

**The Los Angeles County Superior Court for the State of California
authorized this notice. It is not from a lawyer. You are not being sued.**

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT, PRELIMINARY
APPROVAL AND FINAL HEARING ON PROPOSED SETTLEMENT**

**THIS PROPOSED CLASS ACTION SETTLEMENT RESOLVES AND PROVIDES
COMPENSATION FOR CURRENT AND FORMER WAREHOUSE EMPLOYEES'
RIGHTS TO OVERTIME PAY, MEAL AND REST BREAK COMPENSATION, PAY
FOR TIME PREPARING TO BEGIN WORK, AND FOR FORMER EMPLOYEES,
TIMELY FINAL PAY. YOUR OWN RIGHTS TO THESE KINDS OF PAY MAY BE
AFFECTED BY THIS SETTLEMENT AND THIS NOTICE PROVIDES INFORMATION
ON THE SETTLEMENT AND YOUR RIGHTS UNDER THE SETTLEMENT TO MAKE
A CLAIM, EXCLUDE YOURSELF OR OBJECT.**

**IF YOU TAKE NO ACTION IN RESPONSE TO THIS NOTICE, YOU WILL BE
BOUND BY THE TERMS OF THE SETTLEMENT, AND YOU WILL NOT BE ELIGIBLE
TO RECEIVE ANY SETTLEMENT FUNDS**

THIS CLASS ACTION AFFECTS AND CONCERNS THE RIGHTS OF HOURLY
EMPLOYEES WHO WORKED AT THE SMART & FINAL WAREHOUSE IN
COMMERCE, CALIFORNIA. RECORDS INDICATE THAT YOU WERE EMPLOYED BY
SMART & FINAL AT SOME POINT IN TIME BETWEEN OCTOBER 31, 2002, AND
OCTOBER 20, 2007. THIS NOTICE MAY THEREFORE AFFECT YOUR RIGHTS.

PLEASE READ THIS NOTICE CAREFULLY

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1. WHY SHOULD I READ THIS NOTICE?

There is now pending in Los Angeles County, California a class action lawsuit entitled *Juan Meyer, for himself, on behalf of others similarly situated and on behalf of the general public v. Smart & Final, Inc., a Delaware Corporation, Smart & Final Stores Corporation, a California Corporation, and DOES 1 through 100*, inclusive, Case No. BC361174 (hereinafter referred to as the "Litigation"). The Litigation was filed on October 31, 2006, and assigned to Judge Wendell Mortimer, Jr. located in Department 307 at Central Civil West, 600 S. Commonwealth Avenue, Los Angeles, CA 90005.

YOU ARE HEREBY NOTIFIED that the parties have reached a proposed settlement (the "Settlement") in the above referenced Litigation, and the Court has certified a settlement class

and granted preliminary approval of this Settlement. The purpose of this Notice is to describe the lawsuit, inform you of the terms and conditions of the proposed Settlement, and advise you of your rights and options in connection with the parties' Settlement Agreement.

The proposed Settlement will forever resolve all class and representative claims arising from the Litigation. All members of the Settlement Class will be bound by the Settlement and by all subsequent orders and judgments entered by the court in this Litigation. If you do not elect to exclude yourself from the Settlement of this Litigation, you will have released any claims included in this Litigation that you may have. Because your rights are directly affected by this Notice, it is important that you read it carefully.

**TO RECEIVE ANY MONEY FROM THIS SETTLEMENT YOU MUST TIMELY
COMPLETE AND RETURN THE ENCLOSED
CLAIM FORM AS DIRECTED**

**IF YOU DO NOT TIMELY COMPLETE AND RETURN THE ENCLOSED CLAIM FORM, YOU
WILL NOT RECEIVE ANY MONEY.**

2. WHAT IS THE ACTION ABOUT?

Plaintiff JUAN MEYER ("Plaintiff"), for himself, on behalf of others similarly situated and on behalf of the general public, filed a lawsuit against Smart & Final Inc. and Smart & Final Stores Corporation, now known as Smart & Final Stores LLC (collectively referred to herein as "Defendants"), on behalf of current and former non-exempt employees who worked in Smart & Final's Warehouse located in Commerce, California at anytime between October 31, 2002 and October 20, 2007 (the "Class"). In his lawsuit, Plaintiff contended that Defendants failed to properly compensate Class Members for overtime work under California Law (specifically, that Defendants failed to include certain additional compensation into the regular rate when computing appropriate overtime pay); that Class Members were not given appropriate lunch and rest breaks; that Class Members were not paid for all time actually worked (including time spent preparing for the start and end of work shifts); that Defendants engaged in unfair business practices under Business & Professions Code section 17200; and that Defendants failed to pay their former employee Class Members all wages and benefits due to them upon termination or separation of employment in violation of Labor Code sections 201 to 203. Defendants denied, and continue to deny, any liability or wrongdoing associated with these claims, including that the Litigation is appropriate for class action treatment, and contend, among other things, that they complied at all times with the California Labor and Business & Professions Codes as well as with Department of Industrial Relations regulations and Wage Orders issued by the Industrial Welfare Commission.

After more than a year of litigation, and following a mediation session, the parties have arrived at a proposed settlement of the Litigation. The Los Angeles County Superior Court has now given its preliminary approval of this Settlement, and directed that this Notice (together with the Claim Form included herewith) be mailed to you and all other Class Members. The sole purpose of this Notice is to advise you of the Settlement and to describe important legal rights and obligations you have under its terms and conditions.

You are entitled to make the decision whether you wish to participate in this Settlement. If you choose NOT to participate in this Settlement as a Class Member, you must, within thirty (30) days, send (by first class mail) a legible printed, typed or handwritten note, signed and dated by you, and containing your name, address and social security number, to the Claims Administrator (Nickerson & Associates), 520 Pike Street, Mail Box 16, Seattle, WA 98101, stating your clear intent to exclude yourself from this Litigation. This note must be postmarked no later than March 10, 2008. If you do not mail such a note within this time period, you will automatically be a Class Member, and will be eligible to participate in a monetary recovery under the terms and conditions of the proposed Settlement. However, as a Class Member, you will be bound by the terms and conditions of the Settlement (and any subsequent court orders or judgments entered thereon) whether or not you receive any money from the Settlement.

3. WHEN, WHERE AND WHY IS A HEARING BEING HELD?

A hearing to determine whether the Settlement should be finally approved and whether the Litigation should be settled and dismissed (the "Final Approval Hearing") will be held on May 16, 2008, at 9:00 a.m. in Department 307 of the California Superior Court in and for the County of Los Angeles, Central Civil West Courthouse, 600 S. Commonwealth Avenue, Los Angeles, CA 90005, before the Hon. Wendell Mortimer, Jr. The Final Approval Hearing may be continued or adjourned from time to time by the Court without further notice. If the Court approves the Settlement and there is no appeal (or no successful appeal), all Class Members, whether or not they file a timely and valid proof of claim, shall be bound by the Settlement and may not later sue Defendants for the claims being settled and released. If the Court grants final approval of the Settlement, the distribution of the Settlement Sum will likely occur within 180 days, unless there are objections to the Settlement and/or required appellate proceedings. Any Class Member who does not make an appearance in the manner explained below shall be deemed to have waived any objection and shall be foreclosed from making any objection to the Settlement or appealing from any order or judgment entered on the Settlement.

YOU ARE NOT REQUIRED TO ATTEND the Final Approval Hearing.

4. WHO IS COVERED BY THE PROPOSED SETTLEMENT?

The Settlement Class covers all hourly, non-exempt employees of Smart & Final who worked in its Warehouse facility in Commerce, California, at any point during the period of time from October 31, 2002, through October 20, 2007, and who do not elect to exclude themselves from this Litigation.

IF YOU WANT TO RECEIVE A MONETARY SHARE OF THIS RECOVERY, YOU MUST TIMELY COMPLETE AND RETURN A CLAIM FORM. IF YOU DO NOT COMPLETE AND TIMELY RETURN YOUR CLAIM FORM, YOU WILL NOT RECEIVE ANY MONEY BUT WILL STILL BE BOUND BY THE SETTLEMENT AGREEMENT.

5. WHAT ARE THE TERMS OF THE SETTLEMENT?

The terms of the Settlement between the parties are contained in a Settlement and Release Agreement dated December 6 and 12, 2007, which was reached after pre-trial proceedings, negotiations and a mediation. The Court has preliminarily approved the Settlement as being fair, reasonable and in the best interests of the Class Members.

A. Payment to Class

The Settlement provides that Defendants will pay up to \$2,396,887.50 in cash (the "Maximum Class Settlement Fund") to Participating Class Members to fully resolve all claims raised by this Litigation. In addition, Defendants will pay Class Counsel's reasonable attorneys' fees and costs. In this regard, the Plaintiff Class Representative, Juan Meyer, will request that Class Counsel receive the total sum of \$1,050,000 as reasonable attorneys' fees and costs for all work performed and to be performed in the Litigation. The request for fees and costs must be approved by the Court.

The above-referenced Maximum Class Settlement Fund will be distributed on a pro rata basis in accordance with the terms and conditions of the Settlement Agreement only to the Class Members who timely complete and return a valid **Claim Form**, signed under penalty of perjury, which is enclosed herein.

If you were determined by the parties to be a member of Subclasses No. One and/or Two, and do not elect to exclude yourself from this Settlement, your Claim Form will indicate the estimated amount of money you are entitled to receive for Subclasses No. One and/or Two, upon the completion, execution and timely return of said form to the Claims Administrator. The

maximum dollar amount available for claims arising from Subclass One is \$1,438,132.50. The maximum dollar amount available for claims arising from Subclass Two is \$958,755.00.

However, under the Settlement Agreement the Defendants may actually pay less than these maximum subclass dollar values, depending on the number of fully completed and timely claim forms returned to the Claims Administrator. Nevertheless, Defendants have agreed to guarantee that a minimum class payout will be made in an amount equaling 50% of the Maximum Class Settlement Fund.

Under the Settlement, a special payment will also be made to the Plaintiff, Juan Meyer, for bringing this action and for the time and work he performed as Class Representative. Such special payment or enhancement will not exceed \$5,000 and will be paid by Defendants.

B. Release of Claims

The Settlement provides for a full and complete release by the Class Members of all claims against Defendants that were asserted in or by the Litigation relating to the Class Members' employment in the Smart & Final Warehouse facility in Commerce, California, between October 31, 2002 and October 20, 2007. The Settlement Agreement specifically states as follows:

"Upon the final approval by the **Court** of this **Settlement Agreement**, and except as to such rights or claims as may be created by this **Agreement**, to the fullest extent permitted by law each individual **Class** and/or Subclass Member who did not expressly opt-out of this Settlement will be deemed as to the class claims asserted to have fully and finally released and forever discharged **Defendants**, and each of them, (including but not limited to, their respective parent company or companies, any and all of their respective subsidiary companies, any and all of their respective divisions and/or affiliates, their present or former agents, servants, attorneys, insurers, shareholders, officers, directors, employees, representatives, predecessors, and successors or assigns; collectively referred to herein as "**Released Defendants**"), from any and all acts, occurrences, proceedings, claims, debts, liabilities, general and/or special damages, unpaid wages, penalties, premium pay, demands, obligations, guarantees, costs, expenses, attorneys' fees, exemplary damages, restitution, actions or causes of action of whatever kind or character, whether known or unknown, whether suspected or unsuspected, whether premised on contract, statute, tort, or other theory of recovery, whether in law or equity, arising out of or in any way related to the class, representative and private attorney general allegations which were raised, or substantially related claims which could have been raised, in the **Litigation**, and which occurred during the period of time between October 31, 2002, and October 20, 2007, including claims raised later in the **Litigation** such as, without limitation, class claims for alleged uncompensated preparatory and concluding work, and saving only those other individual claims asserted by **MEYER** solely on his own behalf, which are the subject of a separate agreement between **MEYER** and **Defendants**, and which have already been settled and released."

In connection with such Release, Plaintiff and each member of the Settlement Class expressly waive any and all rights under section 1542 of the California Civil Code and under any like provisions in any foreign jurisdiction as to the claims raised in the Litigation. Section 1542 provides as follows:

"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."

C. Other Terms of Settlement

There are other terms and conditions of the Settlement, and the foregoing is only a summary of these terms and conditions. For more information, you may obtain a copy of the proposed Settlement by contacting Class Counsel or by inspecting the court file in the clerk's office at Central Civil West Courthouse, 600 S. Commonwealth Avenue, Los Angeles, CA 90005.

WHAT DO I NEED TO DO TO RECEIVE THE BENEFITS OF THE SETTLEMENT?

In order to be considered eligible for payment under this Agreement for any Settlement Sum specified herein, individual Class Member Claim Forms MUST be fully completed, signed under penalty of perjury and returned, via the United States Postal Service, to the Claims Administrator NO LATER THAN March 24, 2008.

The Claim Form must be mailed to the Claim Administrator, Nickerson & Associates, addressed as follows:

Nickerson & Associates
Smart & Final Settlement Claims Administrator
520 Pike Street, Mail Box 16
Seattle, WA 98101
1-877-239-8317

Those Class Members identified by the Parties as being members of Subclasses No. One and/or Two will receive a **Claim Form** with this Notice, identifying the amount of money each is estimated to be entitled to receive upon the proper and timely completion, execution and return of this form to the Claims Administrator. Some Class Members will be entitled to a specified monetary amount as a member of both Subclasses, and other Class Members will be entitled to a monetary sum only from Subclass No. Two.

The Claim Form will be deemed to be returned on the date postmarked by U.S. Mail. You are not required to hire your own attorney. If you do not complete and return a claim form, you will nevertheless be bound by any order of final approval or judgment approving the Settlement but you will not receive any money.

After the Court signs the Final Order approving the terms of this Agreement, the Claims Administrator will prepare and mail settlement checks to each eligible Class Member who has timely submitted a Claim Form. The checks are expected to be mailed no later than fifty (50) days after the Settlement becomes final; however, if any objections, challenges, or appeals from the Settlement are filed, the Settlement will not become final until after they are resolved. Defendants will calculate and deduct all applicable employee FICA, Social Security, SSI, SDI, and other payroll contributions, and all applicable federal, state, municipal, and local tax withholdings from the settlement check due each eligible Class Member in accordance with the terms of the Settlement Agreement. Neither Class Counsel, Counsel for Defendants, or the Court intends the foregoing to be construed as advice with regard to income tax matters and they will not give you any advice on such issues. You are advised to consult your own tax professional, at your own expense, with regard to any questions you may have regarding the tax consequences of this settlement.

6. WHAT DO I NEED TO DO IF I WANT TO OBJECT TO THE SETTLEMENT?

You may object to the terms of the Settlement before final approval, either personally or through an attorney. Objections and/or a Notice of Intent to Appear must be filed with the Court in writing no later than February 28, 2008. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. All written objections must specify and explain your reasons for objecting to the Settlement and must contain your name, address, telephone number, and Social Security number, and the name of the Litigation and its case number. **IF YOU INTEND TO OBJECT TO THE SETTLEMENT, BUT WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT FUNDS, YOU MUST STILL TIMELY FILE YOUR CLAIM FORM AS STATED HEREIN. IF THE COURT APPROVES THE SETTLEMENT DESPITE ANY OBJECTIONS, AND YOU HAVE NOT TIMELY MAILED YOUR CLAIM FORM, YOU WILL NOT RECEIVE ANY SETTLEMENT PROCEEDS.**

Copies of all objections and/or Notices of Intent to Appear must also be mailed to Class Counsel and the attorneys for Defendants at the addresses listed in the next section. Also, copies of all objections **must** be FILED with the Court Clerk, Los Angeles County Superior Court, Central Civil West Courthouse, 600 S. Commonwealth Avenue, Los Angeles, CA 90005.

If you file an objection with the Court, you must attend the Final Approval Hearing (described below) to argue your objection to the Court, either personally or through an attorney at your expense.

Any written objections must state each specific reason in support of your objection and provide legal support for each objection. Your objection must also state your full name, address, date of birth, and the dates of your employment at the Smart & Final Warehouse.

DO NOT TELEPHONE THE COURT.

If you choose to file an objection to this settlement, you may enter an appearance in propria persona (meaning you choose to represent yourself) or through your own attorney. You will then continue as a Class Member either in propria persona or with representation by your own attorney, and you will be solely responsible for the fees and costs of your own attorney. The Final Approval Hearing at which the Court will be asked to approve the Settlement will take place as stated below:

Meyer v. Smart & Final
Case No. BC 361174
Hearing Re Final Approval of Class Action Settlement
May 16, 2008, at 9:00 a.m.
Dept. 307, Los Angeles Superior Court (Central Civil West Branch)
600 South Commonwealth Avenue, Los Angeles, CA 90005

7. WHO REPRESENTS THE PARTIES?

Class Counsel	Smart & Final Counsel
I. Benjamin Blady, Esq. Appleton, Blady & Magnanimo, LLP 12301 Wilshire Boulevard Suite 202 Los Angeles, CA 90025 Tel: (310) 474-7022	William P. Kanno, Esq. Perkins Coie LLP 1620 26 th Street Suite 600, South Tower Santa Monica, CA 90404 Tel: (310) 788-9900

8. WHAT ARE CLASS COUNSEL'S REASONS FOR THE SETTLEMENT?

The Settlement is contained in a Settlement and Release Agreement between the parties dated December 6 and 12, 2007, which was reached after pre-trial proceedings, negotiations and a formal mediation before an independent mediator.

Class Counsel and the Plaintiff Class Representative, on the basis of (among other things) extensive and protracted investigation and discovery of, and research into, the facts and the law relating to the subject matter of the Litigation and the potential recoveries by the Class Members, have concluded that the proposed Settlement confers substantial benefit upon the Class and each member thereof, by securing valuable monetary consideration from the Defendants prior to any determination as to whether the Defendants have or do not have any liability for the damages and other remedies asserted in the Litigation and/or whether the Litigation should be certified for class action treatment under Code of Civil Procedure section 382. Class Counsel also believes that the proposed Settlement confers substantial benefit upon eligible Class Members by striking a reasonable compromise between the amount of damages being sought and the amount of damages (if any) that might be awarded after the damages phase of any subsequent trial, should this Litigation be certified as a class for purposes of determining liability and/or damages and if the Defendants are then found liable. The proposed Settlement further confers substantial benefit upon the Class Members by according certainty to the amount each is eligible to receive instead of the uncertainty and delay associated with further motion practice and subsequent trial and/or appellate proceedings. Class Counsel and the Plaintiff Class Representative have concluded that the Settlement summarized herein is fair, reasonable, adequate, and in the best interests of the Class Members.

Defendants, while continuing to deny all allegations of wrongdoing or liability, and while contending that they acted properly and lawfully at all times, recognize that the further conduct of the lawsuit could be protracted, burdensome, distracting, and expensive, and that it is desirable to settle and terminate the Litigation so as to finally put to rest any and all claims that were (or could have been) asserted in the Litigation.

This Settlement was facilitated and recommended by Mark S. Rudy, Esq., who acted as an independent mediator during the Parties' negotiations.

9. HOW WILL CLASS COUNSEL'S FEES AND EXPENSES BE PAID?

Class Counsel will petition the Court for an award of attorney' fees for all services rendered to the Class, plus their costs and expenses related to the settled claims, as a percentage of a common fund. The attorneys' fees and costs awarded by the Court shall be paid by Defendants and such payment shall not affect the monetary payments to the Class set out above. All payments to Class Counsel must be approved by the Court, and will be considered at the Final Approval Hearing or at other hearings to be scheduled by the Court.

DATED: January 11, 2008

By Order of

The Hon. Wendell Mortimer, Jr.

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