

JERI CONNOLLY and RHONDA ARNESON,
individually and on behalf of all others similarly situated,

Plaintiffs,

v.

WEIGHT WATCHERS NORTH AMERICA, INC.,

Defendant.

CASE NO. CV 14-01983 TEH

**NOTICE OF PROPOSED CLASS ACTION
SETTLEMENT AND FAIRNESS HEARING
REGARDING LAWSUIT AGAINST WEIGHT
WATCHERS NORTH AMERICA, INC.**

**TO ALL PERSONS WHO WORKED FOR WEIGHT WATCHERS NORTH AMERICA, INC.
AS LEADERS AND/OR RECEPTIONISTS, INCLUDING THOSE WHO PERFORMED
“LOCATION COORDINATOR” WORK (PAY CODES 40 AND 41) IN CALIFORNIA AT
ANYTIME DURING THE PERIOD FROM JANUARY 9, 2011 TO DECEMBER 9, 2012,
ACCORDING TO WEIGHT WATCHERS’ PAYROLL RECORDS.**

THIS LEGAL NOTICE MAY AFFECT YOUR RIGHTS, PLEASE READ IT CAREFULLY.

IMPORTANT: If you are the person to whom this notice is addressed, you are a member of the class described above according to Weight Watchers’ records and are entitled to receive money as a share of a class action settlement. It is expected that you will be mailed a check by about January 30, 2015 if the settlement is approved, and that the Settlement Administrator will calculate the amount of your settlement check in accordance with the plan of distribution (described below) after the case has been finally approved by the Court and becomes effective.

History and Summary of the Lawsuit.

This Notice is to inform you about the settlement of a pending class action lawsuit and your rights under the terms of the settlement.

This class action lawsuit was filed alleging that Weight Watchers North America, Inc. (“Weight Watchers”) violated California’s wage and hour laws. The case asserts claims nearly identical to those asserted by a similarly-situated class of individuals in *Sabatino v. Weight Watchers North America, Inc.*, Case No. CV 09-4926-TEH (N.D. Cal. 2009), represented by Rudy, Exelrod, Zieff & Lowe, LLP, who are also the attorneys in this follow-up action. The *Sabatino* case was resolved pursuant to court-approved settlement on May 23, 2011. That settlement covered wage and hour claims arising during the time period from September 17, 2005 to January 8, 2011. However, Weight Watchers’ policies and practices challenged in the *Sabatino* case remained in place until December 9, 2012. Effective December 9, 2012, Weight Watchers changed the payroll practices that have been challenged in this lawsuit and in the preceding *Sabatino* case. Accordingly, the time period at issue in this lawsuit is from January 9, 2011 to December 9, 2012.

The Plaintiffs who filed this lawsuit have sought to pursue the case as a class and/or representative action on behalf of other Leaders and Receptionists, including yourself. Among other things, Plaintiffs claimed that Weight Watchers failed under California law to pay such employees minimum and overtime wages for all the time actually spent working, failed to reimburse such employees for all expenses, and failed to provide proper pay statements, and that Weight Watchers is liable to pay Leaders and Receptionists back pay, expense reimbursements, interest, and penalties. Weight Watchers denies Plaintiffs’ claims and believes that its Leaders and Receptionists have at all times been properly paid for all the time actually spent working.

The Parties participated in extensive settlement negotiations. Those negotiations led to an agreement to settle the case and execution of a memorandum of understanding. Those negotiations were conducted after the parties had reviewed many records and documents from the *Sabatino* case and had exchanged information, including information relating to the dates of changes to the pay practices challenged here and payroll data maintained by Weight Watchers for Leaders and Receptionists who worked for Weight Watchers in California during the period from January 9, 2011 (immediately following the conclusion of the class period in *Sabatino*) and December 9, 2012 (the date that Weight Watchers changed the pay practices challenged by Plaintiffs in this case and by the *Sabatino* plaintiffs in the *Sabatino* case). The parties have proposed a settlement of the lawsuit, which the Court has preliminarily approved. The Court has not ruled on the merits of the lawsuit.

Who Is Affected by this Settlement.

The settlement affects approximately 3,319 persons (the "Settlement Class") who worked as Leaders or Receptionists, including those who performed hourly-paid location coordinator work (pay codes 40 and 41) for Weight Watchers in California between January 9, 2011 and December 9, 2012 (the "Recovery Period"). The identities of the members of the Settlement Class have been ascertained from Weight Watchers' records. You are receiving this Notice because Weight Watchers' records show that you are a member of the Settlement Class.

Benefits to the Class of Settlement.

Plaintiffs and Weight Watchers disagree as to whether there is any liability, including but not limited to: (1) whether the case is appropriate for treatment as a class or representative action; (2) whether the Settlement Class is owed for any unpaid wages or penalties; and (3) the amount of wages or penalties owed, if any. Weight Watchers raised numerous defenses to Plaintiffs' claims and those defenses could significantly reduce or even eliminate any liability or damages owed to the Settlement Class. Accordingly, there were significant risks to the Settlement Class associated with continuing the lawsuit and significant benefits to settling the lawsuit short of trial. The case settlement was negotiated by the parties after thorough examination of time and payroll records. Having considered the benefits and risks associated with further litigation, counsel for the Plaintiffs ("Class Counsel") determined that settlement of the case under the terms described in this Notice is a fair and reasonable compromise that is in the best interests of the Settlement Class. Finally, the terms of the settlement were reviewed by the Court and preliminarily approved as being fair and reasonable to the members of the Settlement Class.

Terms of the Proposed Settlement.

Weight Watchers has agreed to pay a total amount of \$1,687,500 to settle all claims arising out of this lawsuit. This total settlement amount will be used to pay all class members' claims, litigation costs and attorney's fees for Class Counsel, "service payments" to the two (2) class representatives who served as named Plaintiffs in the litigation (up to \$15,000 each), and a \$7,500 payment to the State of California. The balance of the settlement – the Net Settlement Fund – will be distributed to class members who do not exclude themselves from the settlement in accordance with the Plan of Distribution described below.

In exchange for this payment, Plaintiffs have agreed to dismiss and release all claims of the members of the Settlement Class with prejudice, including all class claims which were or could have been asserted in this lawsuit based on the facts alleged in the Complaint. This means that all members of the Settlement Class who do not opt out will be barred from seeking, among other things, any other relief on any and all claims for unpaid wages and overtime arising out of federal or state law, off-the-clock work, record-keeping violations, penalties, interest and attorney's fees (including administrative proceedings) in connection with work performed in the capacity as a Leader or Receptionist --- including hours they spent performing location coordinator work --- for Weight Watchers in California during the period from January 9, 2011 through December 12, 2012, and will be bound by the terms of the settlement, even if they take no action in response to this Notice. (You may read a fuller description of the types of claims being released by viewing the parties' "Joint Stipulation of Settlement," as noted below.) The Net Settlement Fund will be distributed according to the Plan of Distribution described below to members of the Settlement Class who do not exclude themselves from this settlement.

Class Counsel have not yet received any payment for the services that they provided in the litigation on behalf of the named Plaintiffs and the Settlement Class, nor have they been reimbursed for their out-of-pocket expenses incurred on behalf of the Settlement Class, which are expected not to exceed \$15,000. Class Counsel will file a motion with the Court to approve a payment of attorney's fees to Class Counsel in the amount of \$421,875, which is equal to 25% of the total settlement amount, plus reimbursement of the litigation costs they advanced, all of which would be paid to Class Counsel from the \$1,687,500 settlement amount. The attorney's fees must be approved by the Court and will not exceed 25% of the total settlement amount. These fees will serve to compensate Class Counsel for their efforts in achieving the settlement for the benefit of the Class and for their risk in undertaking this representation on a contingency basis. Class Counsel have already spent many hours investigating this case, reviewing payroll and time records information provided by Defendant, researching Settlement Class Members' claims, and negotiating this settlement for the Settlement Class. They will incur additional hours overseeing the final approval and implementing the plan of distribution. You have the right to review Class Counsel's motion for attorney's fees and costs, which will be filed with the Court.

Plan of Distribution.

The Net Settlement Fund – which is estimated to be no less than \$1,213,125 – will be disbursed to members of the Settlement Class based on the Plan of Distribution described below and approved by the Court.

75% of the Net Settlement Fund (the “Leader Fund” – estimated to be no less than \$909,843.75) is allocated to those payroll periods in which Settlement Class members worked one or more meetings as a Leader. The Leader Fund will be distributed to eligible Settlement Class members on a pro rata basis based on the number of payroll periods in the Recovery Period in which each Settlement Class member worked at least one meeting as a Leader. For purposes of this allocation, Leader payroll periods ending on or after November 5, 2012 will be worth two times as much as payroll periods worked before that date.

25% of the Net Settlement Fund (the “Non-Leader Fund” – estimated to be no less than \$303,281.25) is allocated to those payroll periods in which Settlement Class members did not work any meetings as a Leader but did work as a Receptionist and/or an hourly-paid location coordinator. The Non-Leader Fund will be distributed to eligible Settlement Class members on a pro rata basis based on the number of payroll periods in the Recovery Period during which Settlement Class members did not work any meetings as a Leader but did work one or more meetings as a Receptionist and/or worked as an hourly-paid location coordinator. For purposes of this allocation, Non-Leader payroll periods ending on or after November 5, 2012 in which Settlement Class members worked at least one meeting as a Receptionist will be worth 2.5 times as much as other payroll periods.

This Plan of Distribution reflects Class Counsel’s judgment that claims for payroll periods in which Settlement Class members worked one or more meetings as a Leader are stronger and have a significantly higher value in this case than periods during which Settlement Class members did not lead any meetings. This is based on Class Counsel’s legal research, discovery, and investigation into the claims of both Leaders and Receptionists. The Plan also reflects Class Counsel’s judgment that the claims in the case for “penalties” resulting from wage statement law violations have a higher value than other claims in the case. There is a strong argument that such penalty claims have a one-year statute of limitations, meaning that there is a substantial argument that they are only available in this case for the payroll periods ending on or after November 5, 2012, which are within one year before Plaintiffs started this lawsuit. Thus, in general, the Plan of Distribution provides that Settlement Class members will be paid more for payroll periods when they led meetings than for payroll periods when they did not lead any meetings, and that Settlement Class members will be paid more for the payroll periods ending on or after November 5, 2012 than for earlier payroll periods.

Applicable income taxes and applicable employee payroll taxes will be withheld from settlement payments made to class members.

How To Receive Your Portion of the Net Settlement Fund.

In order to receive your portion of the Net Settlement Fund, **you do not need to take any action**, (except to notify the Settlement Administrator identified below if your address has changed, so that your check will be mailed to your new address). Under the schedule contemplated by the parties, the earliest possible date that settlement checks could possibly be mailed is January 30, 2015, and the date could very well be later than that. If you have any questions regarding the settlement or the payment process, please call the Administrator listed on the Claim Form or the attorneys listed below. Please do not call the Court. It is expected that you will be mailed a check by about January 30, 2015 if the settlement is finally approved, and that the Settlement Administrator will calculate the amount of your settlement check pursuant to the Plan of Distribution after the case has been finally approved by the Court and becomes effective.

Upon receipt of your settlement check, it will be your responsibility to cash the check before the expiration date of the check (ninety days from the check’s issuance).

Right to Opt Out or Object.

All members of the Settlement Class who have not opted to exclude themselves will be bound by the settlement and receive a portion of the Net Settlement Fund. If you do not want to be a member of the Settlement Class and be barred by the terms of the settlement, you may exclude yourself (“opt out”) by sending written notice of your intention to opt out to: Rust Consulting Inc., Re: *Connolly v. Weight Watchers* – 4399, PO Box 2396, Faribault, MN 55021-9096, (866) 591-7230. The request must state the name, address, telephone number, and signature of the person wishing to opt out. Any person who opts out will not be affected by the terms of the Settlement. ***Any notice of intention to opt out must be postmarked no later than September 22, 2014. However, even if you send your notice by this date, it will not be timely if the Settlement Administrator receives it after October 2, 2014.***

Any person who opts out will not be entitled to any portion of the Net Settlement Fund.

Any member of the Settlement Class who has not opted out may file a written objection with the Court regarding the final approval of the proposed settlement, including Class Counsel's motion for attorney's fees and costs. Objections must identify the person making the objection and the grounds for the objection. Objections should be mailed to: Rust Consulting Inc., Re: *Connolly v. Weight Watchers - 4399*, PO Box 2396, Faribault, MN 55021-9096, (866) 591-7230. If you wish to speak to the Court about your objection at the Fairness Hearing, you must state clearly in your written objection that it is your intention to appear at the Fairness Hearing. You may enter an appearance through your own attorney if you so desire. ***Any written objection must be mailed via First-Class United States Mail and postmarked by September 22, 2014 and must contain the case name and case number as shown on page 1 above. However, even if you send your objection by this date, it will not be timely if the Settlement Administrator receives it after October 2, 2014.***

Final Settlement Approval/Fairness Hearing.

To decide whether to give final approval to the settlement, and whether to approve Class Counsel's application for attorney's fees and costs, the Court will hold a Fairness Hearing on December 15, 2014, at 10:00 a.m. in the United States District Court for the District of Northern California, 450 Golden Gate Ave., San Francisco, California, in Courtroom 2, 17th Floor. If you wish to appear at the hearing you must mail your written comments pursuant to the procedure described above, no later than September 22, 2014. It is possible that the hearing date or time will be changed, so you should check the Court's calendar before attending if you plan to attend. You do not need to appear at the hearing in order to receive your share of the Net Settlement Fund.

The pleadings and other documents in this lawsuit may be examined during regular business hours at the Office of the Clerk, United States District Court for the District of Northern California, 450 Golden Gate Ave., San Francisco, California. Certain pleadings – including the Joint Stipulation of Settlement and Release, which sets forth the full terms of the settlement, and Class Counsel's motion for attorney's fees and costs, may also be examined by visiting Class Counsel's website at www.rezlaw.com.

This notice has been reviewed and approved by the United States District Court for the District of Northern California. If you have any questions regarding this lawsuit, how it affects your rights, or how to file a claim, please contact Class Counsel listed below. Please do not contact the Court.

Steven G. Zieff
John T. Mullan
Michelle G. Lee
Rudy, Exelrod, Zieff & Lowe, LLP
351 California Street, Suite 700
San Francisco, California 94104
(415) 434-9800
Email: sgz@rezlaw.com
jtm@rezlaw.com
mgl@rezlaw.com