

## Settlement Agreement

*Roberto Rodriguez v. Pacific Steel Casting Company*  
Alameda County Superior Court Case No. RG11609595 ("the Lawsuit")  
Class Action

1. This document is a binding and enforceable settlement agreement under Code of Civil Procedure Section 664.6. This Agreement may be enforced by any Party hereto by a motion under California Code of Civil Procedure §664.6 or by any other procedure permitted by law in any court having jurisdiction over this action.
2. Plaintiff Roberto Rodriguez ("Plaintiff" or "Class Representative") has vigorously prosecuted this case, and Defendant Pacific Steel Casting Company ("Defendant" or "Pacific Steel Casting Company") has vigorously defended it. The terms "Party" or "Parties" in this Agreement refer to Plaintiff and Defendant.
3. There has been full disclosure of Defendant's intention to seek relief under chapter 11 of the United States Bankruptcy Code. Defendant agrees that in such a bankruptcy filing, the settlement amount stated below shall be deemed to be an allowed claim and agrees that Defendant shall not dispute or contest said claim.
4. The Parties recognize the uncertainties of the outcome of this action and have agreed to settle the claims of the class after extensive arms-length bargaining and after taking into account the expense and length of time necessary to prosecute and defend the action through trial. Based on these considerations, Timothy P. Rumberger ("Class Counsel") concludes that it is in the best interest of the Class to settle their claims, on the terms set forth herein, and contend such settlement to be fair, reasonable, and adequate.
5. Subject to and contingent upon court approval, Pacific Steel Casting Company agrees to a liquidated, non-contingent undisputed claim in the sum of five million four hundred thousand dollars and zero cents (\$5,400,000.00) ("the Settlement Amount") in full and complete settlement of the Lawsuit. The Settlement Amount includes all damages, payments to pension or other retirement plans, premium payments, wages, penalties, interest, attorneys' fees, costs, costs of administration, and payroll taxes on all claims asserted or that could have been asserted in the Lawsuit, whether or not certified to proceed on a classwide basis.
6. In the event Pacific Steel Casting Company becomes subject to a Chapter 7 bankruptcy proceeding or a chapter 11 case is converted to chapter 7, the Settlement Amount will increase to twenty-five million dollars and zero cents (\$25,000,000.00).
7. It is understood that, in connection with the hearing on the Motion for Final Approval by the Court of this settlement, Class Counsel intends to apply to the Court for an award of attorneys' fees and litigation costs in a total combined amount not to exceed one million nine hundred twenty-five thousand dollars and zero cents (\$1,925,000.00) to be paid first

  
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from the Settlement Amount. It is expressly agreed by the Parties that the amount, if any, to be awarded to Class Counsel for attorneys' fees and litigation costs shall be determined solely by the Court and that the Parties have not agreed upon nor will they agree upon any specific sum to be awarded. Pacific Steel Casting Company agrees not to oppose an award of attorneys' fees and costs of litigation to Class Counsel of no more than one million nine hundred twenty-five thousand dollars and zero cents (\$1,925,000.00). Class Counsel agrees not to accept that portion, if any, of an award by the Court of attorneys' fees and costs of litigation in excess of one million nine hundred twenty-five thousand dollars and zero cents (\$1,925,000.00).

8. The amount, if any, awarded to the Class Representative as a service payment will be set by the Court. The Parties agree that the amount of the service payment awarded to the Class Representative shall not exceed the sum of twenty-five thousand dollars and zero cents (\$25,000.00). Pacific Steel Casting Company agrees not to file any pleading in opposition to the Class Representative's request for a service payment not exceeding the sum of twenty-five thousand dollars and zero cents (\$25,000.00). The service payment, if any, will be paid from the Settlement Amount and will be in addition to the Individual Settlement Amount (as defined below) paid to the Class Representative.
9. The Settlement Claims Administrator for the settlement will be Gilardi & Co., LLC.
10. No portion of the Settlement Amount shall be considered to be compensation for purposes of any employee pension benefit plan. The payments to individual class members will not count or be counted for determination of eligibility for, or calculation of, any employee benefits (e.g., vacations, holiday pay, retirement plans, non-qualified deferred compensation plans, pension plans, matching contributions, etc.), or otherwise modify any eligibility criteria under any employee pension benefit plan or employee welfare plan sponsored by Pacific Steel Casting Company, notwithstanding any provision of any applicable collective bargaining agreement, unless otherwise required by law.
11. The "Net Distribution Amount" is defined as the Settlement Amount less all payments to pension or other retirement plans, attorneys' fees, costs, costs of administration, and payroll taxes.
12. "Individual Settlement Amount" means the portion of the Net Distribution Amount distributable to each Class Member. Each Class Member's Individual Settlement Amount will be calculated on the basis of a formula to be proposed by Class Representative and agreed to by Pacific Steel Casting Company that is as nearly proportionate to the Class Member's claim based on the number of work weeks worked during the period of December 23, 2007, through September 13, 2012. After withholding the pension or retirement plan contribution to be made on behalf of the Class Member, the remainder of the Class Member's Individual Settlement Amount will be paid to the Class Member in one disbursement. ~~All costs incurred by the Settlement Administrator to locate an individual Class Member will be deducted from that Class Member's Individual Settlement Amount.~~ Of that remainder, 50 percent will be treated as back wages and subject to deductions as required by law and shall be reported to the taxing

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authorities on an IRS Form W-2, and 50 percent will be treated as statutory penalties and prejudgment interest on which there will be no tax withholding and for which an IRS Form 1099 shall be issued if the payment is above the minimum threshold required for the issuance of a Form 1099.

13. If a Class Member does not deposit his or her check within 180 days from the date of issuance, the Settlement Administrator shall cause that settlement check to be canceled. In such event, this Agreement nevertheless will be binding upon the Class Member to the same extent as if the Class Member had received and timely cashed or deposited the settlement check. The wages portion of the Class Member's Individual Settlement Amount shall escheat to the respective state pursuant to such state's applicable statute for escheat of unclaimed wages if such back wages are not again claimed by such Class Member before escheat occurs. Once escheat occurs, the Settlement Fund shall be relieved of any further obligation to pay the back wages portion of each Class Member's Individual Settlement Amount, and such Class Member shall be entitled to obtain such amount from the state in accordance with its escheat laws. The Class Member waives irrevocably any right in, or claim to, the statutory penalties and prejudgment interest portion of the Class Member's Individual Settlement Amount.
14. Upon final approval of the settlement by the Court, and except as to such rights or claims as may be created by this Agreement, Plaintiff and each Class Member will fully release and discharge Pacific Steel Casting Company, including its former and present parent companies, subsidiaries, divisions, concepts, related or affiliated companies, shareholders, officers, directors, employees, partners, agents, representatives, attorneys, insurers, successors and assigns, and any individual or entity that could be jointly liable with any of the foregoing from any and all claims which were or could have been part of this lawsuit under the facts alleged therein.
15. The release will cover all remedies that could be claimed for the causes of action described in the Lawsuit, including but not limited to, statutory, constitutional, contractual and common law claims for wages, damages, unpaid costs, penalties, liquidated damages, punitive damages, interest, attorneys' fees, litigation costs, restitution, and equitable relief. The release will cover all statutory violations that were or could have been claimed in the Action, including but not limited to, the federal Fair Labor Standards Act, the California Labor Code sections 96 through 98.2 *et seq.*, the California Payment of Wages Law, and in particular, California Labor Code §§200 *et seq.*, including California Labor Code §§200 through 243, and §§203, 218, 218.5, 226, 226.3, and 226.7 in particular, California Labor Code §§500 *et seq.*, including California Labor Code §512 in particular, and California Labor Code §1194; the California Unfair Competition Act, and in particular, California Business & Professions Code §§17200 *et seq.*, the PAGA, codified at California Labor Code §§2698 through 2699; California Code of Civil Procedure §1021.5; and any other provision of the California Labor Code or any applicable California Industrial Welfare Commission Wage Order, in all of their iterations ("Released Claims"). Excluded from the Released Claims are claims that by law cannot be released by this Agreement, including, without limitation, claims for workers' compensation benefits, claims under California Labor Code §2802, claims for

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unemployment insurance, and claims for accrued and/or vested benefits under the Employment Retirement Income Security Act.

16. Every Class Member shall be deemed to have acknowledged and agreed that their claims for wages and/or penalties in this Action are disputed, and that every Class Member's individual settlement constitutes payment of all sums allegedly due him or her from Pacific Steel Casting Company. Every Class Member shall be deemed to have acknowledged and agreed that California Labor Code §206.5 is not applicable to the Parties. That section provides in pertinent part as follows:

No employer shall require the execution of any release of any claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of those wages has been made.

~~17. The release provided by this Settlement Agreement includes claims that a Class Member does not know or suspect to exist in his or her favor against the Released Parties. Each Class Member, including without limitation each Class Representative, waives all rights and benefits afforded by Section 1542 of the California Civil Code as to unknown claims and does so understanding the significance of that waiver. Section 1542 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.~~

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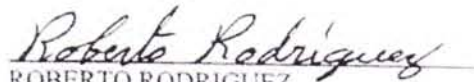
18. The signatories to this Settlement Agreement represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties on whose behalf they have signed.
19. The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this settlement. The Parties shall use their best efforts, including all reasonable efforts contemplated this settlement and any other reasonable efforts that may become necessary by order or direction of the Court, or otherwise, to effectuate this Settlement Agreement and the terms herein set forth. As soon as practicable after the execution of this Settlement Agreement, Class Counsel shall, with the assistance and cooperation of Pacific Steel Casting company and its counsel, take all reasonably necessary steps to secure the court's preliminary and final approval of the settlement.
20. The Parties agree that they will keep the terms of this Settlement Agreement generally confidential until Class Representative files the Application for Preliminary Approval, to the extent permitted by law. The Application for Preliminary Approval will not be filed prior to February 3, 2014, and shall not be opposed by Defendant. If necessary, due to the

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timing of the bankruptcy petition, Defendant shall stipulate for relief from the automatic stay for the purpose of Plaintiff's filing of an application for preliminary approval of settlement. Plaintiff shall preserve and maintain as confidential Pacific Steel Casting Company's intention to seek protection under the Bankruptcy Code until that date.

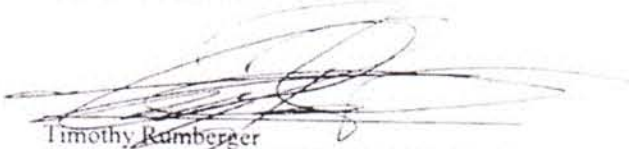
21. Plaintiff's expert, Monica Ip, or another certified public accountant if Ms. Ip unavailable, after signing a non-disclosure agreement, may verify the following records at Pacific Steel's office during normal business hours, to the extent they exist: audited financial statements for the past three (3) years; internal financial statements for the past three (3) years; current or most recent annual internal financial statements, including current balance sheet, income statement and statement of cash flows; and current or most recent business plans, budgets and projections.
22. Class Counsel shall be responsible for drafting and filing the Motion for Final Approval. In connection with the hearing on Final Approval of this settlement, Class Representative will submit to the Court a final proposed order approving this settlement, adjudging the terms thereof to be fair, reasonable, and adequate, directing consummation of its terms and provisions, and permanently barring all Class Members from prosecuting any Released Claims against any of the Released Parties. Class Representative will also submit to the Court a proposed judgment.
23. The Parties each expressly waive any right to appeal they may have in connection with any ruling of the Court in connection with the Action and this settlement; provided, however, that Class Counsel shall have the right to appeal the award of attorneys' fees and costs and the foregoing waiver shall not apply to any ruling the Parties jointly agree should be appealed.
24. The Parties agree that this Settlement Agreement is intended to be and is enforceable and binding on the Parties.

Dated: 1-24-14

  
ROBERTO RODRIGUEZ  
Class Representative

CLASS COUNSEL

Dated: 1/24/2014

  
Timothy Rumberger  
LAW OFFICES OF TIMOTHY RUMBERGER

PACIFIC STEEL CASTING COMPANY

Dated: 1/24/14

Katie Delsol  
By: Katie Delsol  
Chief Executive Officer