

ORDER OF THE COURT
NOTICE OF PROPOSED CLASS ACTION SETTLEMENT; SETTLEMENT HEARING; AND
CLAIM AND EXCLUSION PROCEDURES

Jose H. Solano et al. v. Kavlico Corporation, et al.
Ventura County Superior Court
Case No. 56-2011-00402220-CU-OE-SIM

TO: All California current and former non-exempt hourly employees who worked for the Defendant Kavlico Corporation at its facility in Moorpark, California some time during the period of August 16, 2007 through February 6, 2013 (“Class Members”).

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PLEASE READ THIS NOTICE CAREFULLY. KAVLICO RECORDS SHOW YOU MAY BE ENTITLED TO PARTICIPATE IN THIS CLASS ACTION SETTLEMENT AND RECEIVE A SETTLEMENT PAYMENT. YOUR RIGHTS MAY BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS ACTION.

IMPORTANT DEADLINES:

- If you wish to participate in this Settlement and receive a settlement payment, you must mail a completed Claim Form to the address specified on the Claim Form, postmarked on or before May 18, 2013. Instructions on how to submit the Claim Form are included in this Notice.
- If you do NOT wish to participate in this Settlement which means you will not receive a settlement payment, you may request exclusion from the Settlement by mailing a completed Opt-Out Form to the address specified on the Exclusion Form. The Opt-Out Form must be postmarked on or before May 18, 2013. Instructions on how to request exclusion from this Settlement are included in this Notice.
- If you wish to object to the Settlement, the last day to file your written objection with the Superior Court is May 17, 2013. Service of written objections on the Claims Administrator, GCG, must be postmarked on or before May 17, 2013. Instructions on how to object to the Settlement are included in this Notice.

I. WHY IT IS IMPORTANT TO READ THIS NOTICE

Judge Barbara A. Lane of the State of California, Ventura County Superior Court (“Superior Court”) has granted preliminary approval of a proposed class action settlement (the “Settlement”) of all claims in this case for all California current and former non-exempt hourly employees who worked for Kavlico Corporation at its facility in Moorpark, California some time during the period of August 16, 2007 through February 6, 2013.

You are being sent this Notice because Kavlico’s records show that you are/were employed by Kavlico Corporation as a non-exempt hourly employee at its facility in Moorpark, California. The purpose of this Notice is to provide you with a brief description of the class action lawsuit and to inform you of the terms of the proposed Settlement and to discuss your rights and options in connection with the lawsuit and the Settlement. It is important that you read this Notice carefully as your rights may be affected by the Settlement.

II. WHAT THIS CLASS ACTION IS ABOUT

A class action is a lawsuit in which the claims and rights of many people are decided in a single court proceeding. One or more representative plaintiffs file a lawsuit asserting claims on behalf of the entire class. In this case, Jose H. Solano and Dat T. Hoang each filed separate class action complaints against Kavlico Corporation seeking reimbursement for wages and penalties under causes of action for Failure to Provide Proper Meal and Rest Periods; Failure to Pay Wages and Overtime Wages; Failure to Provide Accurate Wage Statements; Waiting-Time Penalties; and Unfair Business Practices under 17200 of the California Business and Professions Code.

QUESTIONS? CALL TOLL-FREE 1 (888) 404-8013

Due to the similarity of the allegations and the substantial overlap of the putative classes, the two lawsuits were subsequently consolidated (for purposes of this Settlement) into one Action against Kavlico Corporation and Custom Sensors & Technologies, Inc., (collectively referred to as “Kavlico”) in the Superior Court of the State of California, Ventura County, Case No. 56-2011-00402220-CU-OE-SIM alleging claims, including that Kavlico:

(1) failed to pay wages and overtime premiums in violation of Cal. Labor Code §§ 510, 1194, 1199 and the Industrial Welfare Commission (“IWC”) wage orders; (2) failed to provide rest periods and meal periods or compensation in lieu thereof in violation of Cal. Labor Code §§ 203, 226, 226.7, 512, 1194, and applicable IWC Wage Orders; (3) failed to timely pay wages due at termination in violation of Cal. Labor Code §§ 201, 202, 203; (4) failed to comply with itemized employee wage statement provisions, and that such failure was knowing and intentional, in violation of Labor Code §§ 226, 1174, 1175; (5) violated California Business and Professions Code § 17200 *et seq.* and (6) claim under Private Attorney General Act, (“PAGA”) Cal. Lab. Code §2699 *et seq.*

Through the lawsuit, Solano and Hoang sought to be class representatives and recover various forms of relief from Kavlico on behalf of all California current and former non-exempt hourly employees who work and/or worked for Kavlico at its facility in Moorpark, California at some time during the period of August 16, 2007 through February 6, 2013, the date preliminary approval was granted by the Court, (the “Class” and “Plaintiff Class Members”), including for the claims listed above, interest, attorneys’ fees, and costs of suit.

Kavlico has denied and continues to deny the allegations raised by Solano and Hoang. Therefore, neither this Notice nor the terms of the Settlement, nor any document referred to or contemplated herein, nor any action taken to carry out the terms of the Settlement or this Notice, is, may be construed as, or may be used as an admission, concession or indication by or against Kavlico of any fault, wrongdoing or liability whatsoever.

III. SETTLEMENT OF THE CLAIMS ALLEGED IN THE LAWSUIT

The Parties to this lawsuit have been actively investigating and litigating the claims asserted in the lawsuit. With the assistance of a highly experienced, impartial mediator, the Parties participated in a full-day mediation on August 2, 2012. Based on the investigation of the claims and further post mediation discussions, the Parties and their counsel reached a settlement as set forth in the Stipulation Regarding Class Action Settlement and Release of Claims (“Settlement Agreement”).

Solano, Hoang and their counsel recognize the expense and length of continued proceedings necessary to continue the litigation against Kavlico through class certification, trial and through any possible appeals. Solano and Hoang and their counsel also have taken into account the uncertainty and risk of the outcome of further litigation, and the difficulties and delays inherent in such litigation. In addition, Solano and Hoang and their counsel are aware of the burdens of proof necessary to establish liability for the claims asserted in the lawsuit, Kavlico’s defenses thereto, and the difficulties in establishing damages. Solano and Hoang and their counsel also have taken into account the extensive settlement negotiations that have been conducted. Based on the foregoing, Solano and Hoang, in their capacity as class representatives, and the Law Office of Neal J. Fialkow, Inc., Law Office of Sahag Majarian, II, and James Hawkins, APLC (collectively referred to as “Class Counsel”), in their capacity as attorneys for Class Members, believe the Settlement confers substantial benefits to all California current and former non-exempt hourly employees who worked for Kavlico at its facility in Moorpark, California between the period of August 16, 2007 through February 6, 2013, is a fair, adequate and reasonable settlement, and is in the best interest of these employees.

Through the litigation and the negotiations that resulted in this Settlement, Kavlico has not admitted any liability or wrongdoing. Kavlico has denied and continues to deny each of the claims and contentions alleged by Named Plaintiffs in the lawsuit. Kavlico has asserted and continues to assert defenses thereto, and has expressly denied and continues to deny any wrongdoing or legal liability arising out of any of the facts or conduct alleged in the lawsuit. However, Kavlico has concluded that any further defense of this litigation would be protracted and expensive. Unless this Settlement is made,

substantial amounts of time, energy and resources of Kavlico will continue to be devoted to the defense of the claims asserted by Solano and Hoang on behalf of current and former non-exempt hourly employees of Kavlico. Therefore, Kavlico has agreed to put to rest and settle the asserted claims in the manner and upon the terms set forth in this Notice.

The Settlement was preliminarily approved by the Superior Court on February 6, 2013. A summary of the terms of the preliminarily approved Settlement is set forth below. The specific and complete terms of the proposed Settlement are described in the Settlement Agreement, a copy of which is available for your review as set forth at the end of this Notice.

IV. THE TERMS OF THE PRELIMINARY APPROVED SETTLEMENT

Kavlico has agreed to pay a maximum settlement amount of \$2,204,525.70 (Two Million, Two Hundred and Four Thousand Five Hundred and Twenty Five Dollars and Seventy Cents) ("Maximum Settlement Amount"), allocated among the following: (1) attorneys' fees awarded by the Superior Court to attorneys representing the class ("Class Counsel Fees"); (2) reimbursement of attorneys' costs awarded by the Superior Court to attorneys representing the class ("Class Counsel Expenses"); (3) service payments awarded by the Superior Court to Solano and Hoang ("Class Representative Enhancements"); (4) claims administration expenses, including the costs of mailing this Notice and Claim Form to you, and administering the settlement payments should the Settlement be effective ("Claims Administration Costs"); and (5) payment to the Labor and Workforce Development Agency ("LWDA"). The distribution of the Settlement is as follows:

- (1) The total amount of attorneys' fees being sought, subject to the Superior Court's approval, is \$734,768.41 (Seven Hundred and Thirty Four Thousand Seven Hundred and Sixty Eight Dollars and Forty One Cents) which represents one third of the Maximum Settlement Amount. Class Counsel Fees are for attorneys' fees past, present, and future, incurred in the lawsuit. As part of the Settlement, you will not be required to pay Class Counsel for their representation of you in the lawsuit;
- (2) The total amount of reimbursements of expenses being sought, subject to the Superior Court's discretion and approval, will not exceed \$25,000.00 (Twenty Five Thousand Dollars). Class Counsel Expenses are for attorneys' costs past, present, and future, incurred in the lawsuit;
- (3) The amount of the Class Representative Enhancements being sought, subject to the Superior Court's discretion and approval, is \$15,000.00 (Fifteen Thousand Dollars) to each of the two Named Plaintiffs for a collective total of \$30,000.00 (Thirty Thousand Dollars).;
- (4) The Claims Administration Costs being sought by the Claims Administrator, subject to the Superior Court's discretion and approval, will not exceed \$25,000.00 (Twenty Five Thousand Dollars). These costs and fees are associated with the administration of this Settlement by a neutral third party who is responsible for all mailings required by the Settlement, sending payments to Settlement Class Members, and associated recordkeeping and obligations;
- (5) The total amount allocated to the LWDA, subject to the Superior Court's discretion and approval, will not exceed a collective total of \$3,750.00 (Three Thousand Seven Hundred and Fifty Dollars) which represents 75% (Seventy Five Percent) of the \$5,000.00 (Five Thousand Dollars) allocated to civil penalties under PAGA.

The portion of the Maximum Settlement Amount remaining after subtracting the payments in paragraphs (1) through (5) above is called the "Net Settlement Amount." Kavlico agrees to distribute, through the Claims Administrator, on a Claims Made basis, a minimum of fifty percent (50%) of the Net Settlement Amount to Class Members who timely submit claims using the proper Claim Form ("Qualified Claimants").

V. HOW YOUR SHARE WILL BE CALCULATED IF YOU PARTICIPATE

If you wish to participate in the Settlement and receive monetary compensation, you must sign and return the enclosed Claim Form by May 18, 2013, to the Claims Administrator, as stated in Section VI. If you are a Class Member, you are entitled to request a settlement payment.

The payment made to Qualified Claimants (“Settlement Payment”) will be calculated by assigning a certain dollar value to each week of employment by Class Members during the Class Period. The dollar value of each week will be calculated by dividing the maximum aggregate potential value of the Net Settlement Amount by the total number workweeks worked during the Class Period by all members of the Settlement Class (the “per-workweek rate of pay”). A Settlement Payment shall be then calculated as follows: the per-workweek rate of pay multiplied by the number of workweeks worked by the Qualified Claimant during the Class Period.

From each Qualified Claimant’s Settlement Payment, payroll deductions will be made for state and federal withholding taxes and any other applicable payroll obligations owed by the Qualified Claimant as a result of the payment. Kavlico shall pay its share of payroll taxes owed to Qualified Claimants separate and apart from the amounts distributed from the Maximum Settlement Amount.

VI. OPTIONS YOU HAVE REGARDING THE CLASS ACTION SETTLEMENT

1. Claim Procedure For Monetary Recovery

If you wish to participate in the Settlement and receive a monetary payment under the terms of the Settlement, you must properly complete and timely submit the enclosed Claim Form to the Claims Administrator (*Solano, et al. v. Kavlico Corporation, et al.*, c/o GCG, Claims Administrator, P.O. Box 35100, Seattle, WA 98124-1100) via first class U.S. mail or equivalent, postage paid, postmarked on or before May 18, 2013. Only Class Members who complete, sign and return the enclosed Claim Form by May 18, 2013, will become Qualified Claimants and eligible to receive payment.

The Claim Form lists the number of weeks you worked during the Class Period. If you believe the data listed on the Claim Form is incorrect, you may submit your challenge with supporting documentation along with your signed Claim Form to the Claims Administrator, *Solano, et al. v. Kavlico Corporation, et al.*, c/o GCG, Claims Administrator, P.O. Box 35100, Seattle, WA 98124-1100 via first class U.S. mail or equivalent, postage paid, postmarked on or before May 18, 2013. The Claims Administrator will use records of Kavlico and any information you provide to resolve any dispute about your employment data.

If you properly and timely submit a Claim Form, you will be mailed a Settlement Payment pursuant to the formulas set forth in this Notice within thirty (30) calendar days of the Effective Date of the Settlement.

2. Procedure For Requesting Exclusions From The Settlement

If you do not wish to be bound by the Settlement which also means you will not receive a settlement share, you may exclude yourself from the Settlement by mailing the Opt-Out Form to the Claims Administrator, *Solano, et al. v. Kavlico Corporation, et al.*, c/o GCG, Claims Administrator, P.O. Box 35100, Seattle, WA 98124-1100, postmarked on or before May 18, 2013. The Opt-Out Form is enclosed with this Notice. By completing the Opt-Out Form you are expressing your desire to be excluded from the Settlement in the *Solano, et al. v. Kavlico Corporation, et al.* lawsuit.

If your Opt-Out Form does not include all required information, or is not submitted on a timely basis, it will be deemed null, void and ineffective, unless otherwise accepted by the Court. If you are eligible to and do submit a valid and timely request for exclusion from the Settlement, by completing the Opt-Out Form, you will not receive any monetary recovery from this Settlement, nor will you have any right to object, appeal or comment thereon, nor will you be bound by the terms of the proposed Settlement, if it is approved, or the Final Judgment in this lawsuit. If you timely submit a valid request for exclusion from the Settlement, you preserve your right to bring your own action against Kavlico regarding claimed damages arising during the Class Period. **Note: If you do not timely and properly return the Claim Form or Opt-Out Form as discussed herein, you will be bound by the Settlement anyways and YOU WILL NOT RECEIVE MONETARY PAYMENT.**

3. Procedure For Objecting To The Settlement

You may appear at the Settlement Hearing in person or through counsel and be heard as to why you believe the proposed Settlement of the lawsuit should not be approved as fair, adequate and reasonable by the Superior Court, or why a Final Judgment should or should not be entered by the Superior Court. However, you or any other Class Member will not be

heard or entitled to object, and no papers or briefs submitted by you or any Class Member shall be received or considered by the Superior Court, unless a written statement objecting to the Settlement is physically filed with the Superior Court on or before May 17, 2013, and served on the Claims Administrator personally or by mail on or before May 17, 2013. The address for the Claims Administrator is: *Solano, et al. v. Kavlico Corporation, et al.*, c/o GCG, Claims Administrator, P.O. Box 35100, Seattle, WA 98124-1100. The addresses for Parties' counsel are as follows:

Class Counsel:

Neal J. Fialkow,
Law Office Of Neal J. Fialkow, Inc.
215 North Marengo Avenue, Third Floor
Pasadena, California 91101

Sahag Majarian, II
Law Offices Of Sahag Majarian, II
18250 Ventura Boulevard
Tarzana, California 91356

James R. Hawkins,
Isandra Fernandez,
James Hawkins, APLC
9880 Research Drive,
Suite 200
Irvine, California 92618

Counsel for Kavlico:

Kevin Lilly
Gregory P. Wong,
Littler Mendelson
2049 Century Park East
5th Floor
Los Angeles, California 90067

If you do not make and serve your written objections in the manner provided above, you shall be deemed to have waived such objections and shall be foreclosed from making any objections (by appeal or otherwise) to the Settlement.

VII. RELEASE OF CLAIMS BY CLASS MEMBERS

As of the Effective Date (as defined in the Settlement Agreement), anyone who has not excluded themselves from this Settlement, by properly and timely submitting an Opt-Out Form, will release Kavlico Corporation, Custom Sensors & Technologies, Inc., and all past, current, and future owners, officers, directors, attorneys, managers, employees, agents, and representatives (the "Released Parties") from the "Settled Claims" as defined below.

For purposes of this Settlement, the "Settled Claims" are defined as all claims, demands, rights, liabilities, and causes of action of every nature and description whatsoever, whether known or unknown, asserted or that are derivative of those asserted, whether arising at law, in contract, in equity, or for violation of any state or federal constitution statute, rule, or regulation, including state wage and hour laws, whether for economic damages, non-economic damages, restitution, injunctive relief, penalties or liquidated damages, and which arise from and/or are the basis of the claims for wages, benefits and related penalties alleged in the Complaint or are derivative of the claims for wages, benefits and related penalties alleged in the Complaint, during the Class Period, including that Kavlico:

(1) failed to pay wages and overtime premiums in violation of Cal. Labor Code §§ 510, 1194, 1199 and the Industrial Welfare Commission ("IWC") wage orders; (2) failed to provide rest periods and meal periods or compensation in lieu thereof in violation of Cal. Labor Code §§ 203, 226, 226.7, 512, 1194, and applicable IWC Wage Orders; (3) failed to timely pay wages due at termination in violation of Cal. Labor Code §§ 201, 202, 203; (4) failed to comply with itemized employee wage statement provisions, and that such failure was knowing and intentional, in violation of Labor Code §§ 226, 1174, 1175; and (5) violated California Business and Professions Code § 17200 *et seq.*

The Settled Claims include a 1542 Waiver, which applies to the claims for wages, benefits and related penalties alleged in the Complaint or are derivative of the claims for wages, benefits and related penalties alleged in the Complaint. This includes any unknown claims that the Class Members do not know or suspect to exist in their favor at the time of the release, which, if known by them, might have affected their settlement with, and release of, the Released Parties or might

have affected their decision not to object to this Settlement. With respect to the Settled Claims, the Class Members stipulate and agree that, upon the Effective Date, the Class Members shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which Section provides:

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

Therefore, although the Class Members may hereafter discover facts in addition to or different from those they now know or believe to be true with respect to the subject matter of the Settled Claims, upon the Effective Date, the Class Members shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released any and all of the Settled Claims, whether known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed.

VIII. THE NEXT STEP – THE SETTLEMENT HEARING

A hearing (the “Settlement Hearing”) will be held before the Ventura County Superior Court on June 17, 2013 at 10:00 a.m., Department 20, 800 South Victoria Ave., Ventura, CA 93009 to determine whether the proposed Settlement is fair, adequate and reasonable and should be finally approved by the Superior Court. The Settlement Hearing may be adjourned by the Superior Court and continued to a later date as the Superior Court may determine without providing you further notice.

IX. HOW TO OBTAIN ADDITIONAL INFORMATION/EXAMINATION OF PAPERS AND INQUIRIES

The foregoing is only a summary of the lawsuit and the proposed Settlement and does not purport to be comprehensive. For a more detailed statement of the matters involved in the lawsuit and the specific terms of the proposed Settlement, you may refer to the pleadings, the Stipulation and Settlement Agreement, and other papers filed in the Action, which may be inspected at the Office of the Clerk of the Superior Court of the State of California, Ventura County, 800 South Victoria Ave., Ventura, CA 93009 during regular business hours of each court day.

All inquiries regarding this Notice and/or the Settlement should be directed to the Class Counsel and/or Claims Administrator, GCG.

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, KAVLICO OR KAVLICO’S ATTORNEYS WITH INQUIRIES.

IT SO ORDERED.

Dated: February 6, 2013

BY ORDER OF THE COURT
SUPERIOR COURT