlement Class member receives pursuant to this Settlement Agreement (excluding Corporate Payroll Taxes).

H. The Individual Settlement Payments shall be paid to Settlement Class members specifically in exchange for the release of the Released Parties from the Class Released Claims and the covenant not to sue concerning the Class Released Claims.

5. **Attorneys' Fees and Costs.** Plaintiffs shall be permitted to make a request for Class Counsel's attorneys' fees amounting to one-third of the Maximum Settlement Amount, which is currently estimated to be \$628,333.33, plus actual reasonable costs and expenses, which are not to exceed \$25,000. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation all work performed and all costs incurred to date, and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel will be issued an IRS Form 1099 by the Settlement Administrator at the time the Settlement Administrator distributes the fee award approved by the Court.

6. **Class Representative Enhancement Payment.** Plaintiff may make a request for a Class Representative Enhancement Payment of \$10,000 for her time and risks in prosecuting this litigation and the Class Representative's service to the Settlement Class. This award will be in addition to Class Representative's Individual Settlement Payment as a Settlement Class member and shall be reported on IRS Forms 1099 by the Settlement Administrator.

Plaintiff stipulates to a general release of all Released Parties for all claims, demands, rights, liabilities, and causes of action, including without limitation known or unknown claims, whether for economic damages, non-economic damages, punitive damages, restitution, tort, contract, penalties, injunctive or declaratory relief, attorneys' fees, costs, or other monies or remedies. This release by Plaintiff includes all federal, state and local statutory claims, and federal and state common law claims (including but not limited to those for contract, tort, and equity), including, without limitation, the Americans with Disabilities Act, Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964 (as amended), 42 U.S.C. §1981, 42 U.S.C. § 1983, the Fair Labor Standards Act, the Employee Retirement Security Income Act of 1974, the California Constitution, the California Fair Employment and Housing Act, the California Unfair Competition Act (California Business and Professions Code section 17200 et seq.), and the California Labor Code.

Plaintiff acknowledges the language of Section 1542 of the California Civil Code, which provides:

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.

Plaintiff expressly waives the protection of Section 1542. Plaintiff understands and agrees that claims or facts in addition to or different from those which are now known or believed by them to exist may hereafter be discovered. It is Plaintiff's intention to settle fully and release all of the claims she now has against the Released Parties, whether known or unknown, suspected or unsuspected. The Class Representative Enhancement Payment shall be paid to Plaintiff specifically in exchange for the general release of the Released Parties from all claims, including those specified in this paragraph and a covenant not to sue the Released Parties.

Notwithstanding the above, the general release by Plaintiff shall not extend to claims for workers compensation benefits, claims for unemployment benefits, or other claims that may not be released by law.

7. Settlement Administrator. The parties agree to the appointment of Phoenix Settlement Administrators as Settlement Administrator, and to request approval to pay an amount not anticipated to exceed \$37,500.00 for its services from the Maximum Settlement Amount. The Settlement Administrator shall be responsible for sending notices to the Settlement Class members, for calculating Individual Settlement Payments, and for preparing all checks and mailings. The Settlement Administrator shall be authorized to pay itself from the Maximum Settlement Amount only after Individual Settlement Payments have been mailed to all Settlement Class members.

8. Preliminary Approval. Upon execution of this Settlement Agreement, Class Representative shall apply to the Court for the entry of an Order:

- A. Conditionally certifying the Settlement Class for purposes of this Settlement Agreement;
- B. Appointing Dennis S. Hyun of Hyun Legal, APC and William L. Marder of Polaris Law Group LLP as Class Counsel;
- C. Appointing Plaintiff Farinha as Class Representative for the Settlement Class;
- D. Approving Phoenix Settlement Administrators as Settlement Administrator;
- E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;
- F. Approving the form and content of the Class Notice and directing the mailing of same; and
- G. Scheduling a Final Approval hearing.

9. Notice to Settlement Class. Following preliminary approval, the Settlement Class shall be notified as follows:

- A. Within thirty (30) calendar days after entry of an order preliminarily approving this Settlement, Defendant will provide the Settlement Administrator with the names, last known addresses, last known telephone numbers, social security numbers, whether the employee terminated employment during the Waiting Time Period, and weeks of employment for each member of the Settlement Class during the Class

Period, and number of pay periods worked during the Wage Statement Period and PAGA Period, as reflected by Defendant's corporate and business records, exclusive of leaves of absence (in electronic format). Approximations and averages will be used to cover periods where data is missing or otherwise not available.

- B. Within fourteen (14) calendar days from receipt of this information, the Settlement Administrator shall: (i) run the names of all Settlement Class members through the National Change of Address ("NCOA") database to determine any updated addresses; and (ii) update the addresses of any Settlement Class member for whom an updated address was found through the NCOA search. At least ten (10) days prior to the final approval hearing, the Settlement Administrator will provide a declaration of due diligence and proof of mailing with regard to the mailing of the Notice Packet.
- C. Any Notice Packets returned to the Settlement Administrator as undelivered on or before the Response Deadline (defined below) shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a "skip trace," to obtain an updated mailing address and if an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member promptly, within five (5) business days of receiving the returned Notice Packet. Settlement Class members to whom Notice Packets are re-sent after having been returned as undeliverable to the Settlement Administrator shall have until the Response Deadline to mail a Request for Exclusion, objection, or dispute.
- D. Notice of Settlement Award/Disputes. Each Notice Packet mailed to Settlement Class members shall contain a Notice of Settlement Award, which shall disclose the amount of the Settlement Class member's estimated Individual Settlement Payment, the number of workweeks during the Class Period, the number of pay periods worked during the Wage Statement Period and PAGA Period, and whether the Settlement Class Member separated their employment from Defendant during the Waiting Time Period.
 - i. To the extent a Settlement Class member disputes the workweeks and/or pay periods, or whether he/she separated during the Waiting Time Period, as shown in his or her Notice, he or she may produce evidence to the Settlement Administrator establishing the dates he or she contends to have worked during the Class Period prior to the Response Deadline. Defendant's records will be presumed determinative. The Settlement Administrator shall notify counsel for the Parties of any disputes. Defendant shall review its records and provide further information to the Settlement Administrator, if necessary. The Settlement Administrator shall resolve any disputes and notify counsel for the Parties of its decision.
 - ii. The Settlement Administrator's determination of eligibility for any Individual Settlement Payment under the terms of this Settlement Agreement shall be conclusive, final and binding on all Parties and all Settlement Class members, so long as the Settlement Administrator has

first consulted with the Parties regarding any disputes or questions as to eligibility.

- E. Requests for Exclusion. Any Settlement Class member who wishes to opt out of the Settlement must complete and mail a Request for Exclusion to the Settlement Administrator by the “**Response Deadline**” which is sixty (60) calendar days from the date of the initial mailing of the Notice Packets.
- i. The Request for Exclusion must: (1) contain the name, address, telephone number and last four digits of the social security number of the Settlement Class Member; (2) expressly state that the Class Member wishes to be excluded with language to the effect of “I wish to be excluded from the Class Settlement in the Farinha v. Williams-Sonoma Stores Case”; (3) be signed by the Settlement Class member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not comply with (2), (3) and/or (4), it will not be deemed valid for exclusion from this Settlement. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Any person who validly requests to be excluded from the Settlement will no longer be a member of the Settlement Class, will not be entitled to any recovery under this Settlement Agreement, and will not be bound by the terms of the Settlement or have any right to object, appeal, or comment thereon. Settlement Class members who fail to submit a valid and timely Request for Exclusion shall be bound by all terms of the Settlement Agreement and any judgment entered in the Lawsuit if the Settlement is approved by the Court.
 - ii. If (a) 40 or more putative class members submit a valid Request for Exclusion, (b) there is a change to the scope of the Release or composition of the class/representative group, or (c) the Court finds the Maximum Settlement Amount is insufficient to warrant approval, Defendant may, at its discretion, elect to rescind the Settlement by communicating that decision to both the Settlement Administrator and Class Counsel in writing within ten (10) calendar days after (a) the Settlement Administrator notifies the Parties of the number of valid requests for exclusion received, which the Settlement Administrator must do within seven (7) calendar days after the Response Deadline or (b) Notice of the Court’s order changing the scope of the Release or the class/representative group. In the event that Defendant elects to rescind this Agreement because 40 or more putative class members submit a valid Request for Exclusion, Defendant shall pay for the reasonable administration costs incurred by the Settlement Administrator at the point of rescission.
 - iii. The Parties agree to leave the choice of whether to participate in the Settlement up to the Settlement Class. At no time will the Parties or their counsel seek to solicit or otherwise encourage any Settlement Class member

to object to the Settlement or opt out of the Settlement Class, or encourage any Settlement Class member to appeal from the final judgment. Neither Plaintiff nor her counsel shall hold a press conference or otherwise seek to affirmatively publicize the settlement in the media or on social media. If contacted by the media regarding the settlement, Plaintiff and her counsel will state, "It was a fair settlement and we are happy with the results" or something to that effect. Additionally, neither Plaintiff nor her counsel shall engage in any disparagement of any type related to this settlement.

- F. Objections. Settlement Class members who do not opt out may object to this Settlement Agreement as explained in the Class Notice by submitting a written objection to the Settlement Administrator (who shall provide all objections as received to Class Counsel and Defendant's Counsel, as well as file all such objections with the Court). To be valid, any objection must be postmarked no later than the Response Deadline. Defendant's counsel and Class Counsel shall submit any responses to objections no later than five days before the Final Approval Hearing. Any Settlement Class Member who does not opt out of the Settlement may appear in person or through their own counsel and raise an objection at the Final Approval Hearing.

10. Final Approval. Following preliminary approval and the close of the period for filing Requests for Exclusion, objections, or disputes under this Settlement Agreement, the Class Representatives shall apply to the Court for entry of a Final Order:

- A. Granting final approval to the Settlement Agreement and adjudging its terms to be fair, reasonable, and adequate;
- B. Approving Class Representative's and Class Counsel's application for attorneys' fees and costs, the Class Representative Enhancement Payment, Settlement Administrator costs, and payment to the LWDA for its share of PAGA penalties; and
- C. Entering judgment pursuant to California Rule of Court 3.769.

The Class Representative shall timely file the motion for final approval and request entry of the Final Approval Order and Judgment.

11. The Settlement Administrator will mail all required payments no later than fourteen (14) calendar days after the Payment Obligation and Class Release Date. If a Settlement Class member's check is returned to the Settlement Administrator, the Settlement Administrator will make all reasonable efforts to re-mail it to the Settlement Class member at his or her correct address. It is expressly understood and agreed that the checks for the Individual Settlement Payments will become void and no longer available if not cashed within 180 days from the date the Settlement Administrator mails it. The amounts represented by checks remaining uncashed after the 180-day deadline will be tendered by the Settlement Administrator as *cy pres* to Legal Aid at Work – Workers' Rights Clinic. The Parties all represent that they do not have a significant prior affiliation with the recipient that could create a conflict of interest. Upon completion of

administration of the Settlement, the Settlement Administrator shall provide written certification of such completion to the Court, Class Counsel and Defendant's Counsel.

No person shall have any claim against Defendant, Defendant's Counsel, the Class Representative, the Settlement Class, Class Counsel or the Settlement Administrator based on mailings, distributions and payments made in accordance with this Settlement Agreement.

12. Non-Admission of Liability. Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this Settlement. The Parties have entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code section 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is void, but remains protected by California Evidence Code section 1152.

13. Employment Status. Class Representative agrees never to apply for or accept employment with Defendant or any of its brands. Defendant will comply with its reference policy with respect to the Class Representative.

14. Parties' Authority. The signatories hereto represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties to the terms and conditions hereof.

15. Mutual Full Cooperation. The Parties and their counsel agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Settlement Agreement. The Parties to this Settlement Agreement shall use their best efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement Agreement and the terms set forth herein. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions or actions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties shall seek first the assistance of the Mediator and then the Court to resolve such disagreement.

16. Privacy of Documents and Information. The Class Representative and Class Counsel agree that they will destroy all confidential documents and information provided to them by Defendant within thirty (30) days of the Payment Obligation and Class Release Date, except for documents that must be saved for malpractice purposes or ethical rules governing attorney conduct in California and the United States. Class Representative and Class Counsel further agree that none of the documents and information provided to them by Defendant shall be used for any purpose other than prosecution of this Lawsuit or the defense or prosecution of a malpractice action or defense of any state bar complaint.

17. No Prior Assignments. The Parties hereto represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, 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 rights released and discharged by this Settlement Agreement.

18. Construction. The Parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms' length negotiations between the Parties and that this Settlement Agreement shall not be construed in favor of or against any of the Parties by reason of the extent to which any Party or their or its counsel participated in the drafting of this Settlement Agreement.

19. Jurisdiction of the Court. Except for those matters to be resolved by the Mediator or the Settlement Administrator as expressly stated, any dispute regarding the interpretation or validity of or otherwise arising out of this Settlement Agreement, or relating to the Lawsuit or the Class Released Claims, shall be subject to the exclusive jurisdiction of the Court, and the Class Representatives, Class Members, and Defendant agree to submit to the personal and exclusive jurisdiction of the Court. The Court shall retain jurisdiction solely with respect to the interpretation, implementation and enforcement of the terms of this Settlement Agreement and all orders and judgments entered in connection therewith, and the Parties and their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing and enforcing the settlement embodied in this Settlement Agreement and all orders and judgments entered in connection therewith. Should an action be brought to enforce the terms of this Agreement by either party, the prevailing party shall be entitled to its/her reasonable attorneys' fees and costs.

20. Final Judgment. The Parties shall provide the Settlement Administrator with a copy of the Final Judgment once it is entered by the Court, and the Settlement Administrator shall post the Final Judgment to its website within 3 business days of receipt.

21. California Law Governs. All terms of this Settlement Agreement and the exhibit hereto shall be governed and interpreted according to the laws of the State of California, regardless of its conflict of laws.

22. Invalidity of Any Provision. The Parties request that before declaring any provision of this Settlement Agreement invalid, the Court shall first attempt to construe all provisions valid to the fullest extent possible consistent with applicable precedents

23. Headings. The headings contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any provision hereof.

24. Waiver and Amendment. The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

25. Notices. All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Defendant: Allison Riechert Giese
Orrick, Herrington & Sutcliffe LLP
1000 Marsh Road

Menlo Park, California 94025-1015
agiese@orrick.com

if to Plaintiff:

Dennis S. Hyun
Hyun Legal, APC
515 S. Figueroa St., Suite 1250
Los Angeles, CA 90071
dhyun@hyunlegal.com

26. Entire Agreement. This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.

27. Binding on Assigns. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

28. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in the Lawsuit, except such proceedings necessary to implement and complete the Settlement, pending the final approval hearing to be conducted by the Court.

29. Counterparts. This Settlement Agreement may be executed by one or more Parties on any number of separate counterparts and/or by DocuSign and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

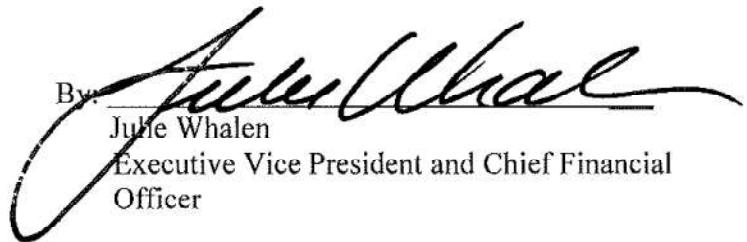
DATED: _____

BARBARA FARINHA

By: _____
Plaintiff & Settlement Class Representative

DATED: 1/16/19


WILLIAMS-SONOMA STORES, INC.

By: 
Julie Whalen
Executive Vice President and Chief Financial Officer

APPROVED AS TO FORM:

DATED: 12/17/19

ORRICK, HERRINGTON & SUTCLIFFE LLP

By: 
Jessica R. Perry
Allison Riechert Giese
Attorneys for Williams-Sonoma Stores, Inc.

DATED: _____

HYUN LEGAL, APC

By: _____
Dennis S. Hyun
Attorney for Plaintiff

DATED: _____

POLARIS LAW GROUP LLP

By: _____
William L. Marder
Attorney for Plaintiff

DATED: 12/16/2019

BARBARA FARINHA

By: 
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Plaintiff & Settlement Class Representative

DATED: _____

WILLIAMS-SONOMA STORES, INC.

By: _____
Julie Whalen
Executive Vice President and Chief Financial
Officer

APPROVED AS TO FORM:

DATED: _____

ORRICK, HERRINGTON & SUTCLIFFE LLP

By: _____
Jessica R. Perry
Allison Riechert Giese
Attorneys for Williams-Sonoma Stores, Inc.

DATED: December 16, 2019

HYUN LEGAL, APC

By: 
Dennis S. Hyun
Attorney for Plaintiff

DATED: December 16, 2019

POLARIS LAW GROUP LLP

By: 
William L. Marder
Attorney for Plaintiff

EXHIBIT “A”

Farinha v. Williams-Sonoma Stores, Inc., et al.
SUPERIOR COURT OF CALIFORNIA, COUNTY OF PLACER
(CASE NO. S-CV-0042819)

NOTICE OF CLASS ACTION SETTLEMENT

«BarcodeString»
 SIMID «SIMID»
ATTN: «FirstName» «LastName»
 «Address1» «Address2»
 «City» «Abbrev» «Zip»

**YOU ARE ESTIMATED TO RECEIVE
 APPROXIMATELY
 \$«MERGED_EstSettAmnt_CALC»
 THROUGH THIS CLASS ACTION
 SETTLEMENT**

IF YOU ARE OR WERE EMPLOYED BY WILLIAMS-SONOMA STORES, INC. (“WILLIAMS-SONOMA” OR “DEFENDANT”) AS A NON-EXEMPT RETAIL STORE EMPLOYEE AT ANY TIME IN THE STATE OF CALIFORNIA FROM APRIL 12, 2015 THROUGH JANUARY 31, 2020, YOU ARE ELIGIBLE TO COLLECT MONEY FROM A CLASS ACTION SETTLEMENT.

The Placer County Superior Court authorized this notice. This is not an ad or a solicitation from a lawyer.

WILLIAMS-SONOMA CANNOT AND WILL NOT RETALIATE AGAINST YOU IN ANY WAY FOR PARTICIPATING IN THIS SETTLEMENT.

- A former employee has sued Defendant on behalf of herself and all other similarly situated employees (the “Action”);
- The parties to the Action have reached a tentative settlement, which the Court has preliminarily approved;
- The settlement will resolve the Action;
- Your legal rights are affected whether you act, or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT

You Can DO NOTHING	<p>You will automatically receive a payment from the settlement.</p> <p>If you do nothing, you continue your participation in the Action and you will be impacted by the outcome of this case. In exchange for a settlement payment, you will lose any rights to sue Defendant separately about the same legal claims made in the Action. The estimated amount of your Individual Settlement Payment is shown above. To receive your payment, all you need to do is keep the Administrator informed of your current mailing address. Once the Court grants final approval of the Settlement, the Administrator will mail your check to the address on file for you.</p>
<p>You Can ASK TO BE EXCLUDED FROM THE SETTLEMENT</p> <p>(Deadline: _____, 2020)</p>	<p>If you ask to be excluded from the settlement, you will get no payment from the settlement, but you will keep any rights to sue Defendant separately about the same legal claims made in this lawsuit. <u>IMPORTANT: YOU CANNOT ASK TO BE EXCLUDED AND STILL GET A SETTLEMENT PAYMENT.</u></p>

You Can OBJECT TO THE SETTLEMENT

(Deadline: _____, 2020)

If you feel that the settlement is inadequate, you must file an objection with the court and mail your objection to the Administrator by *****, 2020, as well as file your objection with the Court. If your objection is overruled by the Court, you will still receive a payment from the settlement, and you will be bound by the terms of this settlement. BUT IF YOU OBJECT TO THE SETTLEMENT, YOU CANNOT ASK TO BE EXCLUDED TOO.

THESE RIGHTS AND OPTIONS – AND THE DEADLINES TO EXERCISE THEM – ARE EXPLAINED IN THIS NOTICE.

The Court is in charge of this case and still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals, if any, are resolved. **Please be patient.**

1. What is this lawsuit about?

Plaintiff Barbara Farinha, on her behalf and on behalf of other current and former non-exempt retail store employees of Williams-Sonoma, alleges that Defendant violated California law as a result of its alleged failure to, among other things: (1) issue accurate wage statements; (2) pay all minimum wages owed; (3) pay overtime compensation; (4) authorize and permit rest breaks; (5) provide meal periods; (6) reimburse necessary business expenses; and (7) pay all final wages owed upon separation of employment. She also alleges Williams-Sonoma engaged in unlawful business practices and is liable for civil penalties under the Private Attorneys General Act (“PAGA”).

2. Why Is This A Class Action?

This case is a class action. In a class action, one or more people, called Class Representatives (in this case Barbara Farinha), sue on behalf of people who have similar claims. All these people are a Class or Class Members. One case resolves the issues for all Class Members, except for those who exclude themselves from the Class. The Placer County Superior Court is in charge of the case. The Action is called *Barbara Farinha v. Williams-Sonoma Stores, Inc.*, Case No. S-CV-0042819.

3. Why is There a Settlement?

The Court did not decide in favor of Plaintiff or Defendant. After the exchange of relevant information and evidence, the parties agreed to enter into settlement negotiations in an attempt to informally resolve the claims in the case. The parties participated in a mediation with Tripper Ortman, an experienced and well-respected class action mediator. With Mr. Ortman’s guidance, the parties were able to negotiate a complete settlement of Plaintiff’s claims. Counsel for Plaintiff and the Class (“Class Counsel”) have investigated and researched the facts and circumstances underlying the issues raised in the Action and the applicable law. While Class Counsel believe that the claims alleged in the lawsuit have merit, Class Counsel also recognize that the risk and expense of continued litigation justify settlement. Based on this, Class Counsel believe the proposed settlement is fair, adequate and reasonable, and in the best interests of Class Members.

Defendant has denied, and continues to deny the factual and legal allegations in the Action and believes that it has valid defenses to Plaintiff’s claims. By agreeing to settle, Defendant is not admitting liability on any of the factual allegations or claims in the Action or that the case can or should proceed as a class action. Defendant has agreed to settle the Action as part of a compromise with Plaintiff.

4. How Do I Know If I Am Part Of The Settlement?

The Court has decided that anyone who was employed as a non-exempt retail store employee employed by Williams-Sonoma Stores, Inc. in California at any time from April 12, 2015 through January 31, 2020 (the “Class Period”) is part of the Class.

5. What Does the Settlement Provide?

The proposed Settlement provides for a cash payment by Defendants of \$1,885,000.00 to fully and finally resolve all claims in the Action (the “Maximum Settlement Amount”). The total amount to be distributed to Class Members who do not exclude themselves from the settlement will be the value of the Maximum Settlement Amount after deducting for the following (the “Net Settlement Amount”): (a) Settlement Administrator Costs not to exceed \$37,500; (b) a Class Representative Service Award to Plaintiff not to exceed \$10,000.00 for her work and efforts in prosecuting this case, and for undertaking the risks of costs (in the event the outcome of this Action was not favorable) and a general release of all claims; (c) Class Counsel’s attorneys’ fees not to exceed \$628,333.33; (d) Class Counsel’s actual litigation costs and expenses as supported by declaration not to exceed \$25,000.00; and (e) payment of \$75,000.00 to the Labor and Workforce Development Agency. **Class Counsel’s attorneys’ fees and costs and Plaintiff’s Service Award remain subject to Court approval.** No portion of the Net Settlement Amount will be returned to Williams-Sonoma under any circumstances.

6. How much will my payment be?

Your estimated share of the settlement is shown above and is based on the following formulas:

- If you were employed from February 6, 2018 to January 31, 2020 (the “PAGA Period”), then you will receive a share of the \$25,000 allocated as the “PAGA Amount”. Your share of the PAGA Amount will be determined by multiplying the PAGA Amount by a fraction, the numerator of which is your pay periods worked during the PAGA Period and the denominator of which is the total pay periods worked by all Class Members during the PAGA Period. Based on Defendant’s records, your number of pay periods is ***, resulting in \$**** for your share of the PAGA Amount.
- If you are a former employee whose employment ended at any time from April 12, 2016, through January 31, 2020, then you will be allocated an additional pro-rata share of [INSERT 25% OF NET SETTLEMENT]. Based on this allocation, you will receive \$***.
- If you were employed from April 12, 2017, through January 31, 2020 (the “Wage Statement Period”), then you will receive a share of the \$_____ allocated as the “Wage Statement Amount”. Your share of the Wage Statement Amount will be determined by multiplying the Wage Statement Amount by a fraction, the numerator of which is your pay periods worked during the Wage Statement Period and the denominator of which is the total pay periods worked by all Class Members during the Wage Statement Period. Based on Defendant’s records, your total number of pay periods is ***, resulting in \$**** for your share of the Wage Statement Amount.
- The remainder of the Net Settlement Amount (the “Other Claims Amount”) shall be distributed to you based on the number of work weeks that you worked during the Class Period. Your share of the Other Claims Amount will be determined by multiplying the Other Claims Amount by a fraction, the numerator of which is your work weeks worked during the Class Period and the denominator of which is the total work weeks worked by all Class Members during the Class Period. Based on Defendant’s records, your total number of work weeks is ****, resulting in \$*** for your share of the Other Claims

Amount.

Based on the above formulas, your **total** estimated share is \$*****. If you disagree with this amount, you can dispute this per Question 8 below. Class Members should consult their tax advisors concerning the tax consequences of the payments they receive under the settlement. For the purposes of this settlement, 30% of each Settlement Payment will be allocated as wages for which IRS Forms W-2 will be issued, and 70% will be allocated as non-wages for which IRS Forms 1099 will be issued.

7. How do I get a payment?

To qualify for payment, you need not do anything. The Settlement Administrator will mail you a check within about 90 days after the court enters a judgment based on this Settlement, but possibly later depending on whether there is any appeal of the judgment entered by the court.

8. What If I Believe that the Calculation of My Settlement Payment Is Incorrect?

If you believe that the calculation of your settlement payment is incorrect, you may dispute it by sending a letter to ***** [ADMINISTRATOR'S ADDRESS] no later than _____, 2020. Be sure to include your name, address, telephone number, last four digits of your social security number for verification purposes, a statement what and why you are disputing the calculation of your settlement payment, and attaching a copy of any documentation you want to include to support your dispute. Williams-Sonoma will then review its records and it may provide documentation to contest your claim. The Administrator will decide who is right and its decision will be final.

9. What Am I Giving Up to Get an Individual Settlement Payment?

Unless you request to be excluded from the Settlement, you remain part of the Settlement Class and that means you cannot sue, continue to sue, or be part of any other lawsuit against Williams-Sonoma about the legal issues arising in this case during the Class Period. Specifically, you will be giving up or “releasing” the claims described below:

Release of Claims: The Class Representative and every member of the Settlement Class (except those who opt out of the Settlement), will release and discharge Defendant, its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys (“**Released Parties**”) from any and all claims, demands, rights, liabilities and causes of action that were or could have been pleaded (whether in tort, contract or otherwise) under local, state or federal law arising out of, relating to, or based on any facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions, or failures to act pleaded in the operative complaint against Williams-Sonoma Stores, Inc. through the date of preliminary approval, or January 31, 2020, whichever is earlier, including but not limited to claims related to minimum wage, unpaid wages and overtime compensation, meal and rest break violations, untimely wages, untimely final paychecks, inaccurate itemized wage statements, failure to maintain payroll records, unreimbursed business expenses, and unfair and unlawful business practices, and for civil penalties under the Private Attorney General Act (“**Class Released Claims**”).

10. How Do I Exclude Myself From The Settlement?

To exclude yourself from the settlement, you must send a letter mailed to the Administrator at the address below and postmarked by *****, 2020. Your letter must include: (1) your name, address, telephone number and

last four digits of your social security number for verification purposes; (2) expressly state you wish to be excluded from this settlement with language to the effect of “I wish to be excluded from the Class Settlement in the Farinha v. Williams-Sonoma Stores Case”; and (3) your signature. If your Request for Exclusion does not comply with any of these requirements, it will be rejected and you will remain a settlement class member.

If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit. You may be able to sue (or continue to sue) Defendants in the future.

11. If I Don't Exclude Myself, Can I Sue Defendants Or Get Money From The Settlement?

If you do not exclude yourself from the settlement, you cannot sue Defendant for any of the claims that this settlement resolves. You must exclude yourself from this case to continue on your own lawsuit. Remember, the exclusion deadline is [REDACTED], 2020. Similarly, if you exclude yourself from this settlement, you cannot get money from this settlement. But, if you do exclude yourself, you may sue, continue to sue, or be part of a different lawsuit against Defendant.

12. How do I object to the Settlement?

If you are a Class Member, you can object to the settlement if you disagree with the terms of the settlement. You can give reasons why you think the Court should not approve the settlement. You may object to the proposed settlement in writing. You may also appear at the Final Approval Hearing, either in person or through an attorney at your own expense.

All written objections, supporting papers and/or notices of intent to appear at the Final Approval Hearing must: (a) clearly identify the case name and number (as *Barbara Farinha v. Williams-Sonoma Stores, Inc.*, Case No. S-CV-0042819); (b) contain your name and last four digits of your social security number for verification purposes; (c) state all legal and factual grounds for your objection; (d) be filed with the Superior Court of California, County of Placer, 10820 Justice Center Drive, Roseville CA 95678 (e) be signed by your and/or your legal representative; (f) be mailed to the Settlement Administrator at *****, and (d) be filed and postmarked on or before [REDACTED], 2020.

13. What Is The Difference Between Objecting And Excluding?

Objecting is simply telling the Court that you don't agree with the terms of the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you. However, if you file an objection, you will still receive settlement benefits under the settlement, if it is approved by the court. If you both exclude yourself from the settlement and object to it, your exclusion will be deemed valid and your objection will not be considered.

14. Do I have a lawyer in this case?

The Court decided that the law firms of Hyun Legal, and Polaris Law Group are qualified to represent you and all Class Members. These law firms are referred to as “Class Counsel.” If you want to be represented by your own lawyer, you may hire one at your own expense. Class Counsel’s information is as follows:

Attorneys for Plaintiff & the Class are:
William L. Marder

Dennis S. Hyun

POLARIS LAW GROUP, LLP
501 San Benito Street, Suite 200
Hollister, California 95023
Telephone: 831.531.4214
Facsimile: 831.634.0333

HYUN LEGAL, APC
515 S. Figueroa St., Suite 1250
Los Angeles, CA 90071
(213) 488-6555
(213) 488-6554 facsimile

Please contact Plaintiff's counsel if you have any questions regarding this settlement.

15. How Will The Attorneys For The Class and Class Representative Be Paid?

Class Counsel will be paid from the \$1,885,000.00 Maximum Settlement Amount. Class Counsel will ask for up to \$628,333.33 in attorneys' fees and for actual litigation costs incurred not to exceed \$25,000.00, the actual amount of which will be determined by the Court at the Final Approval Hearing (see section 16 below for details). Class Members (like you) do not have to pay the fees and costs of Class Counsel. **If you elect, however, to hire your own lawyer, you have to make your own arrangements to compensate your lawyer.**

If approved by the Court, a Class Representative Service Payment for the Plaintiff of an amount up to \$10,000 will be paid from the Maximum Settlement Amount for her service and in exchange for a general release.

16. Notice of Hearing on Final Approval and Objections to Class Action Settlement.

You are hereby notified that a Final Approval Hearing will be held before the Honorable Suzanne Gazzaniga, on [redacted], 2020 at [redacted] a.m., in Department 31 of the Placer County Superior Court located at 10820 Justice Center Drive, Roseville CA 95678, to determine whether the proposed Settlement is fair, reasonable, and adequate, and should be finally approved by the Court. The Court may adjourn or continue the hearing from time to time, without further notification to you, as the Court may direct.

Once final approval is granted by the Court, the Court will enter judgment against Defendant, and all Class Members who have not requested exclusion will be deemed to have waived and released any and all causes of action or claims against Defendant that were or could have been asserted in the Action that arose at any time from April 12, 2015, through January 31, 2020. You are not required to attend the Final Approval Hearing, but you are welcome to do so.

18. How Do I Get More Information?

This notice summarizes the proposed settlement. You can get more information on the Administrator's website at *****.

WHAT IF I HAVE QUESTIONS?

If you have any questions about the Settlement, you may contact the Settlement Administrator:

Farinha v. Williams-Sonoma Store, Inc.,
c/o [Settlement Administrator]
Address
City, CA, Zip
Toll-Free Phone Number: [insert]

PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR INFORMATION ABOUT THIS SETTLEMENT OR THE SETTLEMENT PROCESS.