

IMPORTANT LEGAL NOTICE

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN MATEO

VALERIE WELCH, NINA SUNDAR, MARIETTA MACARAEG,
EVELYN HERNANDEZ-MALAGON, COLLEEN GARZA,
MATTHEW CHEUNG, and CARLA NORDSTROM, individually and
on behalf of others similarly situated, and on behalf of the general public,

Plaintiffs,

v.

GENENTECH, INC., and Does 1 through 100, inclusive,

Defendants.

CASE NO. CIV 524550

NOTICE OF (1) PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT; (2) FINAL APPROVAL HEARING; (3) RIGHT TO OBJECT OR OPT OUT; AND (4) REQUIREMENT TO RETURN A CLAIM FORM TO RECEIVE A MONETARY PAYMENT FROM THE SETTLEMENT

THIS NOTICE AFFECTS YOUR RIGHTS – PLEASE READ IT CAREFULLY.

TO: ALL CURRENT AND FORMER EMPLOYEES OF GENENTECH, INC. IN CALIFORNIA WITH A JOB TITLE OF CASE MANAGER OR SENIOR CASE MANAGER AT ANY TIME FROM OCTOBER 3, 2009 THROUGH SEPTEMBER 30, 2013; OR WITH A JOB TITLE OF FOUNDATION SPECIALIST OR SENIOR FOUNDATION SPECIALIST AT ANY TIME FROM JANUARY 1, 2012 THROUGH SEPTEMBER 30, 2013.

YOU ARE HEREBY NOTIFIED that a proposed class settlement (the “Class Settlement”) of the above-captioned purported class action (“the Action”) filed in the San Mateo County Superior Court (“the Court”) has been reached by the Parties and has been granted Preliminary Approval by the Court. The proposed Class Settlement will resolve all class claims in this Action. The Court has ordered that this Notice be sent to you because you may be a Class Member. The purpose of this Notice is to inform you of the Class Settlement of this Action and your legal rights under the Class Settlement.

You must return the enclosed Claim Form, postmarked by November 1, 2014, to receive money from the Class Settlement. If you fail to file a timely Claim Form, you will receive no payment under the Class Settlement, but you will be bound by its terms unless you opt out. An estimate of your payment can be found on the enclosed Claim Form.

Your Legal Rights and Options in this Settlement	
RETURN A CLAIM FORM	The only way to receive a payment. You must submit the enclosed Claim Form by November 1, 2014, to receive a payment. In exchange, you give up any rights to sue Genentech separately about the same legal claims in this Action.
ASK TO BE EXCLUDED/OPT OUT	Receive no payment. You keep your right to sue Genentech separately about the same legal claims in this Action.
OBJECT	Write to the Court about why you do not think the Settlement should be approved.
DO NOTHING	Receive no payment and give up your right to sue Genentech separately about the same legal claims in this Action.

SUMMARY OF CASE

1. Plaintiffs Valerie Welch, Nina Sundar, Marietta Macaraeg, Evelyn Hernandez-Malagon, Colleen Garza, Matthew Cheung, and Carla Nordstrom (“Plaintiffs”) filed a complaint against Genentech, Inc. on October 3, 2013 on behalf of themselves and other similar employees in the Superior Court of California for the County of San Mateo. They filed a first amended complaint on November 25, 2013. The Action alleges, among other things, that Genentech misclassified employees with the job titles of Case Manager and Senior Case Manager employed by Genentech in California from October 3, 2009 through September 30, 2013 and employees with the job titles of Foundation Specialist and Senior Foundation Specialist from January 1, 2012 through September 30, 2013 (collectively “Class Members” or the “Class”) as exempt employees, and that such employees are owed compensation for unpaid overtime, missed meal and rest periods, and other related penalties. The lawsuit seeks damages for lost wages and benefits, restitution, overtime pay, interest, penalties, injunctive relief, and attorneys’ fees and expenses.
2. The Action includes claims under the California Labor Code, related Wage Orders of the Industrial Welfare Commission, and California Business and Professions Code section 17200 *et seq.*
3. After extensive investigation and an exchange of relevant information, the Parties agreed to enter into private mediation to try and resolve the claims. The Parties held a mediation on May 17, 2014, and the Parties reached the Class Settlement that is memorialized in the Settlement Agreement that is on file with the Court, and whose terms are generally summarized in this Notice.
4. You have received this Notice because Genentech’s records show you are or were employed as a Class Member and your rights may be affected by this Class Settlement.

POSITIONS OF THE PARTIES AND REASONS FOR SETTLEMENT

5. Genentech has denied and continues to deny each of the claims in the Action. Genentech contends that all of its employees have been compensated in compliance with the law, and that its conduct was not willful with respect to any alleged failure to pay any wages (including but not limited to overtime wages, wages upon termination, or otherwise), the classification of employees as exempt, and/or with respect to any of its compensation practices. Genentech has repeatedly asserted and continues to assert defenses to the claims in the Action, 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 Action. Although Genentech believes it has meritorious defenses to the Action, Genentech has concluded that the further defense of this Action would be lengthy and expensive for all Parties. Genentech has, therefore, agreed to settle this Action in the manner and upon the terms set forth in the proposed Class Settlement to put to rest all claims that are or could have been asserted against it in the Action. Neither the proposed Class Settlement nor any action taken to carry out the proposed Class Settlement is, may be construed as, or may be used as an admission, concession or indication by or against Genentech of any fault, wrongdoing or liability whatsoever.
6. Counsel for the Plaintiffs (“Class Counsel”) has extensively investigated and researched the facts and circumstances underlying the issues raised in the Action, and the law applicable thereto. Class Counsel recognizes the expense and length of continued proceedings necessary to continue the Action against Genentech through trial and through any possible appeals, the uncertainty and the risk of the outcome of further litigation, including the risk that the class might not be certified in light of Genentech’s opposition to certification as well as the difficulties and delays generally inherent in such litigation, the burdens of proof necessary to establish liability for the claims, of Genentech’s defenses thereto, and of the difficulties in establishing damages for the Class Members. Class Counsel has also taken into account the extensive settlement negotiations conducted by the Parties. Class Counsel believes the proposed Class Settlement is fair, adequate, and reasonable and in the best interests of the Class Members.
7. The Court has made no ruling on the merits of the Class Members’ claims and has determined only that certification of the Class for settlement purposes is appropriate under California law.

PRELIMINARY APPROVAL OF THE CLASS SETTLEMENT

8. On August 4, 2014, the Court held a Preliminary Approval Hearing during which it preliminarily certified the Class for the purposes of Class Settlement.
9. At the Preliminary Approval Hearing, the Court appointed the following attorneys as Class Counsel to represent the Class in this Action:

Laura L. Ho
GOLDSTEIN, BORGEN, DARDARIAN & HO
300 Lakeside Drive, Suite 1000
Oakland, CA 94612
Tel: (510) 763-9800
Email: Genentechsettlement@gbdhlegal.com

Website: www.gbdhlegal.com

SUMMARY OF SETTLEMENT TERMS

10. Class Settlement Amount. The Settlement Agreement provides that Genentech will pay up to \$2,950,000 (the “Total Maximum Settlement Amount”) to fully resolve the claims in the Action.
- (a) Deductions. The following deductions will be made from the Total Maximum Settlement Amount:
- (i) Settlement Administration. The Court has tentatively approved a payment of \$30,000 to the Settlement Administrator, *Welch, et al. v. Genentech, Inc.* Settlement Administrator, for the costs incurred in notifying the Class and processing claims.
 - (ii) Attorneys’ Fees and Expenses. Class Counsel will ask the Court to approve a Fee and Expense Award of up to \$885,000, plus reimbursement of the actual expenses they have incurred, not to exceed \$10,000. Class Counsel have been prosecuting the Action on behalf of the Class on a contingency fee basis (that is, without being paid to date) while advancing litigation costs and expenses. The Fee and Expense Award will constitute full compensation for all legal fees and expenses of Class Counsel in the Action, including any work they do in the future. Class Members are not personally responsible for any fees or expenses.
 - (iii) Incentive Awards to Named Plaintiffs. Class Counsel will also ask the Court to approve Incentive Awards in the amount of \$5,000 each for Named Plaintiffs Valerie Welch, Nina Sundar, Marietta Macaraeg, Evelyn Hernandez-Malagon, Colleen Garza, Matthew Cheung, and Carla Nordstrom for acting as the representatives on behalf of the Class, spending time assisting with the lawsuit, and signing a general release of all claims they might have against Genentech which is not required of Class Members.
 - (iv) PAGA Payment. A payment of \$10,000 shall be paid to California’s Labor and Workforce Development Agency to pay all applicable penalties under California Labor Code’s Private Attorneys General Act of 2004 (“PAGA”), as amended, California Labor Code sections 2699, 2699.3, and 2699.5.
- (b) Payment to Class Members: Plan of Allocation. The balance of the Total Maximum Settlement Amount after the deductions described above is the “Net Settlement Sum”. The Net Settlement Sum is estimated to be \$1,980,000 and will be available to Class Members who submit timely Claim Forms (“Authorized Claimants”). Authorized Claimants will receive a Settlement Award based on the number of weeks of employment as a Class Member as reflected by Defendant’s corporate records, exclusive of leaves of absence (“Work Weeks”). Approximations and averages will be used to cover periods where data is missing or otherwise not available.
- (c) Tax Matters. IRS Forms W-2 and 1099 (and the equivalent California forms) will be distributed to Authorized Claimants reflecting the payments they receive under the Class Settlement. For tax purposes, fifty percent (50%) of each Authorized

Claimant's Settlement Award shall be treated as damages for unpaid wages and reported on a W-2 and fifty percent (50%) shall be treated as interest and penalties under the California Labor Code and reported on a Form 1099. Authorized Claimants should consult with their tax advisors concerning the tax consequences of the payments they receive under the Class Settlement. The usual and customary employee payroll deductions will be taken out of the amounts attributable to unpaid wages.

- (d) Minimum Payment and Unclaimed Funds. Genentech will pay no less than seventy-five percent (75%) of the Net Settlement Sum as Settlement Awards. In the event that Authorized Claimants do not claim a minimum of 75% of the Net Settlement Sum, the unclaimed amount up to 75% of the Net Settlement Sum shall be distributed pro rata to the Authorized Claimants. Any unclaimed amounts remaining, after deductions have been taken and all Settlement Awards paid, shall remain the property of Genentech.

11. Class Release. If approved by the Court, the Class Settlement will bar any Class Member who does not timely opt out of the Class Settlement from bringing certain claims against Genentech described below. The Class Settlement will fully release and discharge Genentech, its past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its and their respective successors and predecessors in interest, subsidiaries, affiliates, parents, and attorneys (the "Released Parties") from all claims, demands, rights, liabilities, and causes of action that were or might have been asserted (whether in tort, contract, or otherwise) for violation of the Fair Labor Standards Act, the California Labor Code, the California Business and Professions Code, the Private Attorneys General Act ("PAGA"), the applicable Industrial Welfare Commission Wage Orders or any similar state or federal law, whether for economic damages, non-economic damages, liquidated damages, punitive damages, restitution, penalties, other monies, or other relief arising out of, relating to, or in connection with any facts, transactions, events, policies, occurrences, acts, disclosures, statements, omissions, or failures to act pled in the Complaint, which are or could be the basis of claims that Defendant improperly classified Class Members as exempt, failed to provide all wages and overtime wages due, failed to provide timely or accurate final paychecks, failed to keep records properly concerning time worked, failed to provide accurate itemized wage statements, failed to provide meal periods, failed to authorize and permit rest breaks, and/or engaged in unfair business practices, at any times on or before September 30, 2013 (and whether such claims are based on California or federal wage and hour law, contract law, or other law).

Even if the Settlement Class Members may hereafter discover facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of the Class Released Claims, each Settlement Class Member, upon the Payment Obligation and Class Release Date, shall be deemed to have and by operation of the Final Approval Order and Judgment shall have, fully, finally, and forever settled and released any and all Class Released Claims. This is true whether the Class Released Claims are known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts.

The Settlement Class Members agree not to sue or otherwise make a claim against any of the Released Parties for the Class Released Claims. The Settlement Awards shall be paid to Settlement Class Members specifically in exchange for the release of the Released Parties from the Class Released Claims and for the covenant not to sue concerning the Class Released Claims.

12. Condition of Class Settlement. This Class Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing approving the Class Settlement as fair, reasonable, adequate, and in the best interests of the Settlement Class.

PROCEDURE FOR SEEKING MONETARY RECOVERY

13. **If you want to participate in the Class Settlement and receive money under the Class Settlement, you must sign and date the enclosed Claim Form and mail the completed Claim Form postmarked by November 1, 2014 to the Settlement Administrator at the following address.**

Welch, et al. v. Genentech, Inc. Settlement Administrator

P.O. Box 43034
Providence, RI 02940-3034
Telephone: 1-866-279-6046

A copy of your Claim Form is enclosed. (If you need an extra copy, contact the Settlement Administrator at the address or telephone number above.) If any information provided on the Claim Form is incorrect, please make corrections. For example, if your address is incorrect, please indicate your correct address. Also, please provide your telephone number and any other requested information if it is not already filled in. If you wish to have confirmation that the Settlement Administrator has received your Claim Form, please send your Claim Form to the Settlement Administrator by certified U.S. Mail with a return-receipt request.

Unless necessary to resolve a dispute about any aspect of the Class Settlement, no one at Genentech except for persons in the Legal, Accounting, and HR departments, and anyone else with a business need to know, shall be informed of the identity of those Class Members who choose to submit a Claim Form. Genentech will not retaliate against you for your decision to receive a payment, ask to be excluded, or object.

The Claim Form lists your total number of Work Weeks as a Class Member during the Class Period. If you believe the number of Work Weeks listed on the Claim Form is incorrect, you may send a letter indicating the correct dates to the Settlement Administrator along with the Claim Form. You may also send any documents or other information that support your belief. The number of Work Weeks is presumed to be correct unless you submit documents showing to the satisfaction of the Settlement Administrator that it is incorrect. The Settlement Administrator will resolve any dispute regarding the dates you worked as a Class Member, based on Genentech's records and any information that you provide. Your Settlement Award may increase or decrease depending on any disputes submitted by you or any other Class Members.

14. If you are a Class Member and you do not exclude yourself from the Class Settlement in the manner described in paragraph 16 below, you will be bound by all of the provisions of the Class Settlement, including a release of claims that will prevent you from separately suing any of the Released Parties for the Released Claims.
15. **Any Class Member who does not submit a timely Claim Form will not receive any payment from the Class Settlement. If you do nothing, that is if you do not mail a timely Claim Form, you will not be entitled to a Settlement Award but will be bound by the terms of the Class Settlement, including the Class Release.**

PROCEDURE FOR EXCLUDING YOURSELF FROM THE CLASS SETTLEMENT

16. Class Members may exclude themselves (“opt out”) from the Settlement Class by submitting a written exclusion request to the Settlement Administrator by First Class U.S. mail at the address listed in paragraph 13, above, postmarked no later than November 1, 2014. To opt out, your written statement must include your name (and former names, if any), current address, social security number, and a short statement requesting exclusion, such as “I have received notice of the Settlement in *Welch, et al. v. Genentech, Inc.*, Case No. Civ 524550, and hereby request that the Court exclude me from this Settlement” or words to that effect. Opt-out requests that do not include all required information, or that are not submitted timely, will be disregarded. Persons who submit valid and timely opt-out requests will not participate in the Class Settlement and will not be bound by either the Class Settlement or the Final Approval Order and Judgment.

PROCEDURE FOR OBJECTING TO THE CLASS SETTLEMENT

17. If you are a Class Member and believe that the Class Settlement should not be finally approved by the Court for any reason, you must file with the Court a written objection stating the basis of your objection. The objection must be filed with the Clerk of the Court, San Mateo Superior Court, 400 County Center, Redwood City, CA 94063 on or before November 1, 2014. You must also, at the same time, mail copies of your objection to both Class Counsel and Defendant’s Counsel at the addresses below.

Class Counsel:

Laura L. Ho
GOLDSTEIN, BORGES, DARDARIAN & HO
300 Lakeside Drive, Suite 1000
Oakland, CA 94612

Defendant’s Counsel:

Jessica R. Perry
ORRICK, HERRINGTON & SUTCLIFFE LLP
1000 Marsh Road
Menlo Park, CA 94025-1015

18. You may also appear at the Final Approval Hearing scheduled for 9:00 a.m. on December 18, 2014, in Department 2 of the Superior Court of the State of California for the County of San Mateo, located at 400 County Center, Redwood City, California 94063, to have your objection heard by the Court. Objections not previously filed in writing in a timely manner as described above will not be considered by the Court. Any attorney who intends to represent an individual objecting to the Class Settlement must file a notice of appearance with the Court and serve counsel for all Parties on or before December 4, 2014. All objections or other correspondence must state the name and number of the case, which is *Welch, et al. v. Genentech, Inc.*, Case No. Civ 524550. If you object to the Class Settlement, you will remain a member of the Class, and if the Court approves the Class Settlement, you will be bound by the terms of the Class Settlement in the same way as Class Members who do not object.
19. Any member of the Class who does not object in the manner provided above shall be deemed to have approved the Class Settlement and to have waived such objections and shall be forever foreclosed from making any objections (by appeal or otherwise) to the Class Settlement.
20. Any member of the Class who is satisfied with the Class Settlement need not appear at the Settlement Hearing.

HEARING ON THE CLASS SETTLEMENT

21. **You are not required to attend the Final Approval Hearing.**
22. The Final Approval Hearing on the adequacy, reasonableness, and fairness of the Class Settlement will be held at 9:00 a.m. on December 18, 2014, in Department 2 of the San Mateo County Superior Court located at 400 County Center, Redwood City, California 94063. The Hearing may be continued without further notice.

CHANGE OF ADDRESS

23. If you move after receiving this Class Notice, if it was misaddressed, or if for any reason you want your payment or future correspondence concerning this Action and the Class Settlement to be sent to a different address, you should send your current preferred address to the Settlement Administrator.

ADDITIONAL INFORMATION

24. This Class Notice is only a summary of the Action and the Class Settlement. For a more detailed statement of the matters involved in the Action and the Class Settlement, you may refer to the pleadings, the Settlement Agreement, and other papers filed in the Action, which may be inspected at the Office of the Clerk of the Superior Court of California, County of San Mateo, located at 400 County Center, Redwood City, CA 94063, during regular business hours of each court day. Additional information can also be found on Class Counsel’s website, at www.gbdhlegal.com.
25. All inquiries by Class Members regarding this Class Notice and/or the Class Settlement should be directed to the Settlement Administrator or Class Counsel at (510) 763-9800 or Genentechsettlement@gbdhlegal.com.

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

DATED: SEPTEMBER 2, 2014

BY ORDER OF THE COURT
HON. MARIE S. WEINER
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN MATEO