

**Superior Court of California
County of Los Angeles**

NOTICE OF SETTLEMENT OF CLASS ACTION

If you are or were a member of AutoZone’s Rewards Program in California and had a \$20 Reward and/or Reward Credit(s) expire, this settlement may affect your rights.

A court authorized this notice. This is not a solicitation from a lawyer.

YOU ARE NOT BEING SUED.

Please read this notice carefully.

- A settlement has been proposed in the case titled *Hughes et al. v. AutoZone Parts, Inc. et al.*, Case No. BC 631080 (the “Lawsuit”), a class action that is presently pending before Judge Maren E. Nelson of the Superior Court of California, County of Los Angeles (the “Court”).
- This Notice explains what a class action is about, what the settlement will be if it is approved by the Court, what benefits you may receive under the settlement, and what to do if you want to object to the settlement. These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court still has to decide whether to approve the Settlement. The relief provided to Class Members will be provided if the Court approves the Settlement and after appeals, if any, are resolved in favor of the Settlement. Please be patient.
- **Your legal rights may be affected whether you act or do not act. Read this notice carefully because it explains decisions you must make and actions you must take now.**

| SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT | |
|--|--|
| Do Nothing | If you do nothing and the Court approves the settlement, you will be bound by the settlement. AutoZone will post Rewards to your AutoZone Rewards account as provided by the Settlement Agreement, but you will not be able to sue AutoZone for the legal claims that are being settled. |
| Object to the Settlement in Writing | Tell the Court about why you do not agree with any aspect of the Settlement. A written objection must be postmarked or delivered on or before January 23, 2020. |
| Go to a Hearing | You can ask to speak to the Court about the “fairness” of the Settlement. To have an attorney speak for you, a Notice of Intention to Appear must be in writing, filed and postmarked on or before February 3, 2020. |

- These rights and options –and the deadlines to exercise them – are explained in this notice.
- The Court still has to decide whether to approve the settlement. A hearing on whether to approve the Settlement has been set for February 21, 2020 at 9:00 a.m.

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BASIC INFORMATION

1. Why is this notice being provided?

The purpose of this notice is to inform you that your rights may be affected by proceedings in a class action lawsuit that is pending before the Honorable Maren E. Nelson, Judge of the Superior Court of California, County of Los Angeles (the “Court”). The Court has authorized this notice because you have the right to know about a proposed settlement of this Lawsuit and about all of your options before the Court decides whether to give final approval to the settlement. The notice explains the Lawsuit, the settlement, and your legal rights.

2. What is the lawsuit about?

In the Lawsuit, Plaintiffs say that AutoZone acted improperly with respect to the marketing and maintenance of the AutoZone Rewards Program, its customer loyalty program, and breached its contractual obligations to the Members of the Program. Plaintiffs contend that AutoZone advertised AutoZone Rewards by promising that members would receive a \$20 Reward when they made five purchases of over \$20 from AutoZone. Plaintiffs allege that they entered into an enforceable contract with AutoZone entitling them to earn and use Rewards when they enrolled in the program and made five qualifying purchases of over \$20, with each qualifying purchase earning a “Reward Credit” (also referred to as simply “Credit”). Under the terms of the program in which Plaintiffs and members of the class enrolled, neither Rewards nor Reward Credits had expiration periods. However, AutoZone changed the program several years ago to include expiration periods such that all Rewards expired if they were not used within 3 months after they were earned, and all Reward Credits expired within 12 months after they were earned if they had not by that time converted into a \$20 Reward. As a result, some members of the AutoZone Rewards Program had Rewards and/or Credits expire. Plaintiffs contend that AutoZone had no right to change the terms of the program with respect to benefits already earned and that AutoZone continued to market the program in a deceptive and unlawful manner after the change and failed to provide adequate notice of the change.

AutoZone denies these allegations. Among other things, AutoZone claims that the Terms and Conditions which it contends governed the Rewards Program gave it the right to unilaterally change the period of time a member has to earn and redeem Rewards and Rewards Credits, without prior notice. AutoZone also contends that it did notify members of the change, delayed the start of the expiration periods until after Members had been notified about the change in Program rules, and gave all Members the opportunity to earn and redeem \$20 Rewards before any earned Rewards or Credits expired.

For additional information about the Parties’ contentions, you may review the Class Action Complaint that was filed in this case along with AutoZone’s Answer and Affirmative Defenses,

and the briefing on AutoZone’s Motion for Summary Adjudication, all of which are linked to on this website.

3. Why is this a class action?

In a class action lawsuit, one or more people called “Class Representatives” (in this case, Mary Ruth Hughes and Kevin Shenkman) sue on behalf of other people who have similar claims. The people together are called a “Class.” When, as in this case, there are multiple groups of similar individuals, each group is called a “Subclass.” The individuals who sued — and all the members of a Class — are called the Plaintiffs. The company or companies they sued (in this case, AutoZone) is called the Defendant. In a class action, one court resolves the certified claims for everyone in each Subclass — except for those people who previously chose to exclude themselves from the class action. The time for a Class Member to exclude themselves from this case has passed.

The Court previously decided that this lawsuit could proceed as a class action because it meets the requirements of California Code of Civil Procedure section 382, which governs class actions in California state courts with respect to the certified claims. Specifically, the Court found that:

- There are millions of people who are members of the Subclasses;
- There are legal questions and facts that are common to each of them;
- Plaintiffs Mary Ruth Hughes and Kevin Shenkman’s claims are typical of the claims of the rest of the Class;
- Plaintiffs Mary Ruth Hughes and Kevin Shenkman and the lawyers representing the Class will fairly and adequately represent the Class’ interests;
- The common legal questions and facts are more important than questions that affect only individuals; and
- This class action will be more efficient than having many individual lawsuits.

More information about why the Court is allowing this lawsuit to be a class action is in the Court’s opinion and order certifying the class, which is available on this website under the “Case Documents” tab.

4. Why is there a settlement?

After exchanging relevant information and documents, retaining experts, taking depositions, litigating the case for approximately three years, and engaging in settlement negotiations with the assistance of a neutral third-party mediator, the Class Representatives and AutoZone have agreed to settle the lawsuit. The Court did not decide in favor of Plaintiffs or AutoZone. Instead, both sides agreed to a settlement. The settlement represents a compromise of disputed claims and is not an admission that AutoZone violated the law. The Class Representatives and their attorneys believe the Settlement is in the Class’s best interest given the size of the settlement and the risks and expense of proceeding with the case. That way, they avoid the cost, delay, and inherent

uncertainty of a trial and the Class will receive the benefit of the reinstatement and issuance of Rewards set forth in the settlement.

WHO IS IN THE SETTLEMENT?

5. How Do I Know If I Am Affected By This Settlement?

This settlement affects your rights if you are a member of one or both of the two subclasses the Court previously certified. The subclasses generally include individuals in California who were members of the most common version of AutoZone Rewards at the time of AutoZone's National Plan Conversion (the 5/20/20 Plan) and had one of their Rewards or Reward Credits expire. The Subclasses differ based on when AutoZone first provided notice of the changes to its Rewards Program.

The Subclasses are formally defined as follows:

Subclass 1:

All persons who: (1) were enrolled in a 5/20/20 plan through an AutoZone store (and not online) in California at the time of the National Plan Conversion; (2) made purchase(s) of over \$20 from AutoZone in California using their Rewards account on or *before* July 31, 2014; and (3) whose \$20 Reward(s) and/or Reward Credit(s) earned through the purchase(s) on or before July 31, 2014 were deemed expired and never reinstated by AutoZone.

Subclass 2:

All persons who: (1) were enrolled in a 5/20/20 plan through an AutoZone store (and not online) in California at the time of the National Plan Conversion; (2) made purchase(s) of over \$20 from AutoZone in California using their Rewards account *after* July 31, 2014; and (3) whose \$20 Reward(s) and/or Reward Credit(s) earned through the purchase(s) after July 31, 2014 were deemed expired and never reinstated by AutoZone.

Under the 5/20/20 version of AutoZone's Rewards Program, neither Rewards nor Reward Credits had an expiration period. The majority of California Rewards Members were enrolled in this version of AutoZone's Rewards Program at the time AutoZone changed its terms.

You may see a list of California AutoZone stores that were using this version of the program prior to the National Plan Conversion on this website under the tab "5/20/20 stores." You may also see if you were a member of the subclasses by providing your Rewards Program Membership information on this website under the tab titled "**See If You Are A Class Member.**"

Because this case was previously certified as a class action and you were previously provided the opportunity to exclude yourself from the class, anyone who is within the Subclasses who did not

previously exclude himself or herself from the lawsuit (also called “opting out”) is now bound by the Court’s judgments and rulings as to the claims it previously certified.

6. What Are the Certified Claims?

The Court certified the Subclasses only as to certain claims.

The Court previously ruled that the Class Representatives could represent Subclass 1 to bring claims for Breach of Contract or, in the alternative, Contractual Breach of the Implied Covenant of Good Faith and Fair Dealing, and for Violation of the California Unfair Competition Law based on Credits or Rewards earned from purchases made on or before July 31, 2014 that expired.

The Court previously ruled that the Class Representatives could represent Subclass 2 for Plaintiffs’ Claim for Violation of California’s Unfair Competition Law based on Credits or Rewards earned from purchases made after July 31, 2014 that expired.

The Court did not certify any other claims.

THE SETTLEMENT RELEASE AND BENEFITS

7. How does the settlement affect me?

If the Settlement is approved, you will lose your right to sue AutoZone for the claims that were previously certified by the Court. In exchange, you will receive the benefits of the settlement, as described below.

Plaintiffs have brought other claims which have not been certified, but these claims cannot negatively affect your rights against AutoZone at this juncture.

8. What will I receive as part of the Settlement?

The Settlement provides for AutoZone to reinstate all Class Members’ \$20 Rewards that expired and to issue Class Members Rewards of differing dollar values based on the number of their Reward Credits that expired using the following formula:

| | |
|---------------------------|-------------|
| 1-2 Credits Expired | \$5 Reward |
| 3-4 Credits Expired | \$10 Reward |
| 5 or more Credits Expired | \$15 Reward |

The total aggregate face value of the Rewards that will be reinstated and/or issued as part of the settlement will be over \$48.9 million.

The reinstated or newly issued Rewards will automatically appear in Class Members' AutoZone Rewards accounts within 30 days of final approval of a settlement without Class Members taking any further action.

All Rewards issued as part of this settlement will be valid for 12 months after which they will expire.

Except as specified above, all Rewards reinstated or issued as part of this Settlement shall be treated as other Rewards in the AutoZone Rewards program.

The Rewards may be used at any participating AutoZone retail location by using an AutoZone Rewards card, a digital card, providing an AutoZone Rewards account number, or by providing the name and the telephone number associated with the account. Rewards may also be used to make purchases online by using the AutoZone Rewards account number associated with your account.

9. What can I buy with Rewards?

Rewards may be used toward any purchase at participating AutoZone store locations or online at AutoZone.com, with the exception of AutoZone gift cards, Loan-A-Tool, or battery core fees, and buy online, pick up in store ("BOPUS") purchases.

10. What other restrictions are there on using Rewards?

All Rewards reinstated or issued as part of this Settlement shall remain valid for 12 months after they are reinstated or issued. **After 12 months, they will expire and you will no longer be able to use them.**

You will not be able to transfer any Rewards issued as part of this Settlement to anyone else – you may only use them yourself.

11. Do I have to pay any money to use Rewards?

No. Except as described in Section 9 above, Rewards may be used in place of cash at AutoZone, meaning you can use them to pay the full value of your purchases, including taxes.

If you make a purchase of less than the full value of your Reward, you will be able to use the unused portion of your Reward to make future purchases. You also can combine Rewards to make purchases that exceed the value of a single Reward.

If you want to buy a product that costs more than the total value of your Rewards, you will have to pay the difference between the total cost (including taxes) and your Rewards.

12. Will I receive any money as part of this settlement?

No. There is no direct monetary payment as part of this settlement.

13. How will I know when I have Rewards?

AutoZone will reinstate and/or issue the Rewards within 30 days of the first business day after the Court grants final approval of the settlement and after there is no longer an opportunity for the Final Approval to be cancelled by a Court of Appeals. This is described more fully in the Settlement Agreement and referred to as the “Effective Date.”

After Rewards are reinstated or issued as part of this settlement, this website will be updated to alert you.

In addition, if the Class Notice Administrator has your email address, you will receive an email notifying you that your Reward has been reinstated and/or issued.

AutoZone also will display signs in its stores, put notices on its receipts and, for members who have registered their accounts online, notify them through their online account that they have Rewards which will expire within 12 months. You may also ask an employee at an AutoZone retail location if you have any Rewards in your account by providing them with your member card, your member ID number or the name and phone number associated with your account.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

Yes. The Court appointed the law firms of Waskowski Johnson Yohalem LLP and Rosenfeld, Meyer & Susman LLP to represent the members of the subclasses as “Class Counsel.”

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| Seth Yohalem and Adam Waskowski WASKOWSKI JOHNSON YOHALEM LLP 954 W. Washington Blvd. Suite 322 Chicago, IL 60607 www.wjylegal.com | Todd W. Bonder ROSENFELD, MEYER & SUSMAN LLP 232 North Canon Drive Beverly Hills, California 90210-5302 http://www.rmsslw.com |
|--|---|

More information about Class Counsel is available on their websites.

You do not have to pay Class Counsel. If you are a class member and want to be represented by your own lawyer, and have that lawyer appear in court for you in this case, you may hire one at your own expense, however the Court has already appointed Class Counsel to represent you as a member of the Class and they will continue to represent you in that capacity.

15. How will the lawyers be paid?

The Settlement Agreement provides for AutoZone to pay “reasonable litigation costs incurred by Plaintiffs (estimated to be \$85,000 paid prior to the mediation, but to be documented by Plaintiffs’ counsel)” and to “pay reasonable attorney’s fees to Class Counsel based on the Lodestar methodology as used in class action litigation (i.e. prevailing market rate in Los Angeles for similar services times hours worked, adjusted up or down by a positive or negative multiplier in the Court’s discretion).”

Whatever these amounts are, they will be paid separately by AutoZone and will not reduce the benefits to you or to the class of the Settlement. AutoZone may object to the fees and costs Class Counsel requests.

The parties have not agreed upon the amounts AutoZone will pay to Class Counsel. Class Counsel will seek expenses of no more than \$125,000, and fees of no more than \$6,625,000, from the Court. Any award of attorneys’ fees, expenses, or incentive awards must be approved by the Court.

16. Do I need to have my own lawyer?

If you are a member of the Class, you do not need to hire your own lawyer because Class Counsel is working on your behalf. But, if you want your own lawyer, you will have to hire that lawyer at your own expense. For example, you can ask him or her to appear in court for you if you want someone other than Class Counsel to speak for you with respect to the Court’s approval of this settlement.

OTHER PAYMENTS IN THE SETTLEMENT AGREEMENT

17. What are incentive awards and what has AutoZone agreed to pay?

Incentive awards are amounts paid to the Class Representatives, in the Court’s discretion, to reward them for their service to the class. In this case, AutoZone has agreed to pay “a reasonable incentive award to the Plaintiffs for acting as class representatives.” This payment will be paid separately by AutoZone and will not reduce the benefits to you or to the class.

The Class Representatives (who are married) have signed declarations promising to donate any amounts paid to them to a 501(c)(3) charitable organization, but wish to have the work they performed for the class and the risks they undertook recognized and compensated.

Class Counsel may seek incentive awards totaling \$60,000. AutoZone may object to this amount.

18. How is notice being paid for?

The Settlement Agreement provides for AutoZone to pay for all costs associated with Notice to the Class. The Parties have agreed to hire Postlethwaite & Netterville (“P&N”), a company that specializes in class notice and administration, to help provide notice. P&N has estimated that the cost of class Notice will be \$192,597, although the actual cost may be different. None of AutoZone’s payments to P&N will be deducted from the benefits to be paid to the class.

OBJECTING TO THE SETTLEMENT

19. If I don’t like the settlement, What Do I Do?

If you are a member of one of the Subclasses and did not previously exclude yourself from the litigation, you can object to any part of the settlement, the settlement as a whole, Class Counsel’s request for fees and expenses, and/or the request for incentive awards to the Class Representatives. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement.

To object, you may send a signed objection explaining the reason(s) for your objection to the settlement to the Class Notice Administrator postmarked or delivered on or before January 23, 2020, to the following address:

Objections,
AutoZone Litigation
c/o Postlethwaite & Netterville
P.O. Box 82565
Baton Rouge, LA 70884

You may also appear at the Final Approval Hearing, either in person or through counsel hired at your own expense, to object to any aspect of the fairness, reasonableness, or adequacy of the settlement. If your attorney intends to make an appearance at the Final Approval Hearing on your behalf, he or she must file a notice of intention to appear and serve it on Class Counsel and Defendants’ Counsel on or before February 3, 2020 at the following addresses:

| The Court | Class Counsel | Defendants’ Counsel |
|---|---|--|
| Clerk of the Court LA County Superior Court Stanley Mosk Courthouse 111 N. Hill St. Los Angeles, CA 90012 | Seth Yohalem and Adam Waskowski WASKOWSKI JOHNSON YOHALEM LLP 954 W. Washington Blvd. Suite 322 Chicago, IL 60607 | Peter Masaitis Alston & Bird LLP 333 South Hope Street, 16th Floor Los Angeles, CA 90071 |

Any Class Member who does not deliver his or her written objections in the manner provided above shall be deemed to have waived and forfeited any and all rights he or she may have to object to this settlement in writing.

The Notice of Intent to Appear must include the information specified in section 23 below.

20. Can I exclude myself from the settlement?

No. If you did not exclude yourself from the lawsuit when the Court previously certified the Subclasses, you are part of the class and will be bound by any rulings with respect to the Certified Claims, including this settlement, if it is approved.

THE FINAL APPROVAL HEARING

21. When and where will the Court decide whether to approve the Settlement?

The Court will conduct a Final Approval Hearing on February 21, 2020 at 9:00 a.m. to consider whether to approve the settlement. The hearing will be held in the courtroom of the Honorable Maren E. Nelson, Department 17 of the California Superior Court for the County of Los Angeles, Spring Street Courthouse, 312 North Spring Street Los Angeles, CA 90012.

At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. The Court will also consider the request by Class Counsel for attorneys' fees and costs as well as the request for incentive awards for the Class Representatives. If there are objections, the Court will consider them at that time. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

If the Court approves the Settlement, judgment will be entered, and class members will be provided with notice of entry of judgment by the order of judgment being posted on this website.

In addition, once AutoZone has reinstated and/or issued Rewards pursuant to the Settlement, there will be notice posted on this website, in stores, on your AutoZone.com account if you have one, on any receipts from purchases you make from AutoZone, and via email if you previously received a copy of the summary notice to your email account.

22. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. But, you are welcome to come at your own expense.

23. May I speak at the hearing?

Yes. You may ask the Court for permission to speak at the Final Approval Hearing. If you intend to have an attorney speak for you at the hearing, that attorney must file a notice stating that he or she intends to appear on your behalf and wishes to be heard to each of the three addresses in Section 19, above. The Notice of Intention to Appear must include the following:

- Your name, address, and telephone numbers;
- A statement that this is your “Notice of Intention to Appear” at the Final Approval Hearing for the settlement in *Hughes et al. v. AutoZone Parts, Inc. et al.*, Case No. BC 631080;
- The reasons you want to be heard;
- Copies of any papers, exhibits or other evidence or information that you will present to the Court; and
- Your signature.

You must send copies of your Notice of Intention to Appear, postmarked by February 3, 2020, to the Court, Class Counsel, and Defendant’s counsel at all three addresses listed in Section 19, above.

ADDITIONAL INFORMATION

24. Are more details available?

Yes. This Notice summarizes the proposed settlement. More details are in the Settlement Agreement. A full copy of the Parties’ Settlement Agreement along with the memorandum of understanding the Parties entered into before signing the full settlement agreement is available on this website. In addition, under the tab “Case Documents,” you will find some of the documents filed with the Court in this case, including the Plaintiffs’ class action complaint, AutoZone’s answer and affirmative defenses, the Court’s opinion and order granting class certification, the Parties’ briefing on AutoZone’s Motion of Summary Adjudication, and various other documents filed with the Court in this case. You may also write with questions to Class Counsel at:

| Class Counsel | Class Counsel |
|--|--|
| Seth Yohalem and Adam Waskowski WASKOWSKI JOHNSON YOHALEM LLP 954 W. Washington Blvd. Suite 322 Chicago, IL 60607 | Todd W. Bonder ROSENFELD, MEYER & SUSMAN LLP 232 North Canon Drive Beverly Hills, CA 90210-5302 |

Please do not call the Court, the Clerk of the Court, or AutoZone for additional information. They cannot answer any questions about the lawsuit.