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17 **UNITED STATES DISTRICT COURT**
18 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**

19 SERENA NARO, individually and on)
20 behalf of all others similarly situated;)
21 TRISH GONZALES, individually and)
22 on behalf of all others similarly situated;)
23 AND THE CALIFORNIA LABOR)
24 AND WORKFORCE)
25 DEVELOPMENT AGENCY *ex rel.*)
26 SERENA NARO AND TRISH)
27 GONZALES, a California)
28 governmental entity,)

Plaintiff,

v.

29 WALGREEN CO., an Illinois)
30 corporation; and WALGREEN)
31 PHARMACY SERVICES MIDWEST,)
32 LLC, an Illinois corporation; and DOES)
33 1-15,)
34 Defendants.)

Case No.: 4:22-cv-03170-JST

Assigned for All Purposes to:
Hon. Jon S. Tigar
Courtroom 6

**AMENDED CLASS ACTION AND PRIVATE
ATTORNEYS GENERAL ACT
SETTLEMENT AGREEMENT AND
RELEASE**

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1 This Amended Class Action and Private Attorneys General Act Settlement Agreement and
2 Release (hereinafter “**Settlement**” or “**Agreement**”) is made and entered into by and between
3 Plaintiffs Serena Naro and Trish Gonzalez, individually and on behalf of those similarly situated and
4 on behalf of the California Labor and Workforce Development Agency (“**Plaintiffs**”), on the one
5 hand, and Defendants Walgreen Co. and Walgreen Pharmacy Services Midwest, LLC (“**Defendants**”
6 or “**Walgreens**”), on the other hand, in the case of *Naro, et al. v. Walgreen Co., an Illinois*
7 *corporation; and Walgreen Pharmacy Services Midwest, LLC, an Illinois Corporation* (Northern
8 District of California, Case Number 4:22-cv-03170-JST), and subject to the approval of the Court.

9 1. On March 16, 2022, Plaintiffs Serena Naro and Trish Gonzales sent a letter to the
10 California Labor and Workforce Development Agency (“LWDA”) and to Defendants giving notice of
11 their intent to pursue a representative action pursuant to the California Labor Code Private Attorneys
12 General Act of 2004, codified at Labor Code § 2699 *et seq.* (“PAGA”), on behalf of themselves and
13 the State of California as well as on behalf of a proposed group of allegedly aggrieved employees. In
14 the letter, Plaintiffs claimed Defendants violated the Industrial Welfare Commission Wage Order and
15 California Labor Code sections 204/204b, 221, 223, 226, 510, 1197, and 2802 and the related IWC
16 Wage Order No. 7.

17 2. On May 31, 2022, Plaintiffs filed a class action Complaint in the United States District
18 Court, Northern District of California, Case No. 4:22-cv-03170-JST, that included causes of action for
19 Failure to Indemnify Business Expenses (Labor Code §2802); Failure to Reimburse for Required
20 Uniforms (IWC Wage Order 7, § 9 (A)); Failure to Pay Minimum Wage (Labor Code §§ 1194,
21 1194.,2, 1197, IWC Wage Order No. 7, § 4(A)); Failure to Furnish Accurate Wage Statements (Labor
22 Code § 226); Waiting Time Penalties (Labor Code §§ 201, 202, and 203); Unfair Business Practices
23 (Business and Professions Code § 17200, *et seq.*); and Penalties under the Private Attorneys General
24 Act (“PAGA”) (Labor Code § 2698, *et seq.*).

25 3. On July 5, 2022, Defendants filed a Motion to Dismiss Plaintiffs’ Complaint. On
26 February 9, 2023, the Court granted Defendants’ Motion to Dismiss Plaintiffs’ wage claims,
27 specifically the claims for the Failure to Pay Minimum Wage (Labor Code §§ 1194, 1194.,2, 1197,
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1 IWC Wage Order No. 7, § 4(A)); Failure to Furnish Accurate Wage Statements (Labor Code § 226);
2 and Waiting Time Penalties (Labor Code §§ 201, 202, and 203).

3 4. On February 23, 2023, Plaintiffs filed the operative First Amended Complaint for
4 Failure to Indemnify Business Expenses (Labor Code §2802); Unfair Business Practices (Business and
5 Professions Code § 17200, et seq); and Penalties under the Private Attorneys General Act (“PAGA”)
6 (Labor Code § 2698, et seq).

7 5. On March 16, 2023, Defendants filed their Answer to First Amended Complaint.

8 6. The Parties engaged in formal written discovery, and the depositions of both Plaintiffs
9 were taken. Plaintiffs served subpoenas on third-party vendors of Defendants, which produced records
10 showing all current and former non-exempt employees of Defendants working in Defendants’ retail
11 stores and/or pharmacies within California who purchased clothing items at their own expense from
12 one of Walgreens’ third-party clothing vendors during the Class and PAGA periods.

13 7. Additionally, Defendants engaged the expert Resolution Economics LLC to calculate
14 the purchases identified in the data provided by the third-party vendors of Defendants and to perform
15 an exposure analysis that formed the basis of the Parties’ settlement negotiations.

16 8. Representative Plaintiffs and their counsel have conducted sufficient discovery and
17 analysis to evaluate the strengths and weaknesses of their respective claims and Defendants’ defenses
18 and to recommend this Settlement to the Settlement Class Members and the Court.

19 9. Class Counsel has fully advised Representative Plaintiffs of this Agreement and
20 represents that they approve of and consent to the terms herein.

21 **TERMS OF SETTLEMENT**

22 NOW, THEREFORE, in consideration of the mutual covenants, promises and
23 warranties set forth herein, the Parties agree, subject to the Court’s approval, as follows:

24 10. **Definitions of Certain Settlement Terms:**

25 a. **“Person”** shall have the meaning set forth in California Government Code Section 17.

26 b. **“Settlement Class”**: All current and former non-exempt employees of Defendants
27 working in Defendants’ retail stores and/or pharmacies within California who purchased
28 clothing items at their own expense from one of Walgreens’ third-party clothing

vendors during the Class Period.

- c. **“Class Period”** in this case runs from May 31, 2018 through the date of preliminary approval.
- d. **“Aggrieved Employees”**: All current and former non-exempt employees of Defendants working in Defendants’ retail stores and/or pharmacies within California who purchased clothing items at their own expense from one of Walgreens’ third-party clothing vendors during the PAGA period.
- e. **“PAGA Period”** in this case runs from March 16, 2021 through the date of preliminary approval.
- f. **“Class Counsel”**: Aiman-Smith & Marcy PC.
- g. **“Notice”**: The notice form to Settlement Class Members, substantially in the form attached hereto as **Exhibit A**, which will, among other things, notify Settlement Class Members of the preliminary approval of the settlement and scheduling of the final approval hearing.
- h. **“Effective Date”**: The “Effective Date” is the date that the Court's judgment approving this settlement becomes final. For purposes of this Agreement, the judgment “becomes final” upon the last to occur of the following:
 - i. The entry of a Judgment finally approving this Settlement, provided no objection is made to this Settlement prior to or at the hearing for approval of this Settlement, or if any objection is made, but is resolved formally and withdrawn prior to the final approval hearing of this Settlement.
 - ii. If an objection to this Settlement is made before or at the hearing for approval (that is not resolved prior to the hearing and is formally withdrawn), thirty-one (31) calendar days after the Judgment is entered, provided no appeal is filed.
 - iii. If an appeal has been taken or sought, seven (7) calendar days after the date the Judgment is finally affirmed by an appellate court with no possibility of subsequent

1 appeal or other judicial review, or the date the appeal(s) or other judicial review are
2 finally dismissed (and upholding the Settlement) with no possibility of subsequent
3 appeal or other judicial review.

- 4 i. **“Final Approval”**: The date of the Court’s order granting final approval of the
5 Settlement.
6 j. **“Administrator”**: The administrator responsible for administering this settlement,
7 Atticus Administration, LLC.
8 k. **“Notice Deadline”** means the date that is sixty (60) days after the Notice is initially
9 mailed to the Settlement Class. Settlement Class Members shall have until the Notice
10 Deadline to object to the Settlement.

11 11. Settlement of the Action:

12 As detailed in the Release set forth in Paragraph 34, all causes of action alleged in the
13 Action and any claims, damages, or causes of action that could have been brought based on the factual
14 allegations in the Action, including any claims arising from the alleged violation of any provision of
15 California and/or federal law which were or could have been raised as a part of the Action shall be
16 settled and compromised in full and without exception as between each Settlement Class Member,
17 Aggrieved Employee, Representative Plaintiffs and Defendants, subject to the terms and conditions set
18 forth in this Agreement and the approval of the United States District Court for the Northern District of
19 California.

20 12. Settlement Amount:

- 21 a. **Gross Settlement Common Fund**: A gross settlement common fund amount of Nine
22 Hundred Fifty Thousand (\$950,000.00) will be funded by Defendants as follows:
23 Within fifteen (15) business days following the Effective Date, Defendants will pay the
24 total Gross Settlement Common Fund Amount to the Claims Administrator.
25
26 b. **Attorney’s Fees and Costs**: Plaintiffs’ Counsel shall receive payment of their
27 reasonable attorney’s fees, to be approved by the Court. Defendants will not contest
28 Plaintiff’s attorneys’ fees up to an amount equal to one-third (33.33%) of the Gross

1 Settlement Common Fund, which is Three Hundred Sixteen Thousand and Six Hundred
2 Sixty Six Dollars.

3 Plaintiffs' Counsel shall also receive payment of their reasonable litigation costs out of
4 the gross settlement common fund in the actual amount of costs, not to exceed twenty
5 thousand dollars \$20,000.00. An itemization of costs will be submitted to the Court.
6 Defendants will not contest Plaintiffs' litigation costs.

7 c. **PAGA Award:** From the Gross Settlement Common Fund, \$100,000.00 will be
8 attributed to penalties for violations of PAGA. Of this amount, 75% shall be paid to the
9 LWDA and 25% distributed to Aggrieved Employees.

10 d. **Class/PAGA Representative Incentive Fee:** For the risks taken and time expended as
11 Class/PAGA Representative, Plaintiffs shall seek Court Approval of a Class/PAGA
12 Representative Incentive Fee out of the gross settlement common fund in the amount up
13 to \$10,000, each. Defendants will not contest the PAGA Representative Incentive Fee.

14 e. **Net Settlement Amount:** The Gross Settlement Common Fund of Nine Hundred Fifty
15 Thousand Dollars and Zero Cents (\$950,000.00) less the following deductions: The
16 sum of Twenty Thousand Dollars and Zero Cents (\$20,000.00) for the representative
17 payment awards to Plaintiffs, with Ten Thousand Dollars and Zero Cents (\$10,000.00)
18 to be paid each to Serena Naro and Trish Gonzales, or such other amount as approved
19 by the Court; the sum of attorneys' fees to Class Counsel, which shall not exceed Three
20 Hundred Sixteen Thousand and Six Hundred Sixty-Six Dollars and Zero Cents
21 (\$316,666.00); the sum of costs of litigation to Class Counsel, which shall not exceed
22 Twenty Thousand Dollars and Zero Cents (\$20,000.00); Seventy Five Thousand Dollars
23 and Zero Cents (\$75,000.00), which is 75% of the One Hundred Thousand Dollars and
24 Zero Cents (\$100,000.00) earmarked for the release of Representative Plaintiffs' and
25 each Aggrieved Employees' PAGA claims, and which will be paid to the California
26 Labor and Workforce Development Agency; the administrative expenses approved by
27 the Court pursuant to this Agreement, estimated at Forty Five Thousand Dollars and
28 Zero Cents (\$45,000.00).

f. **The Net Settlement Amount** is comprised of two parts: (1) the “Net PAGA Settlement Amount” (*i.e.*, the \$25,000.00 earmarked for the release of Representative Plaintiffs’ and each PAGA Aggrieved Employee’s PAGA claims that is not payable to the California Labor and Workforce Development Agency); and (2) the “Net Class Settlement Amount” (*i.e.*, the entire Net Settlement Amount less the Net PAGA Settlement Amount, which is approximately \$473,334.00).

13. Settlement Formula and Distribution: Subject to the conditions of this Agreement, the distribution formula is based upon records produced in this litigation by Defendants’ vendors for those Settlement Class Members who purchased clothing at their own expense from Defendants’ third-party vendors during the Class Period. The total paid by all Settlement Class Members for clothing purchased from Defendants during the Class Period is herein referred to as “Clothing Purchases.” The Net Settlement Fund will be divided by the Clothing Purchases to determine the Clothing Purchases Payout Rate. The total amount allocated to each Settlement Class Member will be the total of his or her identified Clothing Purchases during the applicable Class and PAGA Periods multiplied by the Clothing Purchases Payout Rate.

Twenty-five percent (25%) of the PAGA allocation will be distributed to the Aggrieved Employees on a pro-rata basis based upon the number of pay periods that the Aggrieved Employee made purchases during the PAGA Period.

The payments to the Settlement Class Members and Aggrieved Employees shall be non-taxable, and a form 1099 will be issued by the administrator for such payments.

The Settlement Class Members, who do not opt-out of the settlement, and all Aggrieved Employees shall receive a direct mail check of the amount of their claim and will have 180 days to cash their checks. If any funds remain after the expiration date of the first distribution, any residual funds will be distributed to the *cy pres* recipient, which shall be proposed by the parties and approved by the Court. The Parties propose Legal Aid at Work, which provides legal services assisting low-income, working families and promotes better understanding of the conditions, policies, and institutions that affect the well-being of workers and their families and communities. The Settlement Administrator shall distribute any *cy pres* payment.

1 The Labor and Workforce Development Agency shall receive a check for 75% of the
2 PAGA settlement amount.

3 14. Reference to Third-Party Vendors Records: The “Clothing Purchases” will be
4 determined by reference to records produced in this litigation by Defendants’ vendors for those
5 Settlement Class Members and Aggrieved Employees who purchased clothing at their own expense
6 from Defendants’ third-party vendors during the respective Class and PAGA Periods. These third-
7 party vendor records shall be presumptively correct for determining who the Settlement Class
8 Members and Aggrieved Employees are and the clothing purchased at their own expense during the
9 respective Class and PAGA Periods.

10 15. Allocation of Settlement Payments: The payments to the Settlement Class Members
11 and Aggrieved Employees shall be non-taxable, and a form 1099 will be issued by the administrator
12 for such payments.

13 16. Service Payment Award to Representative Plaintiffs: From the Gross Settlement
14 Comon Fund, each Representative Plaintiff will be paid Ten Thousand Dollars and Zero Cents
15 (\$10,000.00) as a service award for their time and efforts as Representative Plaintiffs. These service
16 payment awards are in addition to their rights to payments provided in this Agreement for initiating
17 and pursuing the Action, undertaking the risk of liability for attorneys’ fees and expenses in the event
18 they were unsuccessful in the prosecution of the Action, and granting the general release under the
19 Settlement. Tax deductions and withholdings will not be taken from the Representative Payments, and
20 instead a Form 1099 will be issued to each Plaintiff with respect to this payment. Representative
21 Plaintiffs will be responsible for correctly characterizing this compensation for tax purposes and to pay
22 any taxes owing. The Representative Plaintiffs hereby indemnify and hold Defendants harmless for
23 and against any action or liability of Representative Plaintiffs, if any tax authority should dispute the
24 characterization of this compensation. The Representative Plaintiffs shall not be entitled to the
25 payment set forth in this Subparagraph unless they provide their Social Security number or tax
26 identification numbers to the Administrator.

27 17. PAGA Payment: Subject to Court Approval, from the Gross Settlement Amount, a
28 payment of Seventy Five Thousand Dollars and Zero Cents (\$75,000.00) will be made to the

1 California Labor and Workforce Development Agency (“LWDA”), which is the payment to the State
2 of California for its share of civil penalties pursuant to the Labor Code Private Attorneys General Act,
3 Cal. Labor Code §§ 2698, *et seq.* (“PAGA”), approved by the Court. The Seventy-Five Thousand
4 Dollars and Zero Cents (\$75,000.00) payment is 75% of One Hundred Thousand Dollars and Zero
5 Cents (\$100,000.00), which is the amount that the Parties have earmarked for the release of claims
6 under PAGA. The remaining Twenty-Five Percent (25%), or Twenty-Five Thousand Dollars and Zero
7 Cents (\$25,000.00), will be allocated to the Net PAGA Settlement Amount for distribution to the
8 PAGA Aggrieved Employees. The Net PAGA Settlement Amount will be distributed to the Aggrieved
9 Employees on a pro-rata basis based upon the number of pay periods that the Aggrieved Employee
10 made purchases during the PAGA Period.

11 18. Attorneys’ Fees and Costs: Class Counsel shall submit an application for an award of
12 attorneys’ fees not to exceed Three Hundred Sixteen Thousand Six Hundred Sixty-Six Dollars and
13 Zero Cents (\$316,666.00) (33.33 % of the Gross Settlement Common Fund). This amount will cover
14 all work performed to date and all work to be performed in connection with the approval by the Court
15 of this Agreement and the final conclusion of this Action. Defendants agree not to oppose any fee
16 application that is not in excess of the amount specified in this Paragraph. Should the fee and costs
17 award approved by the Court be less than the amount sought, the difference shall be added to the Net
18 Settlement Amount. Payment of the fees and costs to Class Counsel shall constitute full satisfaction of
19 any obligation to pay any amounts to any person, attorney or law firm for attorneys’ fees, expenses or
20 costs in the Action, and shall relieve Defendants of any other claims or liability to any other attorney or
21 law firm for any attorneys’ fees, expenses and/or costs to which any of them may claim to be entitled
22 on behalf of Plaintiffs and/or the Class.

23 Class Counsel shall submit an application for the reimbursement of costs and expenses
24 in an amount not to exceed Twenty Thousand Dollars and Zero Cents (\$20,000.00). This amount will
25 cover all costs and expenses incurred to date or to be incurred. This amount shall come from the Gross
26 Settlement Common Fund. Defendants agree not to oppose any cost and expense application that is
27 not in excess of the amount specified in this Paragraph.

28 Except as provided herein, each party shall be responsible for their own attorneys’ fees

1 and costs.

2 19. Date of Defendants' Payment to Administrator: A gross settlement common fund
3 amount of Nine Hundred Fifty Thousand (\$950,000.00) will be funded by Defendants as follows:

4 Within fifteen (15) business days following the Effective Date, Defendants will pay the
5 total Gross Settlement Common Fund Amount to the Claims Administrator ("Payment
6 Date").

7 20. Date of Administrator's Payment to Recipients: Within ten (10) business days of the
8 Payment Date, the Administrator shall distribute all payments due under the Settlement, including the
9 payments to each Settlement Class Member, to Representative Plaintiffs, to the LWDA, to each
10 Aggrieved Employee, and Class Counsel.

11 21. No Further Payments: Defendants shall have no obligation to pay or provide any
12 further consideration to any Settlement Class Member or Aggrieved Employee by reason of this
13 Agreement or because of the foregoing payments, including but not limited to contributions to any
14 401(k) or other retirement or employee benefit plan, vacation or sick pay, etc. Any payments made
15 pursuant to this Agreement will not trigger any obligation of Defendants to make any withholding for
16 401(k) contributions or to make any contributions to any 401(k) or similar plan. Nor will it trigger any
17 obligation of Defendants to make any contributions to any employee welfare benefit plan for the
18 benefit of any Settlement Class Member who is a member of any union.

19 22. Parties' Contentions: In entering into this Agreement, Defendants do not admit to any
20 liability or wrongdoing of any kind associated with the asserted claims. In entering into this
21 Agreement, Representative Plaintiffs believe that they have filed a meritorious action.

22 23. Settlement Fair, Reasonable, and Adequate: Representative Plaintiffs and Class
23 Counsel are of the opinion that the terms set forth in this Agreement are fair, reasonable, and adequate
24 and this Agreement is in the best interest of the Class in light of all known facts and circumstances,
25 including the risk of pending motions and the trial, defenses asserted by Defendants, and numerous
26 potential appellate issues. Defendants and their counsel also agree that this Agreement is fair and is in
27 the best interests of the Settlement Class and each Settlement Class Member.
28

THE ADMINISTRATOR

24. Selection of Administrator: Subject to the Court's approval, Atticus Administration shall be retained as the Administrator.

25. Class List: Within ten (10) court days of the date the Court enters an order granting preliminary approval of the Settlement (the "**Preliminary Approval Date**"), Defendants shall provide to the Administrator a list containing, for each Settlement Class Member, the following information: (1) name; (2) last known address, email address (to the extent such information is maintained in Defendants' Human Resources Information System) and phone number (to the extent such information is maintained in Defendants' Human Resources Information System); (3) Social Security Number; (4) the total amount spent on clothing items purchased by each Settlement Class Member at their own expense from one of Walgreens' third-party clothing vendors during the Class Period; and (5) the total number of pay periods that each Aggrieved Employee purchased clothing items at their own expense from one of Walgreens' third-party clothing vendors during the PAGA Period.

26. Administrator's Duties: The Administrator's duties will include:

- a. updating addresses contained in the Class List by way of search of the National Change of Address registry before the initial mailing of the Notice Postcard;
- b. preparing, printing, mailing and emailing (where email is available pursuant to Paragraph 25) the Postcard Notice, in substantially the form attached hereto as "**Exhibit B**" to Settlement Class Members, as well as re-mailing any Postcard Notice that is returned by the U.S. Postal Service as non-deliverable but with a forwarding address; conducting a skip-trace on any Postcard Notice returned by the U.S. Postal Service as non-deliverable, as needed, and re-mailing the Postcard Notice to any new address obtained by way of skip-trace;
- c. creating a website for the Settlement which will allow Settlement Class Members to view the Class Notice in substantially the form attached hereto as "**Exhibit A**" to this Settlement Agreement, all papers filed by Class Counsel to obtain preliminary and final approval of the Settlement Agreement, and payment options. Additionally, the Settlement website will provide contact information for Class Counsel and the

Settlement Administrator. The Settlement Administrator will provide Class Counsel and Defendants' counsel with a preview of the proposed website. Class Counsel and Defendants' counsel must approve the website before it goes live and also must approve any modifications to the website. The Settlement Administrator shall also create a toll-free call center to field telephone inquiries from Settlement Class Members during the notice and settlement administration periods. The Settlement Administrator will be directed to take the website and call center down 180 days after the Payment Date.

- d. conducting any necessary verifications of Social Security Numbers;
- e. reviewing and processing requests for exclusions and objections to the Settlement;
- f. providing Class Counsel and Defendants' Counsel with periodic status reports about the delivery of the Notice, requests for exclusions, and objections to the Settlement;
- g. issuing payment to effectuate the payments due under the Settlement. Settlement checks will be valid for one hundred and eighty (180) days. At the end of that 180-day period, settlement checks will be void. The amounts of any uncashed will be distributed to the charitable organization agreed to by the Parties and approved by the Court;
- h. providing a report listing the amounts of payments made to each Settlement Class Member; issuing the tax reports required under this Settlement; and
- i. otherwise administering the Settlement pursuant to this Agreement.

27. Qualified Settlement Fund: The Parties agree that the settlement funds will be placed in an account held by the Administrator to effectuate the terms of this Agreement and the orders of the Court. The Parties agree that the settlement fund (1) shall be established pursuant to an order of the Court prior to the receipt of any monies from Defendants; (2) that it shall be established to resolve and satisfy the contested claims that have resulted, or may result, from the matters that are the subject of this Action and that are released by this Settlement; and (3) that the fund or account that is established and its assets are segregated and shall be segregated (within a separately established fund or account) from the assets of Defendants and all related other persons. The Administrator shall be responsible for establishing, administering, and otherwise operating the settlement fund, including the preparation and filing of federal, state, and local tax returns. The Administrator shall also be responsible for preparing

1 and issuing all payments to the Settlement Class Members, Aggrieved Employees, the LWDA,
2 Representative Plaintiffs, Class Counsel, all checks for claims administration costs and expenses that
3 are approved by the Court and any other payments included in this Agreement and approved by the
4 Court.

5 28. Administrator's Findings: The Administrator shall report, in summary or narrative
6 form, the substance of its findings regarding the notice and claims process, and, in that regard, the
7 Administrator's approval of claims shall be conclusive and binding. The Administrator shall be
8 granted reasonable access to Defendants' records to perform its duties. All disputes relating to the
9 Administrator's ability and need to perform its duties shall be referred, if necessary, to the Court,
10 which will have continuing jurisdiction over the terms and conditions of this Agreement. The
11 Administrator submits to the jurisdiction of the Court in connection with its appointment as
12 Administrator.

13 29. Administrator's Reports: The Administrator shall provide weekly reports to counsel
14 concerning receipt of Settlement Class Members' requests for exclusion and returned mail.

15 **ADMINISTRATION OF SETTLEMENT**

16 30. Notice: Within twenty-one (21) court days of after the entry of the Preliminary
17 Approval Order, the Postcard Notice, in the form attached hereto as Exhibit "B", as approved by the
18 Court, shall be sent by the Administrator to each Settlement Class Member. The Postcard Notice shall
19 be sent by first class mail to each Settlement Class Member's current or last known address on file
20 with Defendants, following an updated review of the National Change of Address Registry by the
21 Administrator, as well as by email (where available). The long form Notice, in the form attached
22 hereto as Exhibit "A" will be posted on the settlement website.

- 23 a. Returned Postcard Notice: For Postcard Notices returned from this mailing with
24 forwarding addresses affixed thereto, the Administrator will promptly perform a single
25 re-mailing of the Notice Packet to the forwarding address. For Postcard Notices
26 returned without a forwarding address, the Administrator will utilize reasonable and
27 customary skip-tracing efforts to locate an updated address, and promptly perform a
28 single re-mailing to such updated address, if found.

1 b. It will be presumed that that a Settlement Class Member received the Postcard Notice if
2 it has not been returned within thirty (30) days of mailing.

3 c. At least ten (10) days prior to the final approval hearing, the Administrator shall provide
4 the Court with a declaration of due diligence and proof of mailing with regard to the
5 mailing of the Postcard Notice, all attempts to locate Settlement Class Members, and
6 confirmation of the posting of the long form Notice on the settlement website. Class
7 Counsel shall be responsible for working with the Administrator to timely file the
8 declaration of due diligence.

9 31. Administrator's Responsibility for Payment: The Settlement Class Members, who do
10 not opt-out of the settlement, and all Aggrieved Employees shall receive a direct mail check of the
11 amount of their claim and will have 180 days to cash their checks. If any funds remain after the
12 expiration date of the first distribution, any residual funds will be distributed *cy pres* by the
13 Administrator. The *cy pres* recipient shall be proposed by the parties and approved by the Court. The
14 Parties propose Legal Aid at Work which provides legal services assisting low-income, working
15 families and promotes better understanding of the conditions, policies, and institutions that affect the
16 well-being of workers and their families and communities. The Labor and Workforce Development
17 Agency shall receive a check for 75% of the PAGA settlement amount.

18 32. Requests for Exclusion from the Settlement: The Settlement Administrator shall
19 administer the receipt of any and all requests for exclusion from the Action. Any Settlement Class
20 Member who submits a valid and timely request for exclusion shall not be bound by the terms of this
21 Agreement. Any Settlement Class Member who desires to be excluded from the Action must send a
22 written request for exclusion to the Settlement Administrator with a postmark dated no later than 60
23 calendar days after the Notice is initially mailed to the Settlement Class. In such request, the Settlement
24 Class Member must set forth his or her full name, address, telephone number and email address (if
25 available), along with a statement that he or she wishes to be excluded. The Settlement Administrator
26 shall provide a list of the names and addresses of each Settlement Class Member who submitted a valid
27 exclusion to the Parties no later than 21 court days prior to the Final Hearing. Settlement Class
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Members who request to be excluded from the Settlement shall nevertheless be bound by the release of claims under PAGA.

33. Objections:

a. Objections to the Settlement: Any Settlement Class Member who intends to object to the fairness of this settlement must (1) file a written objection with the Court no later than 60 calendar days after the Notice is initially mailed to the Settlement Class and (2) mail or personally deliver a copy of the written objection to Class Counsel and Defendants' Counsel on the same day as the objection is sent to the Court. The Court will deem an objection filed on the day it is received by the Court, not necessarily when the objection is postmarked. In the written objection, the Settlement Class Member must state: his or her full name, address, telephone number, and email address (if available); the reasons for his or her objection; and whether he or she intends to appear at the Final Hearing on his or her own behalf or through counsel. Further, the Settlement Class Member must attach to his or her objection all evidence supporting the objection. Any Settlement Class Member who does not file a valid and timely objection to the settlement shall be barred from seeking review of the settlement by appeal or otherwise.

b. Objections to Plaintiff's Motion for Attorney's Fees and Costs: Any Settlement Class Member who intends to object to Plaintiff's Motion for Attorney's Fees and Costs must (1) file a written objection with the Court no later than 14 calendar days prior to the Final Hearing and (2) mail or personally deliver a copy of the written objection to Class Counsel and Defendants' Counsel on the same day as the objection is sent to the Court. The Court will deem an objection filed on the day it is received by the Court, not necessarily when the objection is postmarked. In the written objection, the Settlement Class Member must state: his or her full name, address, telephone number, and email address (if available); the reasons for his or her objection; and whether he or she intends to appear at the Final Hearing on his or her own behalf or through counsel. Further, the Settlement Class Member must attach to his or her objection all evidence supporting the objection. Any Settlement Class Member who does not file a valid and timely objection

1 shall be barred from seeking review of Plaintiff's Motion for Attorney's Fees and Costs
2 by appeal or otherwise.

3
4 **RELEASE OF CLASS CLAIMS**

5 34. **Release of Claims by Settlement Class Members, Aggrieved Employees, and**
6 **Representative Plaintiffs:**

7 a. **Release by Settlement Class Members:** Upon the Court's final approval of the
8 Settlement Agreement, and except as to such rights or claims as may be created by the
9 Settlement Agreement, the Class Representatives and the Settlement Class Members
10 (other than those who submit timely and valid exclusion forms) release and discharge
11 the Defendants and each of their respective former and present parents, subsidiaries,
12 holding companies and affiliated corporations and entities, and each of their respective
13 former and present officers, directors, owners, managers, employees, partners,
14 shareholders, members, and agents, and any other predecessors, successors, assigns or
15 legal representatives (collectively "the Released Parties"), from any and all claims for
16 reimbursement of business expenses (Labor Code Section 2802) and unfair business
17 practices (Bus. & Prof. Code sections 17200 et seq.), arising from the facts as alleged in
18 the First Amended Complaint from four years preceding the filing of Plaintiff's original
19 complaint up to the date of preliminary approval (*i.e.*, from May 31, 2018) (collectively,
20 "Settlement Class Members' Released Claims").

21 b. **Release by Aggrieved Employees:** Upon the Court's final approval of the Settlement
22 Agreement, and except as to such rights or claims as may be created by the Settlement
23 Agreement, the Aggrieved Employees shall be bound by the release as to any Released
24 PAGA claims that arise during the PAGA Period, pursuant to Labor Code section 2698,
25 *et seq.*, from any and all claims for reimbursement of business expenses (Labor Code
26 Section 2802) arising from the facts as alleged in the First Amended Complaint and
27 Plaintiffs' PAGA Notice to the LWDA from one year preceding the filing of Plaintiffs'
28 PAGA Notice (*i.e.*, from March 16, 2021) (collectively, "Aggrieved Employees'

Released Claims”). For the avoidance of doubt, the Aggrieved Employees shall be bound by the release of any Released PAGA claims, irrespective of whether they submit a timely and valid exclusion form to be excluded from the Settlement Class.

c. Release by Plaintiffs on Behalf of the LWDA (and State of California): In their capacity as private attorneys general “aggrieved employees” acting on behalf of themselves and as proxies or agents of the LWDA and State of California, Plaintiffs agree to release Defendants and the Released Parties, from any and all PAGA Claims asserted in Plaintiffs’ PAGA Notice to the LWDA against the Released Parties during the PAGA Period. Upon approval of this Agreement, Plaintiffs, the LWDA, the State of California, and any other individual or entity acting on behalf of or purporting to act on behalf of the LWDA and/or the State shall be barred from asserting any of the Released PAGA Claims in any future litigation, arbitration, or other legal forum. Any party to this Agreement may use the Agreement to assert that this Agreement and the Judgment to be entered by the Court following approval of this Agreement bars or limits any pending or later-filed action asserting any of the Released PAGA Claims against any of the Released Parties. The provisions of this paragraph apply regardless of whether Plaintiffs and/or the Aggrieved Employees cash their Individual PAGA Payment checks.

d. Release by Named Plaintiffs: In exchange for the consideration provided by Defendant, Plaintiffs, upon the Court’s final approval of the Settlement Agreement, hereby fully and finally release and discharge the Released Parties from all known and unknown claims they have or may have against the Released Parties, of every nature and description whatsoever, up to the date of the Court’s final approval of the Settlement Agreement, in addition to the Settlement Class Members’/Aggrieved Employees’ Released Claims described in paragraphs 15 and 16. This general release of claims includes any and all known or unknown contract, tort, statutory, common law, constitutional, discrimination, public policy, retaliation, wrongful discharge and other claims of any type whatsoever, to the fullest extent such claims are releasable by law,

1 arising out of Plaintiffs' employment with Defendants and the Released Parties
2 (collectively "Named Plaintiffs' Released Claims"). As to the Named Plaintiffs'
3 Released Claims, the Plaintiffs, understanding the significance of this waiver, waive all
4 rights and benefits afforded by Section 1542 of the Civil Code of the State of California,
5 which states:

6 A general release does not extend to claims which the creditor does not
7 know or suspect to exist in his or her favor at the time of executing the
8 release, which if known by him or her must have materially affected his
9 or her settlement with the debtor.

10 Any release of claims will not be effective until the Effective Date.

11 **DUTIES OF THE PARTIES FOR COURT APPROVAL OF SETTLEMENT**

12 35. Plaintiffs will file a motion with the Court requesting preliminary and final approval of
13 the Class Settlement for the Action. Defendants contend that the facts do not justify class certification
14 under the governing legal standards. Consequently, the Parties will agree to a stipulated "Settlement
15 Class" solely for purposes of administration and resolution of this matter. This Memorandum is not,
16 and it should not be construed as, any admission by Defendants of fact or law in this matter or any
17 other matter that class certification or a representative action is appropriate. If the Court does not grant
18 either preliminary or final approval of this settlement, then the Parties revert to their previous positions
19 prior to negotiating the settlement, and Defendants will not stipulate to class certification.

20 **VOIDING THE AGREEMENT**

21 36. If the Court disapproves of or refuses to enforce any of the material conditions set forth
22 in the preceding Paragraphs, with the exception of the Court's reduction of the amounts of attorneys'
23 fees and costs, the Parties agree to engage in follow up negotiations with the intent of resolving the
24 Court's concerns that precluded approval, and if feasible, to resubmit the settlement for approval
25 within thirty (30) days. If the Settlement is not approved as resubmitted or if the Parties are not able to
26 reach another agreement, then either Party may void this Agreement. At that point, the Parties agree
27 that each shall return to their respective positions on the day before this Agreement and that this
28 Agreement shall not be used in evidence or argument in any other aspect of the litigation.

1 37. If the conditions of the Settlement set forth herein are not satisfied, or if either of the
2 Parties void the Settlement under Paragraph 36 above, or if the Payment Date does not occur, or, if one
3 or more of the material terms of the Agreement is not approved or is materially modified or reversed,
4 with the exception of the Court's reduction of the amounts of attorneys' fees and costs, Representative
5 Plaintiffs' service payment award, or Administrator's fee, then this Agreement shall be cancelled,
6 terminated, and shall have no force or effect, unless the Parties agree otherwise. If the Settlement is
7 not finally approved, or if this Settlement is terminated, revoked or cancelled pursuant to its terms, the
8 Parties to this Settlement shall be deemed to have reverted to their respective status as of the date and
9 time immediately prior to the execution of this Agreement.

10 **PARTIES' AUTHORITY**

11 38. The signatories hereby represent that they are fully authorized to enter into this
12 Agreement and bind the Parties hereto to the terms and conditions hereof.

13 **MUTUAL FULL COOPERATION**

14 39. The Parties shall fully cooperate with each other to accomplish the terms of this
15 Agreement, including the execution of such documents and to take such other action as may
16 reasonably be necessary to implement the terms of this Agreement and to secure the Court's Final
17 Approval of this Agreement.

18 **NO PRIOR ASSIGNMENTS**

19 40. The Representative Plaintiffs hereto represent, covenant, and warrant that they have not
20 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber
21 to any Person or entity any portion of any liability, claim, demand, action, cause of action, or rights
22 herein released and discharged except as set forth herein.

23 **NO ADMISSION**

24 41. Nothing contained herein, including the consummation of this Agreement, is to be
25 construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of
26 Defendants. Each of the Parties hereto has entered into this Agreement with the intention to avoid
27 further disputes and litigation settled herein with the attendant inconvenience, expenses, and
28 uncertainties. This Agreement is a settlement document and shall, pursuant to Federal Rule of

Evidence 408 and California Evidence Code Section 1152, be inadmissible in evidence in any proceeding, except an action or proceeding to approve, interpret, or enforce this Agreement.

CONFIDENTIALITY

42. The Parties agree that this Settlement Agreement is confidential (except for purposes of enforcement). The Parties and their counsel agree that they will not initiate or have any contact with the press, respond to any press inquiry or have any communication with the press about this Action prior to the date of entry of order for final approval. Following final approval of the Settlement, Defendants may disclose the terms and contents of the Settlement, as required under its contractual and legal obligations. Plaintiffs and Plaintiffs' Counsel agree not to issue press releases, communicate with, or respond to any media or publication entities, publish information in manner or form, whether printed or electronic, on any medium or otherwise communicate, whether by print, video, recording or any other medium, with any person or entity concerning the Settlement, including the fact of the Settlement, its terms or contents and the negotiations underlying the Settlement, except as shall be contractually required to effectuate the terms of the Settlement as set forth herein. Nothing stated herein shall prohibit Plaintiffs' Counsel from discussing the Settlement, the fact of Settlement, and its terms and conditions with Settlement Class Members or Aggrieved Employees, or from filing all necessary motions and supporting memoranda related to preliminary and final approval of the Settlement. Plaintiffs' Counsel and counsel for Defendants shall not place notice of the Settlement on their respective websites, except that Plaintiffs' Counsel may post a statement on their website that they "obtained a settlement of \$950,000 for employees in an expense reimbursement case." This provision does not limit Plaintiffs' Counsel from complying with ethical obligations or from posting court-filed documents on their website without commentary for viewing by Settlement Class Members and Aggrieved Employees.

TAXES

43. Neither Class Counsel nor Defendants' counsel intend anything contained herein to constitute legal advice regarding the taxability of any amount paid hereunder, nor shall it be relied upon as such. The tax issues for each Settlement Class Member may be unique, and each Settlement Class Member is advised to obtain tax advice from his/her own tax advisor with respect to any

1 payments resulting from this Agreement.

2 **NOTICES**

3 44. Unless otherwise specifically provided herein, all notices, demands or other
4 communications given hereunder shall be in writing and shall be deemed to have been duly given as of
5 the third business day after mailing by United States certified mail with return receipt requested,
6 addressed as follows:

7 To Plaintiffs and Class:

8 Hallie Von Rock, Esq.

9 AIMAN-SMITH & MARCY, PC

10 7677 Oakport St., Suite 1150

11 Oakland, CA 94621

12
13 To Defendants' Counsel:

14 Christopher J. Archibald, Esq.

15 Amelia Alvarez, Esq.

16 BRYAN CAVE LEIGHTON PAISNER LLP

17 1920 Main Street, Suite 1000

18 Irvine California 92614-7276

19 **CONSTRUCTION**

20 45. The terms and conditions of this Agreement are the result of lengthy, intensive
21 arms-length negotiations between the Parties, and this Agreement shall not be construed in favor of or
22 against any party by reason of the extent to which any party or his, her, or its counsel participated in its
23 drafting.

24 **CAPTIONS AND INTERPRETATIONS**

25 46. Paragraph titles or captions contained herein are inserted as a matter of convenience and
26 for reference, and in no way define, limit, extend, or describe the scope of this Agreement or any
27 provision hereof. Each term of this Agreement is contractual and not merely a recital.

1 **MODIFICATION**

2 47. This Agreement may not be changed, altered, or modified, except in writing and signed
3 by the Parties hereto. This Agreement may not be discharged except by performance in accordance
4 with its terms or by a writing signed by the Parties hereto.

5 **INTEGRATION CLAUSE**

6 48. This Agreement contains the entire agreement between the Parties relating to the
7 Settlement and transaction contemplated hereby, and all prior or contemporaneous agreements,
8 understandings, representations, and statements, whether oral or written and whether by a party or such
9 party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

10 **BINDING ON ASSIGNS**

11 49. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and
12 their respective spouses, heirs, trustees, executors, administrators, successors, and assigns, including
13 Defendants and the Released Parties.

14 **SETTLEMENT CLASS MEMBER SIGNATORIES**

15 50. Because the Settlement Class is so numerous, it is impossible or impractical to have
16 each member execute this Agreement. The Notice, **Exhibit "A"** hereto, as approved by the Court, and
17 the other forms of notice described herein will advise each Settlement Class Member of the binding
18 nature of the release and such shall have the same force and effect, to the extent permitted by law, as if
19 this Agreement were executed by each Settlement Class Member.

20 **CORPORATE SIGNATORIES**

21 51. Any Person executing this Agreement or any such related document on behalf of a
22 corporate signatory hereby warrants and promises for the benefit of all Parties hereto that such Person
23 has been duly authorized by such corporation to execute this Agreement or any such related document.

24 **COUNTERPARTS**

25 52. This Agreement may be executed in counterparts, and when each Party has signed and
26 delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken
27 together with other signed counterparts, shall constitute one Agreement, which shall be binding upon
28 and effective as to all Parties as set forth herein. Copies, electronic signatures, and facsimile

1 transmissions of signatures shall be considered the same as an original signature.

2 **CONTROLLING LAW**

3 53. The Agreement shall be governed by and construed in accordance with the laws of the
4 State of California. In any dispute about the scope of the Release provisions set forth herein or their
5 application to bar any future claim, including regarding the assertion of a res judicata / collateral
6 estoppel defense, this Agreement is governed exclusively by California state law and without regard to
7 any other state or federal law.


8
9
10 **IT IS SO AGREED.**

11
12 **[SIGNATURES ON THE FOLLOWING PAGE]**
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28 Respectfully submitted,

Dated: 01/25/2025

Plaintiff Serena Naro:

By: 
Serena Naro (Jan 25, 2025 16:21 PST)
Serena Naro

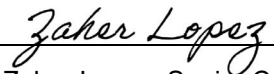
Dated: 01/27/2025

Plaintiff Trish Gonzalez:

By: 
Trish Gonzalez (Jan 27, 2025 08:36 PST)
Trish Gonzalez

Dated: 1/24/25

**Defendants Walgreen Co. and Walgreen Pharmacy
Services Midwest, LLC**


By: 
Zaher Lopez, Senior Counsel

APPROVED AS TO FORM:

Dated: 01/24/2025

Attorneys for Plaintiffs:

Aiman-Smith & Marcy

By: 
Hallie Von Rock (Jan 24, 2025 14:56 PST)
Hallie Von Rock, Esq.

Dated: January 24, 2025

Attorneys for Defendants:

Bryan Cave Leighton Paisner LLP


By: 
Allison C. Eckstrom, Esq.
Christopher Archibald, Esq.

Exhibit A

**NOTICE OF CLASS ACTION AND PRIVATE ATTORNEYS GENERAL ACT SETTLEMENT AND
RELEASE**

Serena Naro, et al., v. Walgreen Co., et al.
United States District Court, Northern District
Case No. 4:22-cv-03170-JST

You could get a payment from a class action settlement if you worked in Walgreens' retail stores and/or pharmacies within California and purchased clothing items at your own expense from one of Walgreens' third-party clothing vendors at any time during the period from May 31, 2018 through **[INSERT PRELIMINARY APPROVAL DATE]**.

This Notice is only a *summary* of the class action settlement. You can (and are encouraged to) access and review the entire Class Action and Private Attorneys General Act Settlement Agreement and Release, with all of the settlement terms to which you are bound, including the "Release of Claims" set forth in Paragraph 34 therein, at the settlement website **[INSERT URL]**.

The United States District Court authorized this notice. This is not a solicitation from a lawyer. This is not a lawsuit against you and you are not being sued. However, your legal rights are affected whether you act or do not act.

- A former and current employee of Walgreen Co. and Walgreen Pharmacy Services Midwest, LLC (hereinafter referred to collectively as "Walgreens" and/or "Defendants") filed a lawsuit, claiming that Walgreens violated California law by purportedly failing to reimburse for business expenses associated with the purchase of clothing from Walgreens' third-party clothing vendors, and violating the Labor Code, Private Attorneys General Act ("PAGA"), and California Business and Professions Code.
- Walgreens has denied these claims and the Court has not decided the merits of these claims.
- To avoid litigation expenses, Walgreens has agreed to settle these claims and this Notice is a summary of your rights and options under this Settlement—including the deadlines to exercise them.

1. Why did I get this notice package?

You are receiving this Class Notice because Defendants' third-party vendor records identify you as a non-exempt employee who worked at Defendants' retail stores and/or pharmacies within California and purchased clothing items at your own expense from one of Walgreens' third-party clothing vendors during the period of May 31, 2018 through **[INSERT PRELIMINARY APPROVAL DATE]**. As such, you are a potential Class Member and/or Aggrieved Employee in this lawsuit. The purpose of this Notice is to describe the litigation to you, inform you about the Settlement, and inform you of your rights and options in connection with the Settlement.

Class Members include all current and former non-exempt employees of Defendants working in Defendants' retail stores and/or pharmacies within California who purchased clothing items at their own expense from one of Walgreens' third-party clothing vendors during the period of May 31, 2018 through **[INSERT PRELIMINARY APPROVAL DATE]**.

Aggrieved Employees include all current and former non-exempt employees of Defendants working in Defendants' retail stores and/or pharmacies within California who purchased clothing items at their own expense from one of Walgreens' third-party vendors during the period from March 16, 2021 through **[INSERT PRELIMINARY APPROVAL DATE]**

The Court in charge of the case is the United States District Court, Northern District, and the case is known as *Serena Naro, et al. v. Walgreen Co., et al.*, Case No. 4:22-cv-03170-JST (referred to as the "Action"). The judge currently presiding over the lawsuit is the Honorable Jon S. Tigar, in Courtroom 6.

2. What is a class action and who is involved?

In class and representative actions, one or more people called “Class Representatives” (which – in this case – are Serena Naro and Trish Gonzales) sue on behalf of themselves and other individuals who have similar claims. The Class Representatives and these other individuals together are a “Class” or “Class Members” For purposes of the class action claims and “Aggrieved Employees” for purposes of the PAGA claim. Each person receiving this notice is a “Class Member” and/or “Aggrieved Employee” for purposes of this Settlement. The Court has preliminarily decided that this lawsuit can be resolved on a class-wide basis because it meets the requirements of federal law governing the resolution of claims through a class action.

3. What does the lawsuit complain about?

Plaintiffs Serena Naro and Trish Gonzales Action allege that non-exempt employees of Defendants who worked in Defendants’ retail stores and/or pharmacies in California during the relevant time period were not reimbursed for clothing items purchased at their own expense from one of Walgreens’ third-party clothing vendors, which allegedly violated the California Labor Code Section 2802 and California Business and Professions Code. Based on the allegations in this Action, Plaintiffs further seek the recovery of civil penalties under the Private Attorneys General Act of 2004 (“PAGA”).

Class Counsel is experienced in class action litigation and has a duty to represent the interests of all Class Members and Aggrieved Employees. Based on analyzing the law concerning the claims, analyzing records, making factual investigations, considering risks involved in further litigation, ensuring that the Class and group of Aggrieved Employees receives payment without having to wait for years of protracted litigation with no certainty of success, Class Counsel believes the Settlement is fair, adequate, and reasonable.

You are receiving Class Notice of this Settlement because the Court has reviewed the Settlement and has preliminarily determined the Settlement is fair and reasonable and can go forward.

The Settlement is the result of good faith, arm’s length negotiations between Plaintiffs and Walgreens, through their respective attorneys. Both sides agree that, in light of the risks and expenses associated with continued litigation, this Settlement is fair and appropriate under the circumstances, and in the best interests of the Settlement Class Members and Aggrieved Employees. This Settlement is a compromise and is not an admission of liability on the part of Defendants.

The Court has not decided whether Plaintiffs’ claims have any merit. There was no trial. Instead of going to trial, both sides agreed to this settlement.

4. What does the settlement provide?

- Walgreens will pay \$950,000.00 (“Gross Settlement Common Fund”) to end this lawsuit.
- Class Members and Aggrieved Employees will receive a portion of the Net Settlement Amount in the manner described under Question 5. The Net Settlement Amount is the Gross Settlement Common Fund minus the following deductions: (1) up to \$10,000.00 to each of the Class Representatives as approved by the Court; (2) up to \$316,666.00 as attorneys’ fees to Class Counsel as approved by the Court; (3) up to \$20,000.00 as costs to Class Counsel as approved by the Court; (4) approximately \$45,000.00 as Administrative Expenses as approved by the Court; and (5) \$75,000.00 to the California Labor & Workforce Development Agency. The Net Settlement Amount is estimated to be \$473,334.00.

5. How much will my payment be?

The Settlement Payments to Class Members and Aggrieved Employees will be based on his or her pro-rata share of the

Net Settlement Amount. The Net Settlement Amount is comprised of two parts: (1) the Net PAGA Settlement Amount (*i.e.*, \$25,000 earmarked for the release of Representative Plaintiffs' and each PAGA Aggrieved Employee's PAGA claims that is not payable to the California Labor and Workforce Development Agency), and (2) the Net Class Settlement Amount (*i.e.*, the entire Net Settlement Amount less the Net PAGA Settlement Amount which is approximately \$473,334.00).

The distribution formula is based upon records produced in this Action by Defendants' vendors for those Class Members who purchased clothing at their own expense from Defendants' third-party vendors during the Class Period. The total paid by all Settlement Class Members for clothing purchased from Defendants during the Class Period is herein referred to as "Clothing Purchases." The Net Settlement Fund will be divided by the Clothing Purchases to determine the Clothing Purchases Payout Rate. The total amount allocated to each Settlement Class Member will be the total of his or her identified Clothing Purchases during the applicable eligibility periods multiplied by the Clothing Purchases Payout Rate.

Twenty-five percent (25%) of the PAGA Allocation will be distributed to the Aggrieved Employees on a pro-rata basis based upon the number of pay periods that the Aggrieved Employees made purchases during the PAGA Period.

The payments to the Settlement Class Members and Aggrieved Employees shall be non-taxable, and a form 1099 will be issued by the administrator for such payments. You should consult with your tax advisors concerning the tax consequences of the payments you receive under the settlement. Neither Class Counsel nor Defendants' counsel intend anything contained herein to constitute legal advice regarding the taxability of any amount paid, nor shall it be relied upon as such.

6. Will being part of this Settlement affect my job with Walgreens?

Walgreens encourages all Class Members to participate in the Settlement. Walgreens represents that, as required by law, it will not retaliate against any employee as a result of his or her participation in the Settlement.

7. How do I receive payment from the Settlement Amount?

As a Class Member, you will automatically receive your portion of the Settlement Payment via settlement check so long as you do not opt-out or exclude yourself from this lawsuit. If you are also an Aggrieved Employee, you will receive your portion of the PAGA Allocation via settlement check regardless of whether you opt-out or exclude yourself from this lawsuit.

8. What claims am I releasing as part of this lawsuit?

If you do not exclude yourself from the Settlement, you will be bound by the release of claims in this Settlement. This release includes the expense reimbursement claims that were pleaded in the Action (or that could have been pleaded based on the facts alleged in the Action), for non-exempt employees of Defendants working in Defendants' retail stores and/or pharmacies within California who purchased clothing items at their own expense from one of Walgreens' third-party clothing vendors between May 31, 2018 through **INSERT PRELIMINARY APPROVAL DATE**.

More specifically, if the Court grants final approval of the Settlement, all Settlement Class Member who do not timely request exclusion from the Settlement will be barred from bringing certain claims described below.

Release by Settlement Class Members: Upon the Court's final approval of the Settlement Agreement, and except as to such rights or claims as may be created by the Settlement Agreement, the Class Representatives and the Settlement Class Members (other than those who submit timely and valid exclusion forms) release and discharge the Defendants and each of their respective former and present parents, subsidiaries, holding companies and affiliated corporations and entities, and each of their respective former and present officers, directors, owners, managers, employees, partners, shareholders, members, and agents, and any other

predecessors, successors, assigns or legal representatives (collectively “the Released Parties”), from any and all claims for reimbursement of business expenses (Labor Code Section 2802) and unfair business practices (Bus. & Prof. Code sections 17200 et seq.), arising from the facts as alleged in the First Amended Complaint from four years preceding the filing of Plaintiff’s original complaint up to the date of preliminary approval (i.e., from May 31, 2018) (collectively, “Settlement Class Members’ Released Claims”).

If any Class Member initiates a new lawsuit against Defendants based on any claim released under this Agreement, and the Court invalidates the release, any recovery by the Class Member shall be offset by the amount, if any, paid to the Class Member in connection with this Settlement.

Release by Aggrieved Employees: Upon the Court’s final approval of the Settlement Agreement, the Aggrieved Employees shall be bound by the release as to any Released PAGA claims that arise during the PAGA Period, pursuant to Labor Code section 2698, *et seq.*, from any and all claims for reimbursement of business expenses (Labor Code Section 2802) arising from the facts as alleged in the First Amended Complaint and Plaintiffs’ PAGA Notice to the LWDA from one year preceding the filing of Plaintiffs’ PAGA Notice (*i.e.*, from March 16, 2021) (collectively, “Aggrieved Employees’ Released Claims”). The Aggrieved Employees shall be bound by the release of any Released PAGA claims, irrespective of whether they submit a timely and valid exclusion form to be excluded from the Settlement Class.

For the full language of the release, as well as additional documents related to the settlement, including the complete Class Action and Private Attorneys General Act Settlement Agreement and Release and the documents filed by the Parties to obtain approval of the settlement, you may visit the settlement website at [INSERT URL]. You may also contact the Settlement Administrator for a copy of the Class Action and Private Attorneys General Act Settlement Agreement and Release that has been filed with the United States District Court, located at 450 Golden Gate Ave, San Francisco, CA 94102.

9. What are my options?

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT	
DO NOTHING	If you do nothing and the Court orders final approval of the Settlement, you will give up your rights to pursue the claims that are released by the Settlement and will be paid your portion of the Net Settlement Amount.
YOU MAY ASK TO BE EXCLUDED FROM THE SETTLEMENT	If you ask to be excluded from, or opt-out of, the Settlement, you will get no payment as a Class Member, but you will keep your rights and not release any of the Settlement Class Members’ Released Claims. However, even if you opt-out of the Settlement, you will receive a payment as an Aggrieved Employee and will be bound by the Aggrieved Employees’ Released Claims.
OBJECT	Write to the Court about what you do not like about the Settlement, and if you so choose, attend Court to speak about the fairness of the Settlement.

10. How do I ask to be excluded from the settlement?

If you do not want a payment from this Settlement as a Class Member, but you want to keep your rights, then you ***must*** take steps to exclude yourself from the Settlement. You can exclude yourself from the Settlement by notifying the Settlement Administrator in writing of your intent to exclude yourself by [REDACTED], 2025 (which is 60 calendar days from the date this Notice is sent to the Class Members). Your exclusion letter must state your (i) name, (ii) current address, (iii) the last four digits of your social security number, (iv) desire to exclude yourself from the Settlement, and (v) your signature. Exclusion letters must be sent directly to the Settlement Administrator. The Settlement Administrator, Atticus Administration, is a neutral third-party appointed by the Court to administer the Settlement in accordance with the Court's Orders and the terms of the Settlement Agreement. If you are an Aggrieved Employee, you will still receive a portion of the PAGA Allocation and be bound by the Aggrieved Employees' Released Claims.

Exclusion letters must be sent directly to the Settlement Administrator at the following address by first class mail, postage prepaid, postmarked on or before [REDACTED], 2025:

Naro v. Walgreen Co.
Atticus Administration
[Administrator Address Here]

11. If I don't exclude myself, can I sue Walgreens for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit regarding these claims, speak to your lawyer in that case. ***Remember, the exclusion deadline is [REDACTED], 2025.***

12. If I exclude myself, can I get money from this settlement?

If you exclude yourself, you are not eligible to receive any money from this settlement as a Class Member, but you may sue, continue to sue, or be part of a different lawsuit against Defendants. If you ask to be excluded, you will not be bound by the Settlement or have any right to object, appeal, or comment thereon. Please note that Aggrieved Employees cannot exclude themselves from the PAGA portion of the Settlement and will receive a portion of the PAGA Allocation and be bound by the release of PAGA claims even if excluded as a Class Member.

13. How do I object to the settlement?

If you are a Settlement Class Member and wish to object and tell the Court why you do not like the settlement, you must (1) file a written objection with the Court by [REDACTED], 2025 (which is 60 calendar days from the date this Notice is sent to the Class Members) and (2) mail or personally deliver a copy of the written objection to Class Counsel and Defendants' Counsel on the same day as the objection is sent to the Court. The Court will deem an objection filed on the day it is received by the Court, not necessarily when the objection is postmarked. In the written objection, the Class Member must state: his or her full name, address, telephone number, and email address (if available); the reasons for his or her objection; and whether he or she intends to appear at the Final Hearing on his or her own behalf or through counsel. Further, the Class Member must attach to his or her objection all evidence supporting the objection. Any Settlement Class Member who does not file a valid and timely objection to the settlement shall be barred from seeking review of the settlement by appeal or otherwise.

If a Class Member objects to the Settlement, he/she will remain a member of the Class, and, if the Court grants final approval of the Settlement, he/she will be bound by the Settlement in the same way and to the same extent as a Class Member who does not object. Any member of the Class who does not make and serve his/her written objection in the

manner provided above, shall be deemed to have waived such objections and shall be foreclosed from making any objections by appeal or otherwise to the Settlement.

The names and addresses of Class Counsel are:

Class Counsel	Defendants' Counsel
Hallie Von Rock Aiman-Smith & Marcy, PC 7677 Oakport St., Suite 1150 Oakland, CA 94621	Christopher Archibald, Esq. BRYAN CAVE LEIGHTON PAISNER LLP 1920 Main Street, Suite 1000 Irvine California 92614-7276

14. What's the difference between objecting and excluding myself?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class and don't want to release your individual claims. If you exclude yourself, you have no basis to object because the case no longer affects you.

15. Do I have a lawyer in this case?

The Court has approved Aiman-Smith & Marcy, PC, to represent you and other Class Members in this action. These lawyers are called Class Counsel. You will not be separately charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense. A Class Member may enter an appearance through an attorney if the Class Member so desires. Aiman-Smith & Marcy, PC is available as your counsel to answer your questions. The names and contact information of Class Counsel are listed in Question 13 above.

16. How will the lawyers be paid?

Class counsel would ask the Court to approve a payment of up to \$316,666.00 for attorneys' fees and up to \$20,000 for litigation costs, which will be paid out of the \$950,000.00 settlement fund. These attorneys' fees will pay Class Counsel for bringing the lawsuit on your behalf, investigating the facts, litigating the case, and negotiating the Settlement. Defendants have agreed not to oppose these attorneys' fees or costs. The Court may award less than these amounts. Plaintiff's Motion for Attorney's Fees and Costs will be available on the settlement website by [_____, 2025] (which is 28 calendar days prior to the Final Hearing).

If you are a Settlement Class Member and wish to object to Plaintiff's Motion for Attorney's Fees, you must (1) file a written objection with the Court by [REDACTED], 2025 (which is 14 calendar days prior to the Final Hearing) and (2) mail or personally deliver a copy of the written objection to Class Counsel and Defendants' Counsel on the same day as the objection is sent to the Court. The Court will deem an objection filed on the day it is received by the Court, not necessarily when the objection is postmarked. In the written objection, the Class Member must state: his or her full name, address, telephone number, and email address (if available); the reasons for his or her objection; and whether he or she intends to appear at the Final Hearing on his or her own behalf or through counsel. Further, the Class Member must attach to his or her objection all evidence supporting the objection. Any Settlement Class Member who does not file a valid and timely objection to the settlement shall be barred from seeking review of Plaintiff's Motion for Attorney's Fees and Costs by appeal or otherwise.

17. When will final approval occur?

The Court will hold a final hearing to decide whether or not to approve the Settlement. You may attend, either in person or remotely depending on the Court's procedure at the time of the hearing due to the pandemic, and you may ask to speak, but you don't have to. The Final Approval Hearing is scheduled for [REDACTED], 2025, at [REDACTED] a.m. in the United States District Court, Northern District, Courtroom 6, 450 Golden Gate Ave, San Francisco, CA 94102.

18. How do I get more information?

This Notice only summarizes the Action, the Settlement and related matters. For more information, you may visit the settlement website at: [REDACTED]. You may also contact the Settlement Administrator for a copy of the Class Action and Private Attorneys General Act Settlement Agreement and Release. This document and the motion for approval of the settlement is also on file with the United States District Court, Northern District, located at 450 Golden Gate Ave, San Francisco, CA 94102. You may also contact Class Counsel at the address listed in Section 13 above without having to pay for any attorneys' fees. You also have the right to speak with an attorney of your choosing at your own expense. A Class Member may enter an appearance through an attorney if the Class Member so desires.

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, OR ANY OF WALGREENS' MANAGERS, SUPERVISORS, OR ATTORNEYS ABOUT THIS SETTLEMENT.

Exhibit B

POSTCARD NOTICE

On [_____, 2025], the US District Court for the Northern District of California preliminarily approved a class action settlement in the case *Naro, et al. v. Walgreen Co., et al.*, Case Number No. 4:22-cv-03170-JST.

You could get a payment from a class action settlement if you are a current or former non-exempt employee of Walgreen Co. and/or Walgreen Pharmacy Services Midwest, LLC (hereinafter, “Walgreen” or “Defendants”) working in Defendants’ retail stores and/or pharmacies within California who purchased clothing items at their own expense from one of Walgreens’ third-party clothing vendors at any time from May 31, 2018 through the present.

This Notice is only a *summary* of the class action settlement. You can (and are encouraged to) access and review the full-length Notice of Class Action Settlement, with all of the settlement terms to which you are bound at the settlement website [www.\[_____\].com](http://www.[_____]).

Walgreen has denied the claims in this action and the Court has not decided the merits of the claims. To avoid litigation expenses, Walgreen has agreed to settle these claims.

What does the settlement provide? Walgreen will pay \$950,000.00 (“Gross Settlement Common Fund”) to end this lawsuit. The proposed deductions from the Gross Settlement Common Fund for payments to the Representative Plaintiffs, Class Counsel, Claims Administrator, and the LWDA are included in the full-length Notice of Class Action Settlement.

How much will my payment be? The distribution formula is based upon records produced in this litigation by Defendants’ vendors for those Settlement Class Members who purchased clothing at their own expense from Defendants’ third-party vendors during the Class Period. The total paid by all Settlement Class Members for clothing purchased from Defendants during the Class Period is herein referred to as “Clothing Purchases.” The Net Settlement Fund will be divided by the Clothing Purchases to determine the Clothing Purchases Payout Rate. The total amount allocated to each Settlement Class Member will be the total of his or her identified Clothing Purchases during the applicable eligibility periods multiplied by the Clothing Purchases Payout Rate.

What are my Options? To exclude yourself from the settlement or to object to the settlement, you must submit a written exclusion or objection by no later than [_____, 2025]. To object to Plaintiff’s Motion for Attorney’s Fees and Costs, you must submit a written objection by no later than [_____, 2025]. Further details for excluding yourself or objecting to the settlement are set forth in the full-length Notice of Class Action settlement. For more information, including the full-length Notice of Class Action Settlement, go to [www.\[_____\].com](http://www.[_____]) or call [_____].