

**SUPERIOR COURT OF CALIFORNIA  
COUNTY OF LOS ANGELES - CENTRAL CIVIL WEST**

DAT CHAU, individually and on behalf of all others  
similarly situated, DALE HILDEBRAND, individually  
and on behalf of all others similarly situated, and  
GABE S. TONG, individually,

Plaintiffs,

vs.

CVS RX SERVICES, INC., et al.

Defendant.

Case No. BC349224

*Honorable Wendell Mortimer, Jr., Judge*

**NOTICE TO CLASS OF PROPOSED SETTLEMENT**

**TO:** All current and former employees of CVS who were employed by CVS as pharmacists at any time during the period from March 17, 2002 through March 10, 2008.

**IMPORTANT - PLEASE READ THIS NOTICE CAREFULLY -  
YOU MAY GET MONEY FROM THIS CLASS ACTION SETTLEMENT**

**1. Why Should You Read This Notice?**

The records of CVS show that you may be entitled to share in the funds to be made available for settlement of a class action. You are not being sued. However, your rights may be affected by the legal proceedings in this action. This Notice tells of your rights to share in the settlement or your ability to "opt-out" of the settlement. There was a hearing on March 10, 2008 in the Superior Court of California, County of Los Angeles at which Judge Wendell Mortimer, Jr. conditionally certified a class action against Defendant CVS for settlement purposes only. You have received this Notice because records indicate that you are a member of the Settlement Class. The settlement will resolve the class members' claims for failure to provide meal and rest breaks and compensation for all hours worked, including overtime and straight-time wages from March 17, 2002 to March 10, 2008. The Court must approve the terms of the settlement described below as fair and reasonable to the class. The settlement will affect all members of the class. **You may get money from the class action settlement**, but only if you submit a valid and timely claim form as indicated below.

**2. What Are My Options?**

Participate in the Settlement	Participate in the settlement by completing a Claim Form and return it to the Claims Administrator with a postmark of no later than June 13, 2008. <b><u>You may get money from the class action settlement, but only if you submit a valid and timely claim form.</u></b> If the proposed settlement is approved by the Court and you have submitted a Claim Form, you will be held to have released all federal and state wage-and-hour claims that were, or could have been, alleged based on the facts set forth in this action.
Object to the Settlement	If you wish to object to the Settlement, you must submit an objection stating why you object to the settlement by June 13, 2008. You may both object to the settlement and participate in it, but must timely file both your Claim Form and objection if you wish to receive any money from this settlement.
Exclude Yourself from the Settlement	If you wish to exclude yourself from the Settlement, you must submit a Request for Exclusion by June 13, 2008. If you submit a Request for Exclusion, you will not be bound by the terms of the Settlement and will preserve both your federal and state claims. If you submit a Request for Exclusion you will not receive any money pursuant to the Settlement. Also, if you submit a Request for Exclusion you will not be able to object to the Settlement.
Do Nothing	If you do nothing, you will preserve your right to pursue claims under the Fair Labor Standards Act, and will be held to have released only state claims, which were, or could have been, alleged based on the facts set forth in the Complaint of this case. However, you will not receive any money pursuant to the Settlement.

### 3. Case Description

On March 17, 2006, Plaintiff Gabe S. Tong filed a complaint in the Superior Court of the State of California for the County of Los Angeles, Case No. BC349224, against CVS RX Services, Inc., (the "Lawsuit"). The Lawsuit was brought on behalf of current and former non-exempt employees of CVS who were employed as pharmacists in California. Plaintiffs alleged that CVS failed to provide proper meal and rest breaks and compensate pharmacists for all hours worked, including overtime and straight-time wages. Plaintiffs sought compensation and statutory penalties for these alleged, unlawful policies, as well as reasonable attorneys' fees and costs for bringing this suit.

CVS expressly denies any wrongdoing or legal liability arising out of any of the claims alleged in the Lawsuit. CVS is settling these claims as a compromise. CVS reserves the right to object to any claim if for any reason the settlement fails.

### 4. Who Represents the Parties?

#### Attorneys for Plaintiffs & the Class are:

**SCHNEIDER & WALLACE**  
Todd M. Schneider  
Guy B. Wallace  
Andrew P. Lee  
180 Montgomery Street, Suite 2000  
San Francisco, CA 94104  
Phone: (415) 421-1700  
Fax: (415) 421-7105

#### **LAW OFFICE OF THOMAS W. FALVEY**

Thomas W. Falvey  
301 N. Lake Avenue, Suite 800  
Pasadena, CA 91101  
Phone: (626) 795-0205

#### Attorneys for Defendant are:

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**  
Douglas R. Hart  
Jennifer B. Zargarof  
Julie Wong  
333 South Hope Street, 48th Floor  
Los Angeles, CA 90071  
Phone: (213) 620-1780  
Fax: (213) 620-1398

### 5. What Are My Rights? How Will My Rights Be Affected?

To receive money from the settlement, you **must** complete the attached Claim Form and sign it. Class Counsel, appointed and approved by the Court for settlement only, will represent you. You need to complete the Claim Form and promptly mail it to the settlement Claims Administrator.

The Claim Form states the number of weeks you worked as a pharmacist during the Class Period. Your individual settlement claim payment will be based on the total number of weeks you worked during the Class Period. If you believe that the information shown in the Claim Form is incorrect, you should explain your disagreement on the Claim Form, and return it, along with any documentation relating to your disagreement, by June 13, 2008. In the event of a dispute about the dates you worked, the Claims Administrator will review CVS' records and your records and will resolve the dispute.

**If you do not wish to be bound by this settlement**, you must send to the Claims Administrator and to counsel for both parties a "Request for Exclusion from the Class Action Settlement" postmarked no later than June 13, 2008. The Request for Exclusion from Class Action Settlement should state: "I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE LOS ANGELES COUNTY SUPERIOR COURT CASE NO. BC349224. I UNDERSTAND THAT BY REQUESTING TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE MONEY FROM THE SETTLEMENT." If you submit a Request for Exclusion from the Class Action Settlement, you will not be able to object to the Settlement.

Send the Request for Exclusion directly to Chau v. CVS RX Services, Inc., et al., Claims Administrator, c/o RG/2 Claims Administration LLC, P.O. Box 59479, Philadelphia, PA 19102-9479 and to each of the counsel for the parties whose names and addresses are set forth above. The Judgment following approval of the settlement by the Court **will bind all class members who do not request exclusion** from the class action settlement. Any member of the class who does not request exclusion may, if they wish, enter an appearance through his or her own lawyer.

**If you wish to object to the Settlement**, you may file with the Court, an objection stating why you object to the settlement. Your written objection must state your full name, address, and telephone number. The written objection must be submitted to the Court either by mailing it to: Clerk of Court, County of Los Angeles - Central Civil West Courthouse, 600 South Commonwealth Ave., Los Angeles, CA 90005, or by filing it in person at any location of the Superior Court, County of Los Angeles, which includes a facility for civil filings. Your objection must also be mailed to Chau v. CVS RX Services, Inc., et al., Claims Administrator, c/o RG/2 Claims Administration LLC, P.O. Box 59479, Philadelphia, PA 19102-9479. You may also, if you wish, appear at the Final Approval Hearing set for July 18, 2008 at 10:00 a.m. in the Los Angeles Superior Court, Central Civil West Courthouse and discuss your objections with the Court and the parties.

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

If the proposed settlement is approved by the Court and you have submitted a Claim Form, you will be held to have released all Claim Form Released Claims, which include all federal and state claims that were, or could have been, alleged based on the facts set forth in this action. If the proposed settlement is approved by the Court and you have not submitted a Request for Exclusion or a Claim Form, you will preserve your right to pursue federal claims, and will be held to have released only state claims, which were, or could have been, alleged based on the facts set forth in this action. Whether you submit a Claim Form or not, upon entry of Judgment, this Action will be dismissed with prejudice, and CVS will maintain its right to contend that all future claims, whether brought by a class member who submitted a Claim Form or a Class Member who did not submit a Claim Form, are barred by the dismissal of this action.

#### **6. No Retaliation.**

Whether you are a current or former CVS pharmacist, your decision as to whether or not to submit a Claim Form will in no way affect your employment with CVS. CVS is prohibited by law from retaliating in any way based on your decision whether or not to file a claim.

#### **7. How Much Can I Expect to Receive?**

CVS has agreed to make a Gross Settlement Payment of \$19,750,000 to settle the Lawsuit. Deductions from this amount will be made to cover the reasonable attorneys' fees and costs for the Plaintiffs and the Class, awards for the three Representative Plaintiffs for serving as class representatives, payments in consideration for the execution of general releases by the Representative Plaintiffs, settlement administration costs, and an amount set aside for additional and unanticipated expense. After deductions of these amounts, what remains of the settlement, ("Settlement Amount") will be available to pay all Settlement Awards. The Settlement Awards owed to Settlement Class Members shall be calculated as follows: (1) A dollar value will be assigned to each Shift worked as a Pharmacist by the Plaintiffs during the Class Period (the "Shift Rate"). Each eight hours of work shall equal one Shift. The Shift Rate will be calculated by dividing the Settlement Amount by the total number of Shifts worked as a Pharmacist by all the Plaintiffs during the Class Period. (2) For each Settlement Class Member, a Gross Settlement Amount will be calculated by multiplying the Shift Rate by the number of Shifts that the Settlement Class Member worked as a Pharmacist during the Class Period. Seventy (70) percent of each Settlement Class Member's Gross Settlement Amount shall be considered wages ("Wage Component"), fifteen (15) percent shall be considered interest and fifteen (15) percent shall be considered penalties. From each Settlement Class Member's Wage Component, payroll deductions will be made for state and federal withholding taxes, and any other applicable payroll deductions, owed by CVS as a result of the payment, resulting in a "Gross Wage Component." From each Settlement Class Member's Gross Wage Component, payroll deductions will be made for state and federal withholding taxes, and any other applicable payroll deductions, owed by the Settlement Class Member as a result of the payment, resulting in a "Net Wage Component." No withholding shall be made on the interest and penalty portion of the settlement. The Net Wage Component shall be added to the penalties and interest Component, resulting in the Settlement Award.

Settlement Class Members will have the opportunity, should they disagree with Defendant's records regarding their dates of employment as presented on the Claim Form or the number of shifts worked during the Class Period, to provide documentation and/or an explanation to show contrary employment dates and/or shift data. If there is a dispute or contrary evidence, the Claims Administrator will consult with the parties to determine whether an adjustment is warranted. The Claims Administrator shall determine the eligibility for, and the amounts of, any Settlement Awards under the terms of this Settlement Agreement. The determination shall be conclusive, final and binding on all Parties, including all members of the Settlement Class, provided that the Claims Administrator first considers any disagreements as to eligibility or amount raised by Class Members in their Claim Forms, and allows the Parties an opportunity to meet and confer regarding any such disputes.

All valid claims submitted to the Claims Administrator will be paid from the Settlement Amount. The Claims Administrator will deduct applicable employee payroll taxes and withholdings from the settlement payments. The employer portion of the FICA payroll taxes shall be taken from the Gross Settlement Amount. The Claim Administrator will issue a 1099 Form along with each settlement payment. For purposes of federal tax payments, 70% of each payment shall be attributable to wages and 30% to interest and penalties. To determine the allocation with regard to your state tax payments, you should consult an accountant who can advise you on your state's tax regulations.

**NOTE: YOU WILL ONLY GET MONEY FROM THE SETTLEMENT IF YOU SUBMIT A VALID CLAIM FORM.** It is your responsibility to ensure the Claims Administrator has timely received your Claim Form. You may contact the Claims Administrator at the toll free number listed at the bottom of this page to ensure it has been received. It is also your responsibility to keep a current address on file with the Claims Administrator to ensure receipt of your initial Settlement Award and any subsequent Settlement Awards. If you fail to keep your address current, you may not receive all Settlement Awards.

**8. How Will The Attorneys For The Class Be Paid?**

As noted above, the attorneys for the Representative Plaintiff and the Class will be paid from the Gross Settlement Amount. The attorneys for the Class will ask for reimbursement of their costs and will ask for fees of up to 33% of the Settlement Amount remaining after costs have been deducted. The actual amount awarded will be determined by the Court to ensure that the amount of attorneys' fees and costs is reasonable.

**9. Additional Information**

This Notice only summarizes this lawsuit, the Settlement, and related matters. For more information, you may inspect the Court files at the Office of the County Clerk, 600 South Commonwealth Ave., Los Angeles, California 90005, from 9:30 a.m. to 4:30 p.m., Monday through Friday. You can also find a copy of the Settlement on Class Counsel's website: [www.schneiderwallace.com](http://www.schneiderwallace.com). If you have questions about the settlement, you may also contact counsel for the Plaintiff class. Their contact information appears above.

Please do not telephone the Court or CVS for information about this settlement or the claims process. If you need more information or have any questions, you may call class counsel listed above or the Claims Administrator at the telephone number listed below. When calling, please refer to The CVS RX Services Class Action Settlement.

Claims Administrator  
c/o RG/2 Claims Administration LLC  
P.O. Box 59479  
Philadelphia, PA 19102-9479  
Toll Free: 1 (866) 742-4955

Dated: March 10, 2008

Honorable Wendell C. Mortimer  
Judge of the Superior Court, Los Angeles County