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12
13 **UNITED STATES BANKRUPTCY COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION**

15 In re
16 GALILEO LEARNING, LLC,
17 Debtor.¹

Case Nos. 20-40857 (RLE)
20-40858 (RLE)

Chapter 11
(Jointly Administered)

18 In re
19 GALILEO LEARNING FRANCHISING
20 LLC,
21 Debtor.

**JOINT MOTION BY CLASS
REPRESENTATIVES AND DEBTOR
FOR ORDER (1) PRELIMINARILY
APPROVING CLASS SETTLEMENT,
(2) APPOINTING SETTLEMENT
ADMINISTRATOR, (3) APPROVING
FORM AND MANNER OF NOTICE TO
CLASS MEMBERS, (4) SCHEDULING
FINAL APPROVAL HEARING, AND
(5) GRANTING RELATED RELIEF;
MEMORANDUM OF POINTS AND
AUTHORITIES**

- 22 Affects GALILEO LEARNING, LLC
23 Affects GALILEO LEARNING
24 FRANCHISING LLC,

Date: [To Be Determined]
Time: [To Be Determined]

25
26
27 ¹ These cases are being jointly administered, and all documents for either case should be filed in lead case number
28 20-40857 (RLE). The last four digits of each Debtor's federal tax identification number are as follows: Galileo
Learning, LLC (9453) and Galileo Learning Franchising LLC (5638). The mailing address for the Debtors is 1021
3rd Street, Oakland, California 94607.

1 The creditors and class representatives Nanette Kearney, Krister Johnson, and Sandra
2 Shorago (collectively, the “Customer Class Representatives”), on behalf of themselves and the
3 class of individuals certified pursuant to the Court’s order of November 9, 2020 (the “Customer
4 Class,” and the members of the Customer Class, the “Customer Class Members”), and the debtor
5 and debtor in possession Galileo Learning, LLC (the “Debtor,” and together, with the Customer
6 Class Representatives, the “Parties”) hereby jointly move (the “Joint Motion”), pursuant to
7 11 U.S.C. § 105(a), Rule 23 of the Federal Rules of Civil Procedure (the “Civil Rules”), and Rules
8 7023, 9014, and 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for
9 entry of an order (1) preliminarily approving the settlement between the Customer Class and the
10 Debtor memorialized by that certain *Class Settlement Agreement* dated December 2, 2020 (the
11 “Settlement Agreement” or “Settlement”), (2) appointing Atticus Administration, Inc. (“Atticus”)
12 as the settlement administrator under the Settlement (the “Settlement Administrator”),
13 (3) approving the form and manner of notice regarding the Settlement to the Customer Class
14 Members, (4) scheduling the hearing to consider the final approval of the Settlement (the “Final
15 Approval Hearing”), and (5) granting related relief.

16 By the Joint Motion, the Parties request that the Court enter an order, substantially in the
17 form attached hereto as **Exhibit 5**,

- 18 1. Granting preliminary approval of the Settlement Agreement, a copy of which is
19 attached hereto as **Exhibit 1**, under Civil Rule 23 and Bankruptcy Rule 9019;
- 20 2. Appointing Atticus as the Settlement Administrator;
- 21 3. Granting preliminary approval of (a) the maximum compensation to be paid to the
22 Settlement Administrator on account of its Administrative Costs, (b) the Class Counsel Fee Award
23 to the Class Counsel, and (c) the Service Awards to the Customer Class Representatives (as all of
24 those terms are defined in the Settlement Agreement);
- 25 4. Approving the notice regarding the Settlement to be sent to the Customer Class
26 Members (the “Customer Class Notice”), substantially in the form attached hereto as **Exhibit 2**;
- 27 5. Approving the response form regarding the Settlement to be sent to the Customer
28 Class Members (the “Settlement Response Form”), substantially in the form attached hereto as

1 **Exhibit 3:**

2 6. Approving the cover letter from the Customer Class Representatives and Class
3 Counsel to be sent to the Customer Class Members (the “Cover Letter”), substantially in the form
4 attached hereto as **Exhibit 4:**

5 7. Approving the proposed manner of serving the Cover Letter, the Customer Class
6 Notice, the Settlement Response Form on the Customer Class Members (i.e., by email, or
7 alternatively, by first-class mail);

8 8. Declaring that the notice requirements under 28 U.S.C. § 1715 are not applicable to
9 this case or to the Court’s consideration of the Settlement Agreement; and

10 9. Establishing the relevant dates, deadlines, and procedures for final approval of the
11 Settlement, including scheduling the Final Approval Hearing.

12 The Parties’ Joint Motion is based on the exhibits attached hereto, the accompanying
13 memorandum of points and authorities, the concurrently filed declarations of John A. Lofton,
14 Dean G. Rallis Jr., and Keith Bencher, the pleadings and papers on file in the above-captioned
15 chapter 11 cases, and any further evidence or argument presented at the hearing on the Joint
16 Motion.

17 WHEREFORE, the Parties respectfully request that the Court enter an order, substantially
18 in the form attached hereto as **Exhibit 5**, granting the Joint Motion and providing for such other
19 and further relief that this Court deems appropriate under the circumstances.

20
21 Respectfully submitted,

22 DATED: December 2, 2020

AIMAN-SMITH & MARCY, P.C.

23
24 By: _____
25 /s/ John A. Lofton

26 John A. Lofton
27 Attorneys for Nanette Kearney, Krister Johnson,
28 and Sandra Shorago, Creditors and Class
Representatives

1 DATED: December 2, 2020

HAHN & HAHN LLP

2

3

By: /s/ Dean G. Rallis Jr.

4

Dean G. Rallis Jr.

5

Attorneys for Nanette Kearney, Krister Johnson,
and Sandra Shorago, Creditors and Class
Representatives

6

7 DATED: December 2, 2020

HANSON BRIDGETT LLP

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By: /s/ Neal L. Wolf

10

Neal L. Wolf

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Attorneys for Galileo Learning, LLC, Debtor and
Debtor in Possession

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 Pursuant to § 105(a) of title 11 of the United States Code (the “Bankruptcy Code” or
3 “Code”), Rule 23 of the Federal Rules of Civil Procedure (the “Civil Rules”), and Rules 7023,
4 9014, and 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the
5 creditors and class representatives Nanette Kearney, Krister Johnson, and Sandra Shorago
6 (collectively, the “Customer Class Representatives”), on behalf of themselves and the class of
7 individuals certified pursuant to the Court’s order of November 9, 2020 (the “Customer Class,”
8 and the members of the Customer Class, the “Customer Class Members”), and the debtor and
9 debtor in possession Galileo Learning, LLC (the “Debtor,” and together, with the Customer Class
10 Representatives, the “Parties”) jointly move (the “Joint Motion”) for entry of an order
11 (1) preliminarily approving the settlement between the Customer Class and the Debtor
12 memorialized by that certain *Class Settlement Agreement* dated December 2, 2020 (the
13 “Settlement Agreement” or “Settlement”),² (2) appointing Atticus Administration, Inc. (“Atticus”)
14 as the settlement administrator under the Settlement (the “Settlement Administrator”),
15 (3) approving the form and manner of notice regarding the Settlement to the Customer Class
16 Members, (4) scheduling the hearing to consider the final approval of the Settlement (the “Final
17 Approval Hearing”), and (5) granting related relief.

18 The Parties’ Joint Motion is supported by this memorandum, as well as the concurrently
19 filed declarations of John A. Lofton (the “Lofton Declaration”), Dean G. Rallis Jr. (the “Rallis
20 Declaration”), and Keith Bencher (the “Bencher Declaration”).

21 **1. PRELIMINARY STATEMENT**

22 By the Joint Motion, the Customer Class Representatives and the Debtor jointly seek
23 preliminary approval of their proposed settlement to resolve the claims of the Customer Class
24 Members. After extended arms’-length negotiations, the Parties have reached a fair and reasonable
25 settlement that is “within the range of possible approval.” Specifically, the Settlement provides
26

27 ² Unless otherwise separately defined herein, all capitalized terms used herein shall have the
28 same respective meanings assigned to them in the Settlement Agreement.

1 that all Customer Class Members (who did not already elect to receive a credit or coupon) will, by
2 default, receive payments effectively totaling 100% of their claims, with interest, over five years.
3 Alternatively, in lieu of receiving cash payments, a Customer Class Member could also opt to
4 immediately receive a credit or coupon similar to what had been previously offered by the Debtor,
5 which can be used for future camp programs. The Settlement takes into consideration the Debtor's
6 current and projected financial condition, allowing the company to continue operating and return
7 to profitability so that it can pay the Customer Class Members' priority claims, as well as the
8 claims of other unsecured creditors, over time. Given the circumstances, the Parties believe that
9 the Settlement is fair, reasonable, and adequate to the Customer Class Members and now request
10 that the Court grant the Joint Motion and preliminarily approve the Settlement.

11 **2. STATEMENT OF THE CASE**

12 **2.1 Factual and Procedural Background.**

13 From late 2019 to early 2020, thousands of customers paid money to or for the benefit of
14 the Debtor as deposits for the Debtor's in-person camp programs scheduled for 2020 and other
15 goods and services offered in connection with those camp programs. Bencher Decl. ¶ 3. However,
16 due to the Covid-19 pandemic and the governmental orders and directives in response thereto, in
17 April 2020, the Debtor canceled all of its camp programs and was unable to, and did not, provide
18 refunds to any customers. *Id.*

19 On April 23, 2020, Ms. Kearney, on behalf of herself and others similarly situated, filed a
20 class action complaint against the Debtor, its affiliate Galileo Learning Franchising LLC, and its
21 principal Glen Tripp in the United States District Court for the Northern District of California,
22 commencing the civil case captioned as *Kearney v. Galileo Learning, LLC, et al.* and bearing Case
23 No. 3:20-cv-02807-JCS (the "Civil Case"). Lofton Decl. ¶ 3.

24 On May 6, 2020 (the "Petition Date"), the Debtor filed a voluntary petition under
25 chapter 11 of the Bankruptcy Code in this Court, commencing this chapter 11 case, which is being
26 jointly administered with the chapter 11 case of Galileo Learning Franchising LLC. The Civil
27 Case remains pending but has been stayed due to the automatic stay. *Id.* ¶ 4.

28 At the outset of its case, as a preliminary measure to compromise with some of its

1 customers who had paid deposits, the Debtor sought the Court’s approval to offer two treatment
2 options to customers. After extensive negotiations between the Debtor’s counsel and the then-
3 putative Class Counsel regarding the terms of those options, the Court entered the *Order Granting*
4 *Motion of Debtor Galileo Learning, LLC for Entry of Order Approving Settlement with Certain*
5 *Customer/Creditors* (the “Summer 2020 Settlement Order”), at docket no. 48. The Summer 2020
6 Settlement Order authorized the Debtor to present an offer to a customer to elect one of two
7 treatment options (the “Summer 2020 Settlement Offer”): (1) a credit equal to 110% of the
8 customer’s claim, which could be used to purchase any of the Debtor’s camp programs, products,
9 or services over a roughly five-year period (the “110% Credit Option”), or (2) a coupon providing
10 the customer with a 50% discount off of any of the Debtor’s camp programs, products, or services,
11 which could be redeemed an unlimited amount of times over a roughly five-year period (the “50%
12 Coupon Option”). A customer could also make no election in response to the Summer 2020
13 Settlement Offer. The Debtor estimates that, as of November 13, 2020, (1) 4,054 customers
14 holding claims totaling \$4,497,008.15 elected the 110% Credit Option, (2) 1,090 customers
15 holding claims totaling \$1,075,299.29 elected the 50% Coupon Option, and (3) 4,106 customers
16 holding claims totaling \$4,351,274.86 made no election and continue to retain their monetary
17 claim against the Debtor. Bencher Decl. ¶ 4.

18 On August 5, 2020, Ms. Kearney, on behalf of herself and others similarly situated, filed
19 the *Class Representative’s Motion for Order Applying Civil Rule 23 to Claims Administration*
20 *Process and Authorizing Filing of Class Proof of Claim* (the “Class Certification Motion”), at
21 docket no. 148. On October 13, 2020, Ms. Kearney, Mr. Johnson, and Ms. Shorago, on behalf of
22 themselves and others similarly situated, filed the *Supplement to Class Representative’s Motion*
23 *for Order Applying Civil Rule 23 to Claims Administration Process and Authorizing Filing of*
24 *Class Proof of Claim* (the “Class Certification Supplement”), at docket no. 202. No parties in
25 interest filed an opposition to the Class Certification Motion or to the Class Certification
26 Supplement.

27 On November 9, 2020, the Court entered the *Order Granting Class Representative’s*
28 *Motion for Order Applying Civil Rule 23 to Claims Administration Process and Authorizing Filing*

1 of Class Proof of Claim (the “Class Certification Order”), at docket no. 226, which (1) made Civil
2 Rule 23, via Bankruptcy Rule 7023, via Bankruptcy Rule 9014(c), applicable to the claims
3 administration process in the Debtor’s chapter 11 case, (2) certified the Customer Class as a
4 “mandatory” class under Civil Rule 23(b)(1)(B), (3) designated the three Customer Class
5 Representatives as the representatives of the Customer Class, (4) appointed Aiman-Smith &
6 Marcy, P.C. and Hahn & Hahn LLP as co-counsel for the Customer Class (together the “Class
7 Counsel”), and (5) authorized the Customer Class Representatives to file a class proof of claim on
8 behalf of the Customer Class. Pursuant to the Class Certification Order, the Customer Class is
9 defined as follows:

10 All individuals who paid money to Galileo, prior to the filing of its chapter 11
11 petition, as a deposit for its since-canceled in-person camp programs and related
12 goods and services scheduled for 2020, but excluding any individual who
received a refund via credit card chargeback or otherwise.

13 On November 11, 2020, the Customer Class Representatives filed a class proof of claim,
14 which asserts a claim in the amount of \$9,923,582.30 on behalf of the Customer Class (the
15 “Customer Class Representative Claim”), of which \$9,740,318.10 is asserted to be a priority
16 unsecured claim under § 507(a)(7) of the Bankruptcy Code and \$183,264.20 is asserted to be a
17 nonpriority unsecured claim. Pursuant to the definition of the Customer Class, the Customer Class
18 Representative Claim includes claims held by those individuals who previously elected the Credit
19 Option or Coupon Option under the Summer 2020 Settlement Offer.

20 **2.2 Settlement Negotiations.**

21 From May 2020 to the present, the Class Counsel have negotiated extensively with the
22 Debtor’s counsel. Lofton Decl. ¶ 6. The Debtor provided the Class Counsel with substantial
23 informal discovery in the form of financial documents detailing the Debtor’s present financial
24 condition, as well as its financial projections under a variety of potential settlement scenarios. *Id.*

25 At the start of the case, the Parties worked together to allow the Debtor to offer the
26 110% Credit Option and 50% Coupon Option to the Customer Class Members under the
27 Summer 2020 Settlement Offer, in order to reduce the amount of debt that would need to be repaid
28 under a plan and allow the Customer Class Members an early means to recover value on account

1 of their claims. *Id.* ¶ 7. Since then, the Class Counsel and the Debtor’s counsel have been able to
2 negotiate creative solutions and an amicable class settlement within the bankruptcy case under
3 unusual time pressures. *Id.* The product of those negotiations is the Settlement Agreement. *Id.*

4 **3. SUMMARY OF THE PROPOSED SETTLEMENT**

5 **3.1 Effectiveness of the Settlement.**

6 Even if finally approved by the Court, the proposed Settlement will become effective and
7 binding on the Debtor and the Customer Class only upon the occurrence of certain other
8 conditions, the most significant being the entry of a final order confirming the Debtor’s plan of
9 reorganization (the “Plan”). *See* Settlement Agreement § 3.2.1. As the Settlement Agreement sets
10 forth the treatment to be provided to the Customer Class Members, the Debtor has incorporated
11 the Settlement Agreement into the Plan.

12 Given the interdependency between the Settlement and the Plan, the Parties are seeking the
13 final approval of the Settlement and the confirmation of the Plan on parallel tracks.

14 **3.2 Treatment Provided to the Customer Class Members.**

15 Under section 3.3.1 of the Settlement Agreement, the Customer Class Members who
16 previously elected the 110% Credit Option or the 50% Coupon Option in response to the
17 Summer 2020 Settlement Offer will continue to receive and retain the rights and benefits under
18 their elected treatment option, the terms and conditions of which remain governed by the
19 Summer 2020 Settlement Order. Such Customer Class Members are not entitled to switch their
20 election to a different treatment option now offered under the Settlement.

21 For those other Customer Class Members who did not make any election in response to the
22 Summer 2020 Settlement Offer, section 3.3.2 of the Settlement Agreement provides them with
23 opportunity to elect one of the following three treatment options: (1) a credit that can be used to
24 purchase any of the Debtor’s camp programs, products, or services over a roughly five-year period
25 (the “New Credit Option”), (2) a discount coupon that can be redeemed an unlimited amount of
26 times over a roughly five-year period (the “New Coupon Option”), or (3) deferred payments of
27 cash, plus accrued interest, paid over a period not to exceed roughly five years (the “Deferred
28 Cash Payment Option”). If an eligible Customer Class Member does not make an election, they

1 are deemed to have elected the Deferred Cash Payment Option. The basic terms of these three
2 treatment options are summarized further below.

3 Under the Settlement, (1) those electing the New Credit Option would otherwise be
4 receiving a credit having a dollar value equal to 110% of their claim (like under the 110% Credit
5 Option), (2) those electing the New Coupon Option would otherwise be receiving a coupon
6 providing a 50% discount (like under the 50% Coupon Option), and (3) those electing the
7 Deferred Cash Payment Option would otherwise be receiving payments totaling 100% of their
8 claim, plus accrued interest; *however*, the value of the rights and benefits under each of these three
9 treatment options has been reduced under the Settlement by approximately 16% to cover the
10 Customer Class Member's proportionate share of the Administrative Costs, the Class Counsel Fee
11 Award, and the Service Awards (each defined below) (collectively, the "Class Expenses").

12 **3.2.1 The New Credit Option.**

13 Any Customer Class Member who elects the New Credit Option would receive a credit
14 issued by the Debtor, the basic terms of which are as follows:

- 15 • The dollar value of the credit is equal to (a) 92.4% of the Customer Class Member's claim
16 against the Debtor, or (b) if the Customer Class Member was a 2020 scholarship recipient,
17 92.4% of the full retail price of their previously purchased 2020 camp programs, products, and
18 services;³
- 19 • The Customer Class Member may use the credit to purchase any of the Debtor's in-person
20 camp programs, online or virtual camp programs, or other products or services;
- 21 • The Customer Class Member may transfer the credit one time to any third party, including a
22 family member or friend; and
- 23 • The credit is valid until December 31, 2025.

24 The Debtor will also offer limited priority enrollment to and initially freeze the retail prices for
25 certain camp programs for the Customer Class Member eligible to use the credit. And if, for
26

27 ³ For the percentage rate used to determine the dollar value of the credit, the initial percentage
28 rate of 110% was reduced by 1/6.25 (or 16%) to the final percentage rate of 92.4%.

1 whatever reason, the Debtor fails to offer an age-appropriate, local camp program within two years
2 of the Effective Date, the Customer Class Member may elect to switch from the New Credit
3 Option to the Deferred Cash Payment Option. The complete terms and conditions of the New
4 Credit Option are set forth in **Exhibit B** to the Settlement Agreement.

5 **3.2.2 The New Coupon Option.**

6 Any Customer Class Member who elects the New Coupon Option would receive a coupon
7 issued by the Debtor, the basic terms of which are as follows:

- 8 • The coupon provides a 42% discount off of the retail price of any of the Debtor's in-person
9 camp programs, online or virtual camp programs, or other products or services;⁴
- 10 • The Customer Class Member may redeem the coupon an unlimited amount of times (while the
11 coupon remains valid);
- 12 • The Customer Class Member may not transfer the coupon to a third party, but the coupon may
13 be used for the benefit of any child in the Customer Class Member's family; and
- 14 • The coupon is valid until December 31, 2025.

15 The Debtor will also offer limited priority enrollment to and initially freeze the retail prices for
16 certain camp programs for the Customer Class Member eligible to redeem the coupon. And if, for
17 whatever reason, the Debtor fails to offer an age-appropriate, local camp program within two years
18 of the Effective Date, the Customer Class Member may elect to switch from the New Coupon
19 Option to the Deferred Cash Payment Option. The complete terms and conditions of the New
20 Coupon Option are set forth in **Exhibit C** to the Settlement Agreement.

21 **3.2.3 The Deferred Cash Payment Option.**

22 Any Customer Class Member who elects (or is deemed to have elected) the Deferred Cash
23 Payment Option would receive deferred payments of cash funded by the Debtor, the basic terms of
24 which are as follows:

- 25 • The total amount of the payments due to the Customer Class Member will be equal to no less
26

27 ⁴ For the discount percentage rate of the coupon, the initial percentage rate of 50% was reduced
28 by 1/6.25 (or 16%) to the final percentage rate of 42%.

1 than 84% of their claim against the Debtor, plus the interest that accrues on their claim
2 (accruing at a 5% annual rate, beginning on the Effective Date).⁵

- 3 • Generally, the Customer Class Member will receive payments of varying amounts once or
4 twice a year until no later than April 30, 2025, at which point they will have received the total
5 amount due to them. When they will begin receiving payments and how much each payment
6 will be are determined by the Disbursement Schedule and the Disbursement Priority Scheme
7 and depend on several factors, including (a) the amount of their claim, (b) the total amount of
8 the claims of the Customer Class Members who similarly elect (or are deemed to have elected)
9 the Deferred Cash Payment Option, (c) the Debtor’s net income for 2022 and 2023, and (d) the
10 approved amounts of the Administrative Costs, Fee Award, and Service Awards.

11 At any time through August 15, 2021, the Customer Class Member may elect to switch from the
12 Deferred Cash Payment Option to the New Credit Option or New Coupon Option. The complete
13 terms and conditions of the Deferred Cash Payment Option are set forth in **Exhibit D** to the
14 Settlement Agreement.

15 **3.3 The Class Expenses.**

16 The Settlement provides for the Class Expenses to be funded by the Debtor, but the Class
17 Expenses are effectively being deducted from the value of the rights and benefits received by
18 those Customer Class Members who elect the New Credit Option, New Coupon Option, or
19 Deferred Cash Payment Option. The Class Expenses include the following:

- 20 • The Settlement Administrator’s reasonable fees, costs, and expenses charged or incurred in
21 connection with administering the Settlement (the “Administrative Costs”);
- 22 • The Class Counsel’s monetary award of attorneys’ fees compensating them for their services
23 as the appointed co-counsel for the Customer Class (the “Class Counsel Fee Award”); and
- 24 • The Customer Class Representatives’ monetary awards compensating them for their services
25 as a designated representative of the Customer Class (the “Service Awards”).

26
27 ⁵ For the percentage rate of the minimum dollar recovery, the initial percentage rate of 100% was
28 reduced by 1/6.25 (or 16%) to a final percentage rate of 84%.

As discussed below, the Parties request that (1) the maximum compensation paid to the Settlement Administrator on account of its Administrative Costs be set at **\$100,000**, (2) the Class Counsel Fee Award be approved in the amount of **\$600,000**, and (3) the three Service Awards be approved in the aggregate amount of **\$20,000**. If approved as requested, the Class Expenses would total no more than **\$720,000**, which represents approximately 7% of the \$9,923,582.30 in claims held by all Customer Class Members and approximately 16% of the \$4,351,274.86 in claims held by those Customer Class Members eligible to elect one of the three treatment options now offered under the Settlement.

3.4 The Disbursement Schedule and Disbursement Priority Scheme.

The Debtor is required to fund all of the payments under the Settlement, including the payments on account of the Class Expenses and the payments to the Customer Class Members who elect the Deferred Cash Payment Option. To do so, the Debtor must deliver funds to the Settlement Administrator on certain dates and in certain amounts according to the Disbursement Schedule established under the Settlement. *See* Settlement Agreement §§ 3.8.2, 3.8.4. Upon receipt of the funds, the Settlement Administrator must allocate those funds according to the Disbursement Priority Scheme established under the Settlement and then issue checks to the appropriate recipients in the appropriate amounts. *See id.* § 3.8.5.

Under the Settlement, the Debtor must deliver funds on the following dates and in the following amounts:

Date	Amount
Effective Date (est. early March 2021)	(a) 6% of the pool of claims of all Customer Class Members who elected the Deferred Cash Payment Option, or (b) \$200,000, whichever amount is greater
mid-September 2021	(a) 12.5% of the pool of claims of all Customer Class Members who elected the Deferred Cash Payment Option, or (b) \$375,000, whichever amount is greater
mid-September 2022	(a) 12.5% of the pool of claims of all Customer Class Members who elected the Deferred Cash Payment Option, or (b) \$375,000, whichever amount is greater
mid-April 2023	(a) 20% of the Debtor’s 2022 net income, but only if such net income is greater than \$1,750,000, or (b) \$0, if Debtor’s 2022 net income is less than or equal to \$1,750,000
mid-September 2023	(a) 12.5% of the pool of claims of all Customer Class Members who elected the Deferred Cash Payment Option, or (b) \$425,000, whichever amount is greater

Date	Amount
mid-April 2024	(a) 20% of the Debtor's 2023 net income, but only if such net income is greater than \$1,750,000, or (b) \$0, if the Debtor's 2023 net income is less than or equal to \$1,750,000
mid-September 2024	The remaining amount needed for all Customer Class Members who elected the Deferred Cash Payment Option to each receive at least 84% of their claim in the aggregate, plus the accrued Administrative Costs as of such date
mid-April 2025	All interest that accrued on the pool of claims of all Customer Class Members who elected the Deferred Cash Payment Option, plus the accrued Administrative Costs as of such date

8
9 Upon receipt of funds from the Debtor, the Settlement Administrator then allocates the funds by
10 the following priority:

- 11 • **First**, for the payments due to the Settlement Administrator, in the amount of the accrued
12 Administrative Costs as of the payment date;
- 13 • **Second**, for the payments due to the Class Counsel, in the amount of (a) the balance of the
14 Class Counsel Fee Award or (b) the remaining funds, whichever is less;
- 15 • **Third**, for the payments due to the Customer Class Representatives, in the amount of (a) the
16 balance of the Service Awards or (b) the remaining funds, whichever is less; and
- 17 • **Fourth**, for the payments due to the Customer Class Members who elected the Deferred Cash
18 Payment Option, with each Customer Class Member entitled to receive their pro rata share of
19 the remaining funds.

20 An example of how the Disbursement Schedule and the Disbursement Priority Scheme work has
21 been provided in section 5 of the proposed form of the Customer Class Notice (attached as
22 **Exhibit 2** to the Joint Motion).

23 **3.5 Notice to the Customer Class Members.**

24 **3.5.1 Customer Class Notice.**

25 The notices regarding the Settlement to be sent to each Customer Class Member (the
26 "Customer Class Notice") will be handled by Stretto, the Debtor's claims and noticing agent (the
27 "Claims Agent"). The proposed form of the Customer Class Notice is attached as **Exhibit 2** to the
28 Joint Motion.

1 The Customer Class Notice comprehensively explains the Settlement in terms
2 understandable to laypersons. The Customer Class Notice will provide the Customer Class
3 Members with information regarding the following:

- 4 • The class litigation and the Debtor’s chapter 11 case;
- 5 • Who is included in the Customer Class and in the Settlement;
- 6 • A Customer Class Member’s available treatment options in satisfaction of their claim, the
7 rights and benefits that a Customer Class Member would receive under each, and how to make
8 an election of the New Credit Option, New Coupon Option, or Deferred Cash Payment
9 Option;
- 10 • How to assert a claim against the Debtor (to the extent a Customer Class Member disagrees
11 with the claim amount reflected in the Debtor’s records);
- 12 • The releases contained in the Settlement, and how to opt out of such releases;
- 13 • How to object to the Settlement;
- 14 • How the Plan affects the Settlement;
- 15 • The consequences of a Customer Class Member doing nothing;
- 16 • The date, time, and location of the Final Approval Hearing; and
- 17 • The website established under the Settlement (the “Settlement Website”).

18 **3.5.2 Settlement Response Form.**

19 Accompanying the Customer Class Notice will be a response form regarding the
20 Settlement to be sent to each Customer Class Member (the “Settlement Response Form”), which
21 will allow a Customer Class Member to (1) assert their claim against the Debtor; (2) if eligible,
22 elect the New Credit Option, New Coupon Option, or Deferred Cash Payment Option; and (3) opt
23 out of the releases contained in the Settlement. The proposed form of the Settlement Response
24 Form is attached as **Exhibit 3** to the Joint Motion.

25 **3.5.3 Cover Letter.**

26 Along with the Customer Class Notice and Settlement Response Form, the Customer Class
27 Representatives request that a one-page cover letter from the Customer Class Representatives and
28 Class Counsel offering their recommendation on the Settlement and the Plan also to be sent to

1 each Customer Class Member (the “Cover Letter”). The proposed form of the Cover Letter is
2 attached as **Exhibit 4** to the Joint Motion.

3 **3.5.4 Manner of Service.**

4 The Settlement proposes, and the Parties request, that the Cover Letter, Customer Class
5 Notice, and Settlement Response Form be electronically served by the Claims Agent on each
6 identified Customer Class Member by email at the email address that the Debtor has on file for the
7 Customer Class Member. The Settlement further proposes, and the Parties further request, that if
8 the Debtor has no email address on file for a Customer Class Member or the service email sent to
9 a Customer Class Member bounces back as undeliverable, the documents be served by the Claims
10 Agent on the Customer Class Member by first-class mail at the mailing address that the Debtor
11 has on file for the Customer Class Member.

12 **3.6 Right to Object; No Right to Opt Out.**

13 The Customer Class Members have the right to object to the Settlement. To object,
14 section 3.11.4 of the Settlement Agreement requires the Customer Class Member to file and serve
15 an objection that meets the following criteria:

- 16 • Be in writing;
- 17 • Contain their full name, address, telephone number, email address, and last four digits of their
18 Social Security number;
- 19 • Provide a clear statement that they object to this Agreement, along with the legal and factual
20 grounds on which their objection is based;
- 21 • State whether they intend to appear at the Final Approval Hearing, and if so, whether it will be
22 on their own behalf or through counsel;
- 23 • Identify every case, action, or proceeding in which they (or their counsel) have objected to a
24 class action settlement by the name of the court, the name and docket number of the case, the
25 date of the objection, and any docket number assigned to the objection;
- 26 • Attach any evidence to support their objection and any other documents they wish the Court to
27 consider; and
- 28 • Be signed by the Customer Class Member so objecting or by their counsel.

1 Because the Customer Class was certified as a mandatory, no-opt-out class under Civil
2 Rule 23(b)(1)(B), the Customer Class Members may not opt out of the Customer Class or the
3 Settlement. However, pursuant to section 3.13.1 of the Settlement Agreement, the Customer Class
4 Members may opt out of the general releases contained in the Settlement by following the
5 instructions provided in the Customer Class Notice and Settlement Response Form.

6 **3.7 Settlement Administration.**

7 Under the Settlement, the Settlement Administrator is responsible for various duties and
8 services, including the following:

- 9 • Establishing and maintaining the Settlement Website for five years;
- 10 • Responding to inquiries from the Customer Class Members, as appropriate;
- 11 • Receiving the Settlement Response Forms from the Customer Class Members, tabulating the
12 responses made in the Settlement Response Forms, and preparing a summary of the returned
13 Settlement Response Forms;
- 14 • Receiving and processing the funds from the Debtor and issuing and delivering the checks to
15 the appropriate recipients and in the appropriate amounts; and
- 16 • Assisting the Debtor in preparing the periodic reports required under the Settlement.

17 The Settlement proposes, and the Parties request, that Atticus Administration, Inc. be
18 appointed as the Settlement Administrator under the Settlement.

19 The Class Counsel sought quotes from multiple claims administrators, and Atticus
20 provided the lowest quote in the amount of \$64,317.00. Lofton Decl. ¶ 8. The quote is based on an
21 estimated 3,269 Customer Class Members electing the Deferred Cash Payment Option (and thus
22 receiving checks from the Settlement Administrator) and may increase or decrease depending on
23 the actual number who made the election. *Id.* ¶ 9. The quote also assumes that six rounds of
24 payments will be made to the Customer Class Members at \$7,052 per round. *Id.* The Settlement
25 provides for up to nine rounds of payments to be made provided that the Debtor meets certain
26 income or financing criteria, which would increase the estimated cost to \$85,473.00. *Id.* However,
27 that cost may be reduced if certain rounds of payments are devoted entirely to paying the Class
28 Expenses (i.e., the initial rounds). *Id.*

1 Given the above, the Parties request that the Court set \$100,000 as the maximum
2 compensation that the Settlement Administrator is entitled to receive under the Settlement on
3 account of its Administrative Costs.

4 To make clear, the service of the Cover Letter, the Customer Class Notice, and the
5 Settlement Response Form will be handled by the Claims Agent, at the Debtor's expense.
6 Nevertheless, the Customer Class Notice will direct the Customer Class Members to return the
7 Settlement Response Form to the Settlement Administrator or visit the Settlement Website, which
8 will be maintained by the Settlement Administrator.

9 **3.8 General Releases.**

10 Under the Settlement, the Customer Class Representatives will grant general releases to the
11 Debtor and related persons or entities as follows:

12 Except for the rights arising out of, provided for, or reserved in this Agreement,
13 upon the Effective Date, the Customer Class Representatives, and all persons or
14 entities claiming by and through them, and each of them (collectively, the
15 "Representative Releasing Parties"), release and forever discharge the Debtor, the
16 Estate, and their parents, subsidiaries, affiliates, related entities, predecessors,
17 successors, assigns, employees, officers, directors, insurers, agents,
18 representatives, professionals, attorneys, and other persons or entities claiming by
19 or through them, and each of them (collectively, the "Released Parties") from any
20 and all liabilities, claims, debts, demands, controversies, rights of recovery, rights
21 to payment, suits, actions, causes of action, complaints, obligations, damages,
22 liquidated damages, losses, injuries, penalties, attorneys' fees, expenses, and
costs, of any kind or nature whatsoever, in law or equity, whether known or
unknown, suspected or unsuspected, liquidated or unliquidated, asserted or not
asserted, subject to dispute or otherwise, from the beginning of time through their
respective execution of this Agreement, which the Representative Releasing
Parties, or any of them, may have had or held, now have or hold, or may hereafter
purport to have or hold against the Released Parties, or any of them, with respect
to any matters concerning, arising out of, related to, or in connection with their
respective Customer Class Member Claims, the subject matter of the Civil Case,
or the subject matter of the Chapter 11 Case relating to the Customer Class
Representative Claim (collectively, the "Representative Released Claims").

23 Settlement Agreement § 3.12.2. Ms. Kearney will also dismiss the Civil Case within 28 days of
24 the Effective Date. *See id.* § 3.13.6.

25 Similarly, those Customer Class Members who have timely returned their Settlement
26 Response Form and have not elected to opt out of the releases will also grant general releases to
27 the Debtor and related persons or entities as follows:

28 Except for the rights arising out of, provided for, or reserved in this Agreement,

1 upon the Effective Date, the Customer Class Members who (a) have timely
2 returned their Settlement Response Form to the Settlement Administrator and
3 (b) did not elect to “opt out” of the releases by marking the appropriate box on the
4 Settlement Response Form, and all persons or entities claiming by and through
5 them, and each of them (collectively, the “Member Releasing Parties,” and
6 together, with the Representative Releasing Parties, the “Releasing Parties”),
7 release and forever discharge the Released Parties from any and all liabilities,
8 claims, debts, demands, controversies, rights of recovery, rights to payment, suits,
9 actions, causes of action, complaints, obligations, damages, liquidated damages,
10 losses, injuries, penalties, attorneys’ fees, expenses, and costs, of any kind or
11 nature whatsoever, in law or equity, whether known or unknown, suspected or
12 unsuspected, liquidated or unliquidated, asserted or not asserted, subject to
13 dispute or otherwise, from the beginning of time through their respective
14 execution of the Settlement Response Form, which the Member Releasing Parties,
15 or any of them, may have had or held, now have or hold, or may hereafter purport
16 to have or hold against the Released Parties, or any of them, with respect to any
17 matters concerning, arising out of, related to, or in connection with their
18 respective Customer Class Member Claims, the subject matter of the Civil Case,
19 or the subject matter of the Chapter 11 Case relating to the Customer Class
20 Representative Claim (collectively, the “Member Released Claims,” and together,
21 with the Representative Released Claims, the “Released Claims”).

22 *Id.* § 3.13.3.

23 The Customer Class Members who have given the general releases described above will
24 also be releasing all unknown claims waiving the benefits of California Civil Code section 1542.

25 *See id.* § 3.13.4.

26 **4. ARGUMENT**

27 **4.1 The Settlement Is Fair, Reasonable, and Adequate Under Civil Rule 23.**

28 The Court should preliminarily approve the Settlement under Civil Rule 23 as the
Settlement is fair, reasonable, and adequate.

The procedure for reviewing a proposed class settlement is a well-established two-step
process. *See* Fed. R. Civ. P. 23(e); *see also* 4 Alba Conte & Herbert B. Newberg, Newberg on
Class Actions § 11.25, at 38–39 (4th ed. 2002). The first step is a preliminary, pre-notification
hearing to determine whether the proposed settlement is “within the range of possible approval.”
See Conte & Newberg, *supra*, § 11.25, at 38–39 (quoting Manual for Complex Litigation (Third)
§ 30.41 (1995)); *In re Syncor ERISA Litig.*, 516 F.3d 1095, 1100 (9th Cir. 2008). This hearing is
not a fairness hearing; its purpose, rather, is to ascertain whether there is any reason to notify the
class members of the proposed settlement and to proceed with a fairness hearing. *See Syncor*, 516
F.3d at 1100. At the preliminary review or approval hearing, a court may articulate misgivings

1 about the settlement to be addressed by the parties before significant time and resources are
2 invested in notifying the class of the proposed settlement.⁶ See American Law Institute, Principles
3 of the Law of Aggregate Litigation § 3.03, comment a (2018) (“[T]he court should confer with
4 counsel to identify any obvious flaws in the notice or any other defects (formal or substantive) that
5 might jeopardize the settlement.”).

6 Notice of a settlement should be sent where “the proposed settlement appears to be the
7 product of serious, informed, non-collusive negotiations, has no obvious deficiencies, does not
8 improperly grant preferential treatment to class representatives or segments of the class, and falls
9 within the range of possible approval.” *In re Tableware Antitrust Litig.*, 484 F. Supp. 2d 1078,
10 1079 (N.D. Cal. 2007). The Manual for Complex Litigation characterizes the preliminary approval
11 stage as an “initial evaluation” of the fairness of the proposed settlement made by the court on the
12 basis of written submissions and informal presentation from the settling parties. See Manual for
13 Complex Litigation (Fourth) § 21.632 (2004). As a matter of public policy, courts both encourage
14 the use of the class-action device and favor settlement over continued litigation. *Class Plaintiffs v.*
15 *City of Seattle*, 955 F.2d 1268, 1276 (9th Cir. 1992) (“[S]trong judicial policy . . . favors
16 settlements, particularly where complex class action litigation is concerned.”).

17 If the court finds a settlement proposal “within the range of possible approval,” it then
18 proceeds to the second step in the review process—the final approval hearing. See Conte &
19 Newberg, *supra*, § 11.25, at 38–39. The standard of scrutiny for preliminary approval is more
20 relaxed than for final approval. See *In re Endosurgical Prods. Direct Purchaser Antitrust Litig.*,
21 Case No. SACV 05-8809 JVS (MLGx), 2008 WL 11504857, at *7 (E.D. Cal. Dec. 31, 2008)
22 (“Absent ‘glaring deficiencies,’ a proposed settlement at the preliminary approval stage need only
23 be ‘within the range of possible approval’ ‘[A] full fairness analysis is unnecessary at this
24 stage.’” (quoting *Alberto v. GMRI, Inc.*, 252 F.R.D. 652, 665 (E.D. Cal. 2008))).

25
26
27 ⁶ In this case, the Settlement Agreement contains a provision allowing the Court to make minor
28 alterations to the Settlement to facilitate preliminary and/or final approval. See Settlement
Agreement § 3.2.5.

1 A strong judicial policy exists that favors the voluntary conciliation and settlement of
2 complex class-action litigation. *See Syncor*, 516 F.3d at 1101 (citing *Officers for Justice v. Civil*
3 *Serv. Comm’n*, 688 F.2d 615, 625 (9th Cir. 1982)). While the court has discretion regarding the
4 approval of a proposed settlement, it should give proper deference to the “private consensual
5 agreement negotiated between the parties.” *Officers for Justice*, 688 F.2d at 625. In fact, when a
6 settlement is negotiated at arms’ length by experienced counsel, there is a presumption that it is
7 fair and reasonable. *See Duhaime v. John Hancock Mut. Life Ins. Co.*, 177 F.R.D. 54, 68 (D. Mass.
8 1997). Ultimately, the court’s role is to ensure that the settlement is fundamentally fair,
9 reasonable, and adequate. *See Fed. R. Civ. P. 23(e)(2); Syncor*, 516 F.3d at 1100.

10 In this case, there is no question that the proposed settlement is “within the range of
11 possible approval.” After extended arms’ length negotiations, the Customer Class Representatives,
12 through the Class Counsel, were able to negotiate effectively a 100% return to the Customer Class
13 Members of their claims. Specifically, eligible Customer Class Members will, by default, receive
14 cash payments over time, with interest, without the need to submit the Settlement Response Form
15 or a proof of claim (but only to the extent that the Debtor’s records reflect the Customer Class
16 Member as holding a claim). Alternatively, the Customer Class Members may opt to receive a
17 credit or an unlimited-use coupon, both of which are valid for roughly five years. Against
18 substantial odds, the Parties have found a way to repay the Customer Class Members the full
19 amount of their claims while allowing the Debtor to emerge from bankruptcy as a going concern.

20 This is not a case of a defendant committing malicious, wrongful acts, and there is no basis
21 to seek fraud or punitive damages. All indications are that the Debtor acted in good faith here but
22 was unable to refund its customers due to the global pandemic.

23 Because the Customer Class Members hold priority claims entitled to certain treatment in a
24 chapter 11 plan, they could have individually insisted on payment in full on the effective date of
25 any confirmed plan. *See* 11 U.S.C. §§ 507(a)(7), 1129(a)(9)(C). If enough Customer Class
26 Members were to insist on immediate payment, the Debtor would be unable to confirm a plan of
27 reorganization and be forced into a chapter 7 liquidation, to the detriment of all Customer Class
28 Members, not to mention the Debtor’s general unsecured creditors.

1 This Settlement provides the maximum benefit to the Customer Class Members, allows the
2 Debtor to avoid liquidation, and benefits general unsecured creditors who would otherwise receive
3 nothing in a chapter 7 case. As it easily falls well “within the range of possible approval,” the
4 Court should preliminarily approve the Settlement under Civil Rule 23.

5 **4.2 The Settlement Meets the Criteria Under Bankruptcy Rule 9019.**

6 Bankruptcy Rule 9019 allows a court to “approve a compromise or settlement” upon a
7 “motion by the [debtor in possession] and after notice and hearing.” Fed. R. Bankr. P. 9019(a).
8 The approval or rejection of a settlement rests within the sound discretion of the court. *See*
9 *Woodson v. Fireman’s Fund Ins. Co. (In re Woodson)*, 839 F.2d 610, 620 (9th Cir. 1988) (“The
10 bankruptcy court has great latitude in approving compromise agreements.”); *Cavic v. Wolfe (In re*
11 *Cavic)*, Case No. CC-08-1220-PaDC, 2009 WL 7809925, at *7 (B.A.P. 9th Cir. Mar. 2, 2009)
12 (“[T]he bankruptcy court is vested with considerable discretion in approving compromises and
13 settlements.” (citations omitted) (internal quotations omitted)).

14 Settlements are generally favored in bankruptcy proceedings in order “to allow the [debtor
15 in possession] and the creditors to avoid the expenses and burdens associated with litigating
16 sharply contested and dubious claims.” *Martin v. Kane (In re A & C Props.)*, 784 F.2d 1377,
17 1380–81 (9th Cir. 1986); *see also Port O’Call Inv. Co. v. Blair (In re Blair)*, 538 F.2d 849, 851
18 (9th Cir. 1976) (providing that consideration must be given to the principle that the law favors
19 compromise and not litigation for its own sake). Accordingly, in considering a proposed
20 compromise, the court “need not conduct an exhaustive investigation nor a mini-trial on the
21 validity or merits of the claims sought to be compromised.” *In re Dharmasuriya*, Case No. 2:09-
22 bk-28606-PC, 2014 WL 845991, at *3 (Bankr. C.D. Cal. Mar. 4, 2014); *see also United States v.*
23 *Alaska Nat’l Bank of the N. (In re Walsh Constr., Inc.)*, 669 F.2d 1325, 1328 (9th Cir. 1982);
24 *Burton v. Ulrich (In re Schmitt)*, 215 B.R. 417, 423 (B.A.P. 9th Cir. 1997).

25 Rather, the court should “canvas the issues and see whether the settlement falls below the
26 lowest point in the range of reasonableness.” *Dharmasuriya*, 2014 WL 845991, at *3 (quoting *In*
27 *re Drexel Burnham Lambert Grp., Inc.*, 134 B.R. 493, 496–97 (Bankr. S.D.N.Y. 1991)); *see also*

28

1 *A & C Props.*, 784 F.2d at 1381 (deeming it sufficient for the bankruptcy court to find that a
2 compromise was negotiated in good faith and is reasonable, fair, and equitable).

3 In determining the fairness, reasonableness, and adequacy of a proposed settlement, the
4 Ninth Circuit has directed bankruptcy courts to consider the following factors: “(a) The probability
5 of success in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection;
6 (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessary
7 in attending it; and (d) the paramount interest of the creditors and proper deference to their
8 reasonable views in the premises.” *Woodson*, 839 F.2d at 620 (quoting *A & C Props.*, 784 F.2d at
9 1381). The court “generally should give deference to a [debtor in possession]’s exercise of
10 business judgment” in entering into the proposed settlement. *Dharmasuriya*, 2014 WL 845991, at
11 *3; see also *Goodwin v. Mickey Thompson Entm’t Grp., Inc. (In re Mickey Thompson Entm’t*
12 *Grp., Inc.)*, 292 B.R. 415, 420 (B.A.P. 9th Cir. BAP 2003) (same).

13 All four *A & C* factors weigh in favor of granting the Parties’ Joint Motion here.

14 **4.2.1 The Debtor’s Probability of Success on the Merits.**

15 In examining the first factor, the Court “must estimate both the value of the proposed
16 settlement and the likely outcome of litigating the claims proposed in the settlement.”
17 *Dharmasuriya*, 2014 WL 845991, at *4.

18 In this case, the Customer Class Members, whether acting individually or collectively, hold
19 undisputed priority claims. From the inception of this chapter 11 case, the Debtor has
20 acknowledged that the Customer Class Members’ prepetition payments to the Debtor were
21 deposits for its summer camp programs, which constitute claims entitled to priority under
22 § 507(a)(7) of the Bankruptcy Code. At no point has the Debtor challenged the priority of those
23 debts. Thus, the likelihood of the Customer Class Members succeeding in having their claims
24 allowed as priority claims has never been in doubt. And if that is the case, the Debtor’s ability to
25 confirm a plan of reorganization is questionable. If the Debtor was unable to obtain any kind of
26 consent from the Customer Class regarding the plan treatment of the Customer Class Members’
27 claims, the chances of the Debtor successfully confirming a plan that properly treats the Customer
28 Class Members’ priority claims in accordance with § 1129(a)(9)(C) of the Code (i.e., payment in

1 full on the plan's effective date) would be essentially zero. Thus, the Debtor's probability of
2 success (i.e., exiting bankruptcy), without a resolution with the Customer Class, is highly unlikely.

3 Furthermore, the value of the Settlement compares favorably against the potential outcome
4 of a contested confirmation battle and a possible conversion to chapter 7. Obtaining a settlement
5 with the Customer Class means that the Debtor has removed a significant roadblock in confirming
6 a plan. While the Debtor is effectively required to repay certain Customer Class Members in full
7 over time under the Settlement—a significant financial burden—the Settlement allows the Debtor
8 to continue operating its business, preserve its going concern value, and avoid the liquidation of its
9 assets, which will likely yield next to nothing for unsecured creditors.

10 **4.2.2 The Debtor's Difficulties of Collection.**

11 The second A & C factor, regarding the Debtor's difficulties to be encountered in the
12 matter of collection, is inapplicable in this context.

13 **4.2.3 The Complexity, Expense, Inconvenience, and Delay of Litigation.**

14 The third A & C factor also weighs in favor of approving the Settlement. While the issues
15 are not particularly complex, the procedural framework for how a mandatory class functions
16 within a chapter 11 case is unusual. Nevertheless, even if those issues are ultimately resolvable,
17 the Debtor would nevertheless face significant expense and delays in litigating with the Customer
18 Class on more substantive issues (e.g., treatment of the claims of the Customer Class Members)
19 that would jeopardize the Debtor's ability to quickly and successfully exit bankruptcy.

20 Additional litigation would serve only to further deplete the Debtor's already-limited cash
21 and delay the Debtor's ability to successfully reorganize. Most immediately, approval of the
22 Settlement will reduce the attorneys' fees that the Debtor must incur in its chapter 11 case,
23 including any potential fees that would need to be incurred in connection with a confirmation
24 proceeding contested by the Customer Class. In addition, any further delays in the Debtor exiting
25 bankruptcy may have an adverse effect on the Debtor's ability to return to its previous levels of
26 business and revenue and, as a result, its ability to perform under a confirmed plan. More
27 specifically, the Debtor's customers may be less willing to enroll in its 2021 camp programs while
28 the Debtor remains in bankruptcy, and if the Debtor remains in bankruptcy for an extended period

1 of time due to extended litigation, it may lose out on anticipated revenue from customers moving
2 onto other camp providers.

3 **4.2.4 The Paramount Interests of Creditors.**

4 The last factor similarly favors the Court approving the Settlement. Here, the Customer
5 Class is comprised of the single largest group of the Debtor's creditors by far. And there is no
6 dispute that the Settlement benefits the Customer Class Members by offering them various
7 treatment options on account of their claims that allow them to be made whole again. And without
8 a settlement that wholly affects this sizeable group of creditors, the Debtor faces insurmountable
9 obstacles to confirming a plan.

10 In addition to benefiting the Customer Class Members, the Settlement also benefits the
11 general unsecured creditors who are not otherwise part of the Customer Class in the following
12 ways: (1) the Settlement decreases the aggregate amount of money that the Debtor would need to
13 pay to the Customer Class Members on account of their priority claims by allowing them to elect a
14 credit or coupon in lieu of cash payments, thereby freeing up funds that can be used to pay general
15 unsecured creditors down the line, and (2) the Settlement creates a path for the Debtor to confirm a
16 plan and avoid a conversion of its case to chapter 7, where general unsecured creditors will almost
17 certainly recover nothing on account of their claims.

18 For these reasons, the Parties submit that approving the Settlement Agreement is in the
19 best interests of the Debtor's estate and all of its creditors.

20 **4.3 The Appointment of Atticus as the Settlement Administrator Is Appropriate.**

21 As set forth above, the Settlement proposes, and the Parties request, that the Court appoint
22 Atticus as the Settlement Administrator. As detailed above, the Class Counsel solicited bids from
23 multiple claims administrators, and Atticus submitted the lowest bid. *See* Lofton Decl. ¶ 8. In
24 addition, the Class Counsel has worked with Atticus in the past and believes that Atticus's bid is
25 reasonable and that Atticus is capable of administering the Settlement. *Id.*

26 Atticus will provide the standard settlement-administration duties as numerated above,
27 with the exception of the serving the Customer Class Notice, which will be handled by the Claims
28 Agent, at the Debtor's expense.

1 **4.4 The Proposed Form and Manner of Notice to the Customer Class Members**
2 **Are Sufficient.**

3 Civil Rule 23(e) provides that “[t]he court must direct notice in a reasonable manner to all
4 class members who would be bound by” the proposed settlement. Fed. R. Civ. P. 23(e)(1)(B). This
5 requirement is designed to “inform class members of the nature of the pending litigation; of the
6 settlement’s general terms; that completion information is available from court files; and that any
7 class member may appear and be heard at the fairness hearing.” *DeHoyos v. Allstate Corp.*, 240
8 F.R.D. 269, 300 (W.D. Tex. 2007). Proper notice “generally describes the terms of the settlement
9 in sufficient detail to alert those with adverse viewpoints to investigate and to come forward and to
10 be heard.” *Id.* (citing *In re Cement & Concrete Antitrust Litig.*, 817 F.2d 1435, 1440 (9th Cir.
11 1987)).

12 The Customer Class Notice outlines the terms of the Settlement, notifies the Customer
13 Class of the requested Class Expenses, and describes how to obtain a copy of the Settlement
14 Agreement. The Customer Class Notice also states the date, time, location, and purpose of the
15 Final Approval Hearing and describes the procedure for how to object to the Settlement.
16 Additionally, the instructions provided in the Customer Class Notice and Settlement Response
17 Form adequately inform a Customer Class Member as to how to properly complete, sign, and
18 return the Settlement Response Form.

19 As to the manner of notice, while giving notice by first-class mail may be the more
20 common practice, the Parties believe that giving notice to the Customer Class Members by email
21 will apprise them of their rights under the Settlement. The Debtor advises that (1) email is the best
22 manner to reach the Customer Class Members, (2) prior to this litigation, email was its primary
23 means of communication with the Customer Class Members, and (3) it has current email addresses
24 for all Customer Class Members. *See* Bencher Decl. ¶ 5. Nevertheless, in the alternative, the
25 Parties are prepared to give notice by first-class mail if the Court so orders.

26 For these reasons, the proposed form and manner of notice to the Customer Class Members
27 regarding the Settlement are sufficient and should be approved.

28 ///

1 **4.5 The Class Expenses Are Fair and Reasonable.**

2 The Class Expenses, in the form of the Administrative Costs, the Service Awards, and the
3 Class Counsel Fee Award, are fair and reasonable under the circumstances.

4 **4.5.1 Administrative Costs of the Settlement Administrator.**

5 The Parties request that the Court set **\$100,000** as the maximum compensation that the
6 Settlement Administrator is entitled to receive under the Settlement on account of its
7 Administrative Costs. As previously discussed, Atticus’s bid in the amount of \$64,317.00 is an
8 estimate that includes assumptions of certain unknown factors, such as the number of Customer
9 Class Members who will elect the Deferred Cash Payment Option and the number of rounds of
10 payments that the Debtor must make. In any case, the \$100,000 cap should be sufficient to cover
11 these factors and other potential contingencies.

12 **4.5.2 Service Awards for the Customer Class Representatives.**

13 In consideration for the Customer Class Representatives’ considerable proactive service in
14 this case on behalf of the Customer Class, the Parties request that the Court preliminarily approve
15 the Service Awards to the Customer Class Representatives in the amounts of (1) **\$10,000** to
16 Ms. Kearney, (2) **\$5,000** to Mr. Johnson, and (3) **\$5,000** to Sandi Shorago.

17 “[N]amed plaintiffs, as opposed to designated class members who are not named plaintiffs,
18 are eligible for reasonable incentive awards.” *Knight v. Red Door Salons, Inc.*, Case No. 08-01520
19 SC, 2009 WL 248367, at *7 (N.D. Cal. Feb. 2, 2009) (quoting *Staton v. Boeing Co.*, 327 F.3d 938,
20 977 (9th Cir. 2003)). The court has discretion to approve any incentive award and should consider
21 relevant factors, including (1) the actions the plaintiff has taken to protect the interests of the class;
22 (2) the degree to which the class benefited from those actions; and (3) the amount of time and
23 effort the plaintiff expended in pursuing the litigation. *See Staton*, 327 F.3d at 977. Federal courts
24 have recognized the appropriateness of incentive awards in similar actions. *See In re Mego Fin.*
25 *Corp. Sec. Litig.*, 213 F.3d 454, 463 (9th Cir. 2000) (approving \$5,000 incentive award to two
26 class representatives in settlement of \$1,725,000); *see also In re U.S. Bancorp Litig.*, 291 F.3d
27 1035, 1038 (8th Cir. 2002) (approving \$2,000 incentive awards to five class representatives in
28 settlement of \$3,000,000 to the class).

1 In this case, the requested Service Awards fall below the average enhancement award
2 according to one study. *See* Theodore Eisenberg & Geoffrey P. Miller, Incentive Awards to Class
3 Action Plaintiffs: An Empirical Study, 53 UCLA L. Rev. 1303, 1308 (2006) (concluding the
4 average award per class representative was \$15,992).

5 Ms. Kearney was instrumental in initiating the Civil Case and acting promptly to protect
6 the Customer Class's interests in this bankruptcy case. Lofton Decl. ¶ 10. Ms. Kearney has
7 expended significant efforts researching the Debtor's business practices, seeking out the Class
8 Counsel, assisting in the preparation of the complaint in the Civil Case, finding and producing
9 documents to assist in the litigation, and contacting witnesses who also provided valuable
10 discovery to the Class Counsel. *Id.*

11 Mr. Johnson and Ms. Shorago joined Ms. Kearney as class representatives in this
12 bankruptcy case. *Id.* ¶ 11. All three Customer Class Representatives (1) took a financial risk (and
13 will suffer actual detriment) by refraining from seeking chargebacks in order to represent the
14 Customer Class in this case; (2) met with and communicated with the Class Counsel on numerous
15 occasions; (3) detailed their experiences with the Debtor; (4) reviewed and commented on the
16 documents prepared by the Class Counsel; (5) reviewed the terms of and signed the Settlement
17 Agreement; and (6) assisted in the preparation of the Joint Motion. *Id.* Throughout this process,
18 the Customer Class Representatives have zealously advocated for the best interests of the
19 Customer Class, and there is no question that the Customer Class has benefited from results of
20 their efforts. *Id.*

21 In light of the work that the Customer Class Representatives have performed on behalf of
22 the Customer Class, the risks undertaken by them, and the results achieved through their efforts,
23 the requested Service Awards of \$10,000 and \$5,000, respectively, are reasonable and appropriate.

24 **4.5.3 Class Counsel Fee Award for the Class Counsel.**

25 The Class Counsel requests that the Court preliminarily approve the Class Counsel Fee
26 Award in the amount of **\$600,000** for their work performed in this matter benefiting the Customer
27 Class. The Class Counsel is responsible for preserving approximately \$9,923,582.30 in value for
28 the Customer Class, a figure which represents the aggregate amount of the claims held by

1 approximately 9,250 Customer Class Members. Out of that monetary figure, approximately
2 \$4,351,274.86 represents the claims of those 4,106 Customer Class Members who are eligible to
3 elect the New Credit Option, New Coupon Option, or Deferred Cash Payment Option. To put the
4 requested Class Counsel Fee Award in context, \$600,000 represents approximately 6.05% of the
5 \$9,923,582.30 in claims held by all Customer Class Members and approximately 13.79% of the
6 \$4,351,274.86 in claims held by those Customer Class Members eligible to elect one of the three
7 treatment options now offered under the Settlement.

8 “The percentage method [of calculating reasonable attorneys’ fees] is particularly
9 appropriate in common fund cases where ‘the benefit to the class is easily quantified.’”
10 *Bellinghausen v. Tractor Supply Co.*, 306 F.R.D. 245, 260 (9th Cir. 2015) (citing *Ontiveros v.*
11 *Zamora*, 303 F.R.D. 356, 372 (E.D. Cal. 2014)). And “[t]he Ninth Circuit has permitted courts to
12 award attorney’s fees using this method ‘in lieu of the often more time-consuming task of
13 calculating the lodestar.’” *Ontiveros*, 303 F.R.D. at 372 (citing *In re Bluetooth Headset Prods.*
14 *Liab. Litig.*, 654 F.3d 935, 941 (9th Cir. 2011)).

15 In the Ninth Circuit, a 25% award is the “benchmark” amount of attorneys’ fees, but courts
16 may adjust this figure upwards or downwards if the record shows “‘special circumstances’
17 justifying a departure.” *Bellinghausen*, 306 F.R.D. at 260 (quoting *Six Mexican Workers v. Ariz.*
18 *Citrus Growers*, 904 F.2d 1301, 1311 (9th Cir. 1990)). Such circumstances may include taking
19 into account the equities of the case. *In re Wash. Pub. Power Supply Sys. Sec. Litig.*, 19 F.3d 1291,
20 1296 (9th Cir. 1994) (quoting *Six Mexican Workers*, 904 F.2d at 1311); *see also In re Oracle Sec.*
21 *Litig.*, 852 F. Supp. 1437, 1450 (N.D. Cal. 1994) (“[T]he Ninth Circuit has made clear that courts
22 may adjust a percentage fee award upward or downward to take into account any equities created
23 by the attorney time and effort devoted to the case.”).

24 To start, the fee percentages represented by the Class Counsel Fee Award sought by the
25 Class Counsel are far below the 25% benchmark in class-action cases in the Ninth Circuit. *See*
26 *Torrissi v. Tucson Electric Power Co.*, 8 F.3d 1370, 1376 (9th Cir. 1993); *see also Vizcaino v.*
27 *Microsoft Corp.*, 290 F.3d 1043, 1050 (9th Cir. 2002) (citing *Paul, Johnson, Alston & Hunt v.*
28 *Grauly*, 886 F.2d 268, 272 (9th Cir. 1989)).

1 The fee award the Class Counsel now seeks is appropriate compensation for the effort and
2 risk involved in obtaining the results achieved. The Class Counsel obtained an exceptional result
3 for the Customer Class. From the Debtor’s initial position in April 2020 that it would not refund
4 *anything* to the Customer Class Members, the Class Counsel have negotiated a settlement under
5 which a Customer Class Member now has the option of being effectively repaid 100% of their
6 claim. While that claim will be paid over time, the Customer Class Member will be entitled to
7 receive 5% annual interest until that claim has been paid. Nevertheless, it is questionable whether,
8 without the involvement of the Class Counsel, a Customer Class Member would have been able to
9 protect its rights as a holder of a priority claim that is entitled to preferential treatment. In addition,
10 through the Class Counsel’s efforts, a Customer Class Member also had or will have the voluntary
11 opportunity to select an immediately available credit or unlimited-use coupon—the latter of which
12 could result in the Customer Class Member recovering a value that potentially exceeds the value
13 of their claim.

14 The risks involved in this case have been substantial given the contingent nature of the
15 Class Counsel’s fees. The Class Counsel initiated this litigation in the Civil Case, which led to
16 Debtor initiating this bankruptcy case. With class certification being an unusual issue in
17 bankruptcy cases and the Customer Class not being certified until six months into the bankruptcy
18 case, the Class Counsel could well have gone uncompensated for the extensive work performed
19 with no guarantee of recovering their fees.

20 Additional work was available to the Class Counsel that they had to forgo to devote the
21 time necessary to represent the Customer Class in this litigation. *See* Lofton Decl. ¶ 12; Rallis
22 Decl. ¶ 3. The Class Counsel also anticipates additional work will be required in this matter for the
23 next five years in connection with the administration of the Settlement, essentially until the
24 reorganized Debtor has completed all payment obligations under the Settlement. Lofton Decl.
25 ¶ 12; Rallis Decl. ¶ 3.

26 The work submitted by the Class Counsel speaks for itself in terms of its quality and the
27 results it achieved. The quality of opposing counsel is also important to evaluating the quality of
28 the work done by the Class Counsel. Here, Hanson Bridgett LLP, a sizeable law firm with

1 extensive experience in handling complex litigation and bankruptcy matters, represented the
2 Debtor, and Levene Neale Bender Yoo & Brill, LLP, a boutique insolvency law firm with highly
3 reputable credentials, represented the Official Committee of Unsecured Creditors.

4 In the end, the quality of the results obtained, the contingent nature of the case, the other
5 work foregone by the Class Counsel, the complexity and potential duration of the case, and the
6 presence of experienced and resourceful opposition collectively weigh in favor of allowing the
7 Class Counsel Fee Award as requested.

8 **4.5.4 Division of the Class Counsel Fee Award.**

9 The law firms Aiman-Smith & Marcy, P.C. ("Aiman-Smith & Marcy") and Hahn & Hahn
10 LLP ("Hahn & Hahn") both have written fee agreements with the Customer Class Representatives
11 and with each other, which provide for the Class Counsel Fee Award to be equitably split between
12 the two firms. Lofton Decl. ¶ 13; Rallis Decl. ¶ 4. However, an issue may arise with respect to the
13 fees awarded to the Class Counsel or how those fees are divided between the Class Counsel, as a
14 third law firm, Anglin Flewelling & Rasmussen LLP (formerly Anglin Flewelling Rasmussen
15 Campbell & Trytten LLP) ("AFRCT"), has claimed that it is entitled to a portion of those fees.
16 Rallis Decl. ¶ 5.

17 Dean G. Rallis Jr. and Matthew D. Pham, the two attorneys from Hahn & Hahn who have
18 been working on this matter, were previously employed by AFRCT until May 15, 2020. *Id.* ¶ 6.
19 During a brief, roughly one-week period ending on May 15, 2020, Messrs. Rallis and Pham
20 performed some work for Ms. Kearney in connection with this matter. *Id.* However, AFRCT did
21 not have any kind of engagement letter or written fee agreement with Ms. Kearney. *Id.*

22 Effective on May 16, 2020, Messrs. Rallis and Pham were employed by Hahn & Hahn. *Id.*
23 ¶ 7. Ms. Kearney subsequently entered into a written contingency-fee agreement with Hahn &
24 Hahn after expressing a desire to work with Mr. Rallis specifically. *Id.* No inappropriate
25 solicitation occurred. *Id.*

26 AFRCT has since made a demand that it be paid 50% of any fees awarded in this matter.
27 *Id.* ¶ 8. And despite AFRCT's lack of a written fee agreement with any of the Customer Class
28 Representatives, the Customer Class Representatives have no issue with awarding reasonable fees

1 to AFRCT on a quantum meruit basis for the number of hours worked on this matter by any
2 attorneys at AFRCT, at their respectively hourly rates, up until May 15, 2020. *Id.* It is unclear
3 whether this proposal is acceptable to AFRCT. *Id.*

4 To the extent appropriate, the Customer Class Representatives request that the Court
5 confirm that any fees award in this matter is to be allocated between Aiman-Smith & Marcy and
6 Hahn & Hahn (i.e., the two law firms appointed by this Court as co-counsel for the Customer
7 Class) and that AFRCT be paid its reasonable quantum meruit fees out of that award.

8 **4.5.5 The Disbursement Priority Scheme.**

9 In addition to approving the amounts of the Administrative Costs, the Class Counsel Fee
10 Award, and the Service Awards, the Parties further request that the Court approve the
11 Disbursement Priority Scheme established under the Settlement, which addresses the priority that
12 funds are to be disbursed to the Settlement Administrator, the Class Counsel, the Customer Class
13 Representatives, and the Customer Class Members who elected the Deferred Cash Payment
14 Option. In particular, the Disbursement Priority Scheme effectively provides that the Customer
15 Class Members who elect the Deferred Cash Payment Option will not begin receiving any
16 payments until all payments due to the Class Counsel and Customer Class Representatives (i.e., on
17 account of the Class Counsel Fee Award and Service Awards, respectively) have been made.

18 Such a priority scheme is appropriate under the circumstances given that the amounts to be
19 paid by the Debtor in the initial rounds of payments under the Settlement are smaller amounts that
20 would result in the Customer Class Members receiving checks of nominal amounts.

21 **4.6 The Court Should Schedule the Final Approval Hearing and Otherwise Adopt** 22 **the Parties' Proposed Timetable.**

23 In addition to preliminary approval, a class settlement requires final approval after a
24 fairness hearing, at which class members may appear and formally raise objections, if any. *See*
25 Fed. R. Civ. P. 23(e)(2), (e)(5).

26 The Parties propose that the Court schedule the Final Approval Hearing but request that
27 the Court first determine that the notice requirements under the Class Action Fairness Act of 2005
28 do not apply to this proceeding. Specifically, for any proposed settlement in a "class action,"

1 notice of the proposed settlement must be served on certain federal and state officials, *see* 28
 2 U.S.C. § 1715(b), and an order granting final approval of a proposed settlement may not be
 3 entered until 90 days after such service, *see id.* § 1715(d). However, those notice requirements are
 4 only applicable in a “class action,” which is statutorily defined as a “civil action filed in a district
 5 court of the United States under rule 23 of the Federal Rules of Civil Procedure or any civil action
 6 that is removed to a district court of the United States.” *Id.* § 1711(2). Although the Court applied
 7 the provisions of Civil Rule 23 to this bankruptcy case, via Bankruptcy Rules 7023 and 9014, the
 8 Parties contend that this bankruptcy case does not constitute a “class action” within the meaning of
 9 § 1711, rendering the 90-day notice requirement under § 1715 inapplicable. Nevertheless, as a
 10 courtesy, the Parties will serve copies of the documents identified in § 1715(b) to the appropriate
 11 federal and state officials identified in § 1715(a).

12 In the event that the Court determines that the 90-day notice requirement is inapplicable in
 13 this bankruptcy case, the Parties request that the Court adopt the following timetable for final
 14 approval of the Settlement Agreement and confirmation of the Plan:

Action or Deadline	Proposed Date	Days Before Final Approval Hearing	Days After Preceding Action or Deadline
Filing of Preliminary Approval Motion	Dec. 2, 2020	76 days	—
Filing of Amended Plan and Disclosure Statement			
Preliminary Approval Hearing	Dec. 22, 2020	56 days	20 days
Disclosure Statement Hearing			
Service of Customer Class Notice	Jan. 5, 2021	42 days	14 days
Service of Plan and Disclosure Statement			
Filing of Final Approval Motion	Jan. 19, 2021	28 days	14 days
Filing of Declaration of Due Diligence			

1 DATED: December 2, 2020

HAHN & HAHN LLP

2

3

By: /s/ Dean G. Rallis Jr.

4

Dean G. Rallis Jr.

5

Attorneys for Nanette Kearney, Krister Johnson,
and Sandra Shorago, Creditors and Class
Representatives

6

7 DATED: December 2, 2020

HANSON BRIDGETT LLP

8

9

By: /s/ Neal L. Wolf

10

Neal L. Wolf

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Attorneys for Galileo Learning, LLC, Debtor and
Debtor in Possession

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Exhibit 1

CLASS SETTLEMENT AGREEMENT

This Class Settlement Agreement (this “Settlement Agreement,” “Settlement,” or “Agreement”), dated as of December 2, 2020, is entered into by and between (a) Nanette Kearney, Krister Johnson, and Sandra Shorago (each a “Customer Class Representative,” and collectively, the “Customer Class Representatives”), on behalf of themselves and in their capacity as representatives of the Customer Class (as that term is defined herein), and (b) Galileo Learning, LLC (“Galileo” or the “Debtor”), on behalf of itself and in its capacity as the debtor in possession and representative of the Estate (as that term is defined herein), and is effective on the Effective Date (as that term is defined herein). The Customer Class Representatives and the Debtor are referred to collectively as the “Parties” and individually as a “Party.”

1. INTERPRETATION

- 1.1. **Defined Terms.** Except as otherwise defined in this Agreement, or the context otherwise requires, all capitalized terms that appear in this Agreement, when used in this Agreement, shall have the respective meanings set forth in **Exhibit A** hereto.
- 1.2. **Rules of Interpretation.** The following rules of interpretation shall apply in interpreting this Agreement:
 - (a) Unless otherwise specified, any reference to a “Section” or an “Exhibit” is a reference to a section of or an exhibit to this Agreement, respectively;
 - (b) Any Exhibit is incorporated into this Agreement and deemed to be included in and part of this Agreement;
 - (c) Whenever the context so requires, (1) any term stated in the singular or the plural (e.g., it/its or they/their) includes both the singular and the plural, and (2) any term stated in the masculine, feminine, or neuter gender (e.g., he/his, she/her, or it/its) includes the masculine, feminine, and neuter genders;
 - (d) Unless otherwise specified, the phrase “under this Agreement” or any similar word or phrase (e.g., “of this Agreement,” “in this Agreement,” “hereunder,” “hereof,” “herein,” etc.) refers to this Agreement in its entirety, rather than to only a particular portion or portions of this Agreement;
 - (e) Any caption or heading to a Section or an Exhibit is inserted only as a matter of convenience and for reference and is not intended to (1) be part of this Agreement, (2) define, limit, extend, or describe the scope of this Agreement, or (3) otherwise affect the interpretation or construction of this Agreement;
 - (f) Any use of “include,” “includes,” or “including” is without limitation, whether stated or not;

- (g) Unless otherwise specified, any reference to an agreement, contract, instrument, release, or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in that form or substantially on those terms and conditions; and
- (h) Unless otherwise specified, any reference to an existing document, schedule, or exhibit means such document, schedule, or exhibit, as it may have been or may be amended, restated, supplemented, or otherwise modified from time to time.

2. RECITALS

- 2.1. From late 2019 to early 2020, thousands of individuals paid money to or for the benefit of Galileo as deposits for Galileo's in-person camp programs scheduled for 2020 and other goods and services offered in connection with those camp programs. However, due to the Covid-19 pandemic and the governmental orders and directives in response thereto, in April 2020, Galileo canceled all of its camp programs and was unable to, and did not, provide refunds to any individuals.
- 2.2. On April 23, 2020, Nanette Kearney, on behalf of herself and others similarly situated, filed a class action complaint against Galileo, its affiliate Galileo Learning Franchising LLC, and its principal Glen Tripp in the United States District Court for the Northern District of California, commencing the Civil Case.
- 2.3. On May 6, 2020, Galileo filed a voluntary petition under chapter 11 of the Bankruptcy Code in the Court, commencing the Chapter 11 Case, which is being jointly administered with the chapter 11 case of Galileo Learning Franchising LLC. The Civil Case remains pending but has been stayed due to the automatic stay.
- 2.4. In its first-day motions filed in the Chapter 11 Case, Galileo acknowledged that "some 10,585 families . . . had paid, in the aggregate, approximately \$11,636,780 . . . in 'tuition' for this Summer's programs."
- 2.5. On May 20, 2020, the Court entered the Summer 2020 Settlement Order in the Chapter 11 Case, which authorized Galileo to present the Summer 2020 Settlement Offer to the Customers. Under the Summer 2020 Settlement Offer, a Customer had until June 26, 2020, to elect the Credit Option or Coupon Option, if they so desired, or the Customer could make no election and retain their monetary Claim. Galileo estimates that (a) 4,054 Customers holding Claims totaling \$4,497,008.15 timely elected the Credit Option in response to the Summer 2020 Settlement Offer, and (b) 1,090 Customers holding Claims totaling \$1,075,299.29 timely elected the Coupon Option in response to the Summer 2020 Settlement Offer.
- 2.6. Some Customers sought a return or refund of some or all of their money paid to Galileo by pursuing a chargeback through their payment issuer. Those who were refunded all of their money by their payment issuer would be made whole and no longer hold any Claim, while those who were refunded less than all of their money would still hold a Claim but in a reduced amount. Galileo estimates that, as of

November 13, 2020, (a) 1,229 Customers, who had held Claims totaling \$1,561,873.75, received all of their money back through a chargeback, (b) 63 Customers, who had held Claims totaling \$104,867.28, received some of their money back through a chargeback (with those chargebacks totaling \$73,065.63 and those Customers' remaining Claims then totaling \$31,801.65), and (c) 17 Customers, who had held Claims totaling \$26,613.75, received back, through a chargeback, more than what they had originally paid (with those chargebacks totaling \$34,395.71 and those Customers then altogether owing Galileo \$7,781.96).

- 2.7. On August 5, 2020, Nanette Kearney, on behalf of herself and others similarly situated, filed the *Class Representative's Motion for Order Applying Civil Rule 23 to Claims Administration Process and Authorizing Filing of Class Proof of Claim* in the Chapter 11 Case, at docket no. 148.
- 2.8. On October 13, 2020, Nanette Kearney, Sandra Shorago, and Krister Johnson, on behalf of themselves and others similarly situated, filed the *Supplement to Class Representative's Motion for Order Applying Civil Rule 23 to Claims Administration Process and Authorizing Filing of Class Proof of Claim* in the Chapter 11 Case, at docket no. 202.
- 2.9. On November 9, 2020, the Court entered the Class Certification Order in the Chapter 11 Case, which (a) made Civil Rule 23, via Bankruptcy Rule 7023, via Bankruptcy Rule 9014(c), applicable to the claims administration process in the Chapter 11 Case, (b) certified the Customer Class as a "mandatory" class under Civil Rule 23(b)(1)(B), (c) designated the three Customer Class Representatives as the representatives of the Customer Class, (d) appointed the Class Counsel as co-counsel for the Customer Class, and (e) authorized the Customer Class Representatives to file a class proof of claim on behalf of the Customer Class.
- 2.10. Following the entry of the Class Certification Order, Galileo provided the Customer Class Representatives certain information regarding the Customers and their Claims. Based upon that information, the Customer Class Representatives estimate that, as of November 13, 2020,
 - (a) Approximately 1,246 Customers formerly holding Claims totaling approximately \$1,588,487.50 are Made-Whole Customers (i.e., excluded from the Customer Class); and
 - (b) Approximately 9,250 Customers holding Claims totaling approximately \$9,923,582.30 are Customer Class Members (i.e., included in the Customer Class), out of which
 - (1) Approximately 4,054 Customers holding Claims totaling approximately \$4,497,008.15 previously made a timely election of the Credit Option in response to the Summer 2020 Settlement Offer,

- (2) Approximately 1,090 Customers holding Claims totaling approximately \$1,075,299.29 previously made a timely election of the Coupon Option in response to the Summer 2020 Settlement Offer, and
- (3) Approximately 4,106 Customers holding Claims totaling approximately \$4,351,274.86 did not previously make a timely election of the Credit Option or Coupon Option in response to the Summer 2020 Settlement Offer.

Accordingly, the Customer Class Representatives estimate that the amount of the Customer Class Representative Claim is approximately \$9,923,582.30, which is comprised of approximately 9,250 individual Customer Class Member Claims.

- 2.11. On November 18, 2020, the Customer Class Representatives filed the Class Proof of Claim in the Chapter 11 Case, asserting the Customer Class Representative Claim in the amount of \$9,923,582.30, of which \$9,740,318.10 is asserted to be a priority unsecured claim under § 507(a)(7) of the Bankruptcy Code and \$183,264.20 is asserted to be a nonpriority unsecured claim.
- 2.12. Throughout the pendency of the Chapter 11 Case, the Class Counsel and Debtor's Counsel have engaged in extensive, arms'-length negotiations to reach an accord, whereby the Customer Class Members could receive the best possible treatment on account of their Customer Class Member Claims given the present circumstances and Galileo could avoid the cessation of its business and liquidation of its assets through a conversion of the Chapter 11 Case to one under chapter 7 of the Bankruptcy Code. The Parties acknowledge that in the event of such conversion, each Customer Class Member would recover significantly less than the amount of their Customer Class Member Claim.
- 2.13. The Parties have agreed to settle the claims, disputes, and issues relating to the Customer Class and the treatment of the Customer Class Member Claims in accordance with the terms of this Agreement, subject to the Court's Final Approval of this Agreement and confirmation of the Plan.

3. SETTLEMENT TERMS AND CONDITIONS

- 3.1. **Recitals.** The recitals under Section 2 hereof are incorporated by this reference as though fully set forth herein and shall constitute a part of this Agreement.
- 3.2. **Approval and Effectiveness of Settlement.**
 - 3.2.1. **Effective Date.** This Agreement shall become binding and effective on the first Business Day after which each of the following conditions has been satisfied (the "Effective Date"):
 - (a) Each Party has executed and delivered this Agreement;

- (b) The Court has granted Preliminary Approval of this Agreement and entered the Preliminary Approval Order in the Chapter 11 Case, in a form and in substance reasonably satisfactory to the Parties;
- (c) The Court has granted Final Approval of this Agreement and entered the Final Approval Order in the Chapter 11 Case, in a form and in substance reasonably satisfactory to the Parties;
- (d) The Final Approval Order has become a Final Order;
- (e) The Debtor has filed the Plan in the Chapter 11 Case, in a form and in substance consistent with this Agreement;
- (f) The Court has confirmed the Plan and entered the Confirmation Order in the Chapter 11 Case; and
- (g) The Confirmation Order has become a Final Order.

Notwithstanding the foregoing, the Parties shall comply in good faith with all obligations set forth herein that arise prior to the Effective Date in order to effectuate and implement this Agreement on and after the Effective Date.

- 3.2.2. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Debtor, Estate, Customer Class Representatives, Customer Class Members, and their respective successors, transferees, heirs, and assigns, including the Reorganized Debtor or any other entity into which the Debtor may reorganize.
- 3.2.3. **Exclusion of Made-Whole Customers.** A Made-Whole Customer is not or no longer considered a member of the Customer Class. Accordingly, nothing contained in this Agreement shall be construed as granting or conferring any rights or benefits to any Made-Whole Customers.
- 3.2.4. **Absence of Court Approval.** If the Court (a) declines to grant Preliminary or Final Approval of all material terms of this Agreement or (b) orders that Preliminary or Final Approval of this Agreement is conditioned upon material alterations to this Agreement to which the Parties do not agree, this Agreement shall be deemed null and void, and the Parties shall have no further obligations under this Agreement, with all rights expressly reserved by the Parties. For the avoidance of doubt, material alterations include changes to the benefits provided to the Customer Class Members or the timeframe for making any Settlement Disbursements.
- 3.2.5. **Minor Alterations.** The Court may make minor alterations to the terms of this Agreement that the Court deems necessary to grant Preliminary or

Final Approval thereof, and the Court, in its discretion, may hear argument from the Parties regarding any minor alterations or may make any minor alterations without further input from the Parties. Any minor alterations to this Agreement by the Court shall be reflected in the Preliminary Approval Order or Final Approval Order, as applicable, and deemed incorporated into this Agreement and immediately effective, unless otherwise specified by the Court. For the avoidance of doubt, minor alterations include changes to the procedure of settlement administration, the form and manner of notice to the Customer Class Members regarding this Agreement, or the timeframe for seeking Final Approval.

3.3. Settlement Treatment Provided to Customer Class Members.

3.3.1. Prior Election Made.

3.3.1.1. **Prior Election of Credit Option.** A Customer Class Member who previously made a timely election of the Credit Option in response to the Summer 2020 Settlement Offer shall, in full satisfaction, discharge, exchange, and release of their Customer Class Member Claim, continue to receive and retain the rights and benefits of the Credit Option, the terms and conditions of which are set forth in the Summer 2020 Settlement Order, and on the Effective Date, the Reorganized Debtor shall assume all of the Debtor's obligations in connection therewith.

3.3.1.2. **Prior Election of Coupon Option.** A Customer Class Member who previously made a timely election of the Coupon Option in response to the Summer 2020 Settlement Offer shall, in full satisfaction, discharge, exchange, and release of their Customer Class Member Claim, continue to receive and retain the rights and benefits of the Coupon Option, the terms and conditions of which are set forth in the Summer 2020 Settlement Order, and on the Effective Date, the Reorganized Debtor shall assume all of the Debtor's obligations in connection therewith.

3.3.1.3. **Disclosure Regarding Benefits.** For the avoidance of doubt, any Customer Class Member who previously made a timely election of the Credit Option in response to the Summer 2020 Settlement Offer is not entitled to receive the same rights and benefits of the Credit Option now offered to an Electing Customer Class Member under this Agreement (as set forth in **Exhibit B** hereto), and any Customer Class Member who previously made a timely election of the Coupon Option in response to the Summer 2020 Settlement Offer is not entitled to receive the same rights and benefits of the Coupon Option now offered to an Electing Customer Class Member under this Agreement (as set forth in **Exhibit C** hereto). The rights and

benefits of the Credit Option and Coupon Option offered under the Summer 2020 Settlement Offer are as set forth in the Summer 2020 Settlement Order.

3.3.2. **No Prior Election Made.**

3.3.2.1. **Available Treatment Options.** An Electing Customer Class Member (i.e., a Customer Class Member who did not previously make a timely election of the Credit Option or Coupon Option in response to the Summer 2020 Settlement Offer) shall elect one of the following three Treatment Options in full satisfaction, discharge, exchange, and release of their Customer Class Member Claim:

- (a) The Credit Option, as set forth in **Exhibit B** hereto;
- (b) The Coupon Option, as set forth in **Exhibit C** hereto;
or
- (c) The Deferred Cash Payment Option, as set forth in **Exhibit D** hereto.

3.3.2.2. **Election of Treatment Option.** An Electing Customer Class Member has made a timely and effective election of a Treatment Option if

- (a) The Electing Customer Class Member completed and executed the Settlement Response Form, in which they marked the appropriate box for their elected Treatment Option; and
- (b) The Electing Customer Class Member returned the Settlement Response Form to the Settlement Administrator in an authorized manner, such that it was actually received by the Settlement Response Deadline.

3.3.2.3. **Failure to Make Election.** An Electing Customer Class Member who has not made a timely and effective election of any Treatment Option shall be deemed to have elected the Deferred Cash Payment Option.

3.3.3. **Tax Consequences.** In the Customer Class Notice, notice shall be given advising each Customer Class Member to seek their own personal tax advice regarding (a) any potential tax consequences of receiving the Credit, Coupon, or Deferred Cash Payments and (b) if applicable, any potential tax consequences from the reduction or adjustment in their rights and benefits to the Credit, Coupon, or Deferred Cash Payments to account for the Administrative Costs, Class Counsel Fee Award, and Service

Awards. **For the avoidance of doubt, the Debtor, Debtor's Counsel, Customer Class Representatives, and Class Counsel have not made, and are not making in connection with this Agreement, any representations regarding possible tax consequences relating to the Credit, Coupon, or Deferred Cash Payments, and the Debtor, Debtor's Counsel, Customer Class Representatives, and Class Counsel shall not be held responsible for any such tax consequences.**

3.4. **Plan-Related Provisions Affecting Customer Class Members.**

- 3.4.1. **Incorporation of Settlement.** The Debtor shall incorporate this Agreement in the Plan by reference but need not attach a copy of this Agreement as an exhibit to the Plan.
- 3.4.2. **Conflicting Provisions.** Except to the extent waived by the Customer Class Representatives in writing, the Debtor shall not file or propose an iteration of the Plan in the Chapter 11 Case that conflicts or is inconsistent with this Agreement. To the extent that there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Plan Document (i.e., the Plan, without incorporating this Agreement or any provision hereof), the provisions of this Agreement shall control.
- 3.4.3. **Allowed Customer Class Representative Claim.** The Debtor shall not file an objection to the Class Proof of Claim or otherwise object to the allowance of the Customer Class Representative Claim in the Chapter 11 Case, except to the extent that the Customer Class Representative Claim is considered to be inconsistent with the following provisions:
- (a) For pre-confirmation purposes (including Plan-voting purposes), the Customer Class Representative Claim is an Allowed Customer Class Representative Claim in the estimated amount of \$9,923,582.30, of which \$9,740,318.10 is a priority unsecured claim under § 507(a)(7) of the Bankruptcy Code and \$183,264.20 is a nonpriority unsecured claim; and
 - (b) For post-confirmation purposes (including Plan-compliance or Plan-performance purposes), the Customer Class Representative Claim is an Allowed Customer Class Representative Claim in the amount equal to the aggregate amount of all Allowed Customer Class Member Claims.
- 3.4.4. **Effect of Filed Proofs of Claim.** To the extent that a Customer Class Member has filed a Proof of Claim on account of their Customer Class Member Claim in the Chapter 11 Case, such Customer Class Member Claim shall (a) be deemed duplicative of the corresponding portion of the Customer Class Representative Claim for Plan-related purposes and (b) not be individually or separately placed in a class under the Plan

(except to the extent that such Customer Class Member Claim is considered part of the Customer Class Representative Claim that is already placed in a class under the Plan).

- 3.4.5. **Plan Classification.** The Plan shall place the Customer Class Representative Claim in a single class, and no other Claims shall be placed in that class (except to the extent that a Customer Class Member Claim is considered to be a separate Claim). To the extent that the Court requires that the Customer Class Representative Claim be bifurcated and that the bifurcated portions thereof be placed into two separate subclasses under the Plan, the single class under the Plan shall be deemed to be two separate subclasses (with each subclass containing the appropriate bifurcated portion of the Customer Class Representative Claim), and a ballot voted in the single class by the Customer Class Representatives shall be deemed to be a ballot voted in each subclass.
- 3.4.6. **Plan Treatment.** In the class containing the Customer Class Representative Claim, the Plan shall provide that a Customer Class Member, as an individual holder of a Customer Class Member Claim (that comprises part of the Customer Class Representative Claim), shall receive, on account of such Customer Class Member Claim, the applicable treatment provided in this Agreement.
- 3.4.7. **Plan Disbursements to Junior Creditors.** Until and unless all Deferred Cash Payments have been made and all Customer Class Members who elected the Deferred Cash Payment Option have otherwise received the maximum recovery permitted under this Agreement, the Reorganized Debtor shall not make any Plan Disbursements to any holder of a Claim on account thereof, to the extent that such Claim is (a) junior in priority to the portion of the Customer Class Representative Claim that constitutes a priority unsecured claim under § 507(a)(7) of the Bankruptcy Code and (b) not a Customer Class Member Claim. Notwithstanding the foregoing, the Reorganized Debtor may, in its discretion, make Plan Disbursements to the holders of a Claim in the class under the Plan consisting of nonpriority unsecured claims held primarily by trade creditors if
- (x) Such Plan Disbursements are made no earlier than May 1, 2024;
 - (y) At the time that such Plan Disbursements are made, each Customer Class Member who elected the Deferred Cash Payment Option has already received Deferred Cash Payments in the aggregate amount equal to 75.0% of their Effective Date Principal; and

- (z) The aggregate amount of such Plan Disbursements does not exceed the lesser of (1) 50.0% of the allowed Claims in such class under the Plan or (2) \$200,000.

The language in this Section shall be expressly included in the Plan.

3.4.8. **Plan Voting.** In the class containing the Customer Class Representative Claim, the Plan shall provide that (a) the Customer Class Representatives, as the representative holders of the Customer Class Representative Claim, shall be entitled to vote on the Plan, via a single, joint ballot, on account of the Customer Class Representative Claim (and all Customer Class Member Claims), and (b) no Customer Class Members shall be entitled to individually or separately vote on the Plan on account of their Customer Class Member Claim.

3.4.9. **Plan Acceptance and Consent.** If the Plan is in a form and in substance consistent with this Agreement, the Customer Class Representatives shall vote to accept the Plan and provide their affirmative consent to the Plan's treatment of the Customer Class Representative Claim (and all Customer Class Member Claims) to the extent that such treatment is deemed different than the treatment otherwise required under § 1129(a)(9)(B) of the Bankruptcy Code.

3.5. **Payments to Customer Class Representatives.**

3.5.1. **Service Award.** Each Customer Class Representative shall receive, in addition to the Treatment Option elected on account of their Customer Class Member Claim, a Service Award on account of their services as a designated representative of the Customer Class. Subject to the approval of the Court, the Customer Class Representatives will request that the Service Awards be allowed in the following amounts:

- (a) For Nanette Kearney, in an amount not to exceed \$10,000; and
- (b) For Sandra Shorago and Krister Johnson, in an amount not to exceed \$5,000 (for each).

The Debtor shall not object to the allowance of the above requested Service Awards.

3.5.2. **Service Payments.** The Settlement Administrator shall make the Service Payments to the Customer Class Representatives in accordance with the Disbursement Schedule and subject to the Disbursement Priority Scheme. No taxes will be deducted or withheld from any Service Payments, and the Reorganized Debtor shall instead issue a Form 1099 to each Customer Class Representative, with respect to the Service Payments received thereby.

3.6. **Payments to Class Counsel.**

- 3.6.1. **Class Counsel Fee Award.** The Class Counsel shall receive the Class Counsel Fee Award on account of their services as the appointed co-counsel for the Customer Class. Subject to the approval of the Court, the Class Counsel will request that the Class Counsel Fee Award be allowed in an amount of not to exceed \$600,000 (representing approximately 6.05% of the estimated aggregate amount of the Customer Class Member Claims held by all Customer Class Members and approximately 13.79% of the estimated aggregate amount of the Customer Class Member Claims held by the Electing Customer Class Members). The Debtor shall not object to the allowance of the above requested Class Counsel Fee Award.
- 3.6.2. **Class Counsel Fee Payments.** The Settlement Administrator shall make the Class Counsel Fee Payments to the Class Counsel in accordance with the Disbursement Schedule and subject to the Disbursement Priority Scheme. No taxes will be deducted or withheld from any Class Counsel Fee Payments, and the Reorganized Debtor shall instead issue a Form 1099 to the Class Counsel, with respect to the Class Counsel Fee Payments received thereby.

3.7. **Settlement Administrator.**

- 3.7.1. **Appointment.** The Settlement Administrator shall be appointed by the Court in the Preliminary Approval Order, provided that such appointment is conditioned upon the Settlement Administrator agreeing to be bound by this Agreement with respect to the performance of the duties and services and the compensation set forth herein.
- 3.7.2. **Selection.** The Parties will request that the Court appoint Atticus Administration, Inc. (“Atticus”) as the Settlement Administrator. To the extent necessary, the Parties shall execute a joint retention agreement with Atticus, provided that such joint retention agreement is not inconsistent with the terms set forth in this Agreement. In the event that Atticus is not appointed by the Court as the Settlement Administrator, or is unable to administer the Settlement on the terms set forth herein, the Parties will request that the Court appoint another third party as the Settlement Administrator mutually agreeable to the Parties.
- 3.7.3. **Duties.** The Settlement Administrator shall administer the Settlement established by this Agreement, subject to monitoring by the Class Counsel and the Debtor or Reorganized Debtor, as applicable. The Class Counsel, Debtor, and Reorganized Debtor shall cooperate with the Settlement Administrator in connection with the performance of its duties and services set forth in this Agreement or any other function or service necessary to administer the Settlement.

- 3.7.3.1. **Pre-Effective Date Duties.** Prior to the Effective Date, the Settlement Administrator shall be responsible for, without limitation, (a) establishing the Customer Database; (b) establishing the Settlement Website; (c) replicating all Customer Website Data from the Customer Database to the Settlement Website; (d) creating an online version of the Settlement Response Form on the Settlement Website; (e) responding to inquiries from the Customer Class Members, as appropriate; (f) receiving, processing, and evaluating the Settlement Response Forms; and (g) collecting, updating, and storing all applicable Supplemental Customer Data in the Customer Database.
- 3.7.3.2. **Post-Effective Date Duties.** On and after the Effective Date, the Settlement Administrator shall be responsible for, without limitation, (a) receiving funds from the Reorganized Debtor on account of Settlement Disbursements to be made on a Disbursement Date; (b) assessing and confirming with the Reorganized Debtor how those funds are to be allocated; (c) printing and mailing checks to the Class Counsel, Customer Class Representatives, or Customer Class Members with respect to their applicable Settlement Disbursements; (d) providing all applicable Reporting Data to the Reorganized Debtor for its periodic reports; (e) collecting, updating, and storing all applicable Customer Treatment Data in the Customer Database on a quarterly basis; (f) responding to inquiries from the Customer Class Member, as appropriate; and (g) all other tasks necessary to administer the Settlement and agreed to in writing by the Parties and the Settlement Administrator.

- 3.7.4. **Administrative Costs.** The Settlement Administrator shall be compensated for all Administrative Costs charged or incurred by the Settlement Administrator through the date on which all Settlement Disbursements have been made under this Agreement; provided, however, that in no event shall the aggregate compensation paid to the Settlement Administrator under this Agreement exceed \$100,000 or such other amount mutually agreeable to the Parties and Settlement Administrator and approved by an Order of the Court. For the avoidance of doubt, the fees that may qualify as Administrative Costs include the Settlement Administrator's agreed-upon fees for performing the duties or services set forth in Sections 3.7.3.1 or 3.7.3.2 hereof, and the costs or expenses that may qualify as Administrative Costs include the Settlement Administrator's actual costs to (a) maintain the Customer Database, (b) maintain the Settlement Website, and (c) print and mail the checks with respect to any Settlement Disbursements.

3.7.5. **Administrative Payments.** The Administrative Payments to the Settlement Administrator shall be made on the Disbursement Dates in accordance with the Disbursement Schedule and subject to the Disbursement Priority Scheme, and each Administrative Payment shall be made by the Settlement Administrator deducting for itself, from the funds received from the Reorganized Debtor on account of the Settlement Disbursements, the following applicable amount of funds:

- (a) For the Administrative Payment to be made on the first Disbursement Date, in the amount equal to the Administrative Costs charged or incurred by the Settlement Administrator through the first Disbursement Date; or
- (b) For the Administrative Payment to be made on any Disbursement Date thereafter, in the amount equal to the Administrative Costs charged or incurred by the Settlement Administrator from the day after the immediately preceding Disbursement Date through the applicable Disbursement Date.

Notwithstanding the foregoing, in no event shall the Settlement Administrator be entitled to receive Administrative Payments in the aggregate that exceed the maximum aggregate compensation permitted under Section 3.7.4 hereof.

3.8. **Settlement Disbursements Made by Settlement Administrator.**

3.8.1. **Obligations of the Reorganized Debtor.** All Settlement Disbursements (i.e., all Administrative Payments, Class Counsel Fee Payments, Service Payments, and Deferred Cash Payments) shall be funded from the cash of the Reorganized Debtor and constitute the Reorganized Debtor's obligations under this Agreement.

3.8.2. **Delivery of Funds to Settlement Administrator.** Whenever the Settlement Administrator is obligated to make Settlement Disbursements on a Disbursement Date, the Reorganized Debtor shall deliver funds to the Settlement Administrator in the amount equal to the Disbursable Amount corresponding to the applicable Disbursement Date, such that the funds are received by the Settlement Administrator by no later than the date that is 14 days prior to such Disbursement Date. Upon the Settlement Administrator's receipt of such funds in the full Disbursable Amount and written confirmation from the Reorganized Debtor agreeing with the Settlement Administrator's assessment of how the funds are to be allocated, (a) the Reorganized Debtor shall be deemed to have satisfied its obligations with respect to any Settlement Disbursements required to be made on the applicable Disbursement Date, and (b) the Settlement Administrator shall thereafter be solely responsible for disbursing such

Settlement Disbursements, made out of such funds received, in accordance with this Agreement.

3.8.3. **Incomplete Funds.** If the Settlement Administrator, by a Disbursement Date, has only received funds in an amount less than the corresponding Disbursable Amount from the Reorganized Debtor, the Settlement Administrator shall (a) immediately provide notice of its receipt of incomplete funds to the Class Counsel and (b) temporarily be excused from making any Settlement Disbursements required to be made on such Disbursement Date until the date that is 14 days after the Settlement Administrator's receipt of funds in the full Disbursable Amount.

3.8.4. **Disbursement Schedule.** The Settlement Administrator shall make Settlement Disbursements on the Disbursement Dates and in the corresponding Disbursable Amounts in accordance with the following Disbursement Schedule:

- (a) On the date that is 14 days after the Effective Date, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to the greater of (1) 6.0% of the Effective Date Principal Pool or (2) \$200,000;
- (b) On October 1, 2021, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to the greater of (1) 12.5% of the Effective Date Principal Pool or (2) \$375,000;
- (c) On October 1, 2022, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to the greater of (1) 12.5% of the Effective Date Principal Pool or (2) \$375,000;
- (d) If the Annual Net Income for the calendar year 2022 is greater than \$1,750,000, then on May 1, 2023, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to 20.0% of the Annual Net Income for the calendar year 2022;
- (e) On October 1, 2023, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to the greater of (1) 12.5% of the Effective Date Principal Pool or (2) \$425,000;

- (f) If the Annual Net Income for the calendar year 2023 is greater than \$1,750,000, then on May 1, 2024, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to 20.0% of the Annual Net Income for the calendar year 2023;
- (g) On October 1, 2024, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to the balance of the Principal Pool as of such date, plus the accrued Administrative Costs as of such date;
- (h) On April 30, 2025, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to the balance of the Interest Pool as of such date, plus the accrued Administrative Costs as of such date; and
- (i) If a Financing Event occurs prior to April 30, 2025, then on the date that is 60 days after the closing of such Financing Event, the Settlement Administrator shall make Settlement Disbursements in the aggregate amount equal to the lesser of (1) 20.0% of the net proceeds received by the Reorganized Debtor in connection with the Financing Event or (2) \$1,000,000.

3.8.5. **Disbursement Priority Scheme.** Whenever the Settlement Administrator is obligated to make Settlement Disbursements on a Disbursement Date, the corresponding Disbursable Amount shall be allocated between the Settlement Disbursements in accordance with the following Disbursement Priority Scheme:

- (a) First, for the Administrative Payment, in the applicable amount set forth in Section 3.7.5 hereof;
- (b) Second, for the Class Counsel Fee Payment, in an amount equal to the lesser of (1) the balance of the Class Counsel Fee Award or (2) the remainder of the Disbursable Amount;
- (c) Third, for the Service Payments, in an amount equal to the lesser of (1) the balance of the Service Awards or (2) the remainder of the Disbursable Amount; and
- (d) Fourth, for the Deferred Class Payments.

3.8.6. **Prepayment.** Nothing contained in this Agreement shall be construed as prohibiting the prepayment of the remaining Deferred Cash Payments ahead of the Disbursement Schedule, except that any such prepayment may be made only if (a) the prepayment is of all remaining Deferred Cash Payments owed to all Customer Class Members who elected the Deferred Cash Payment Option, with each such Customer Class Member receiving

a final lump-sum payment equal to the balances of their Principal and Interest as of the proposed prepayment date (i.e., no partial prepayment), and (b) on account of such prepayment, the Settlement Administrator has received funds from the Reorganized Debtor in an amount equal to the aggregate balances of the Principal Pool and Interest Pool as of the proposed prepayment date, plus the accrued Administrative Costs as of the proposed prepayment date. In the event of such prepayment, for reporting and compliance purposes, (y) the date on which the Settlement Administrator mailed out the final lump-sum payments shall be deemed a Disbursement Date, and (z) the amount of the funds required to be received by the Settlement Administrator on account of such prepayment shall be deemed the corresponding Disbursable Amount.

- 3.8.7. **Periodic Reporting.** By no later than the date that is 28 days after each Disbursement Date (regardless of whether Settlement Disbursements were obligated to be made on such Disbursement Date), the Reorganized Debtor, with the assistance of the Settlement Administrator, shall prepare and deliver to the Class Counsel a periodic written report containing the Reporting Data (described in **Exhibit E** hereto) regarding the applicable Disbursement Date and the period preceding such Disbursement Date.

3.9. **Customer Data.**

- 3.9.1. **Customer Database.** As soon as practicable after the execution of this Agreement, the Debtor and Settlement Administrator shall jointly establish the Customer Database. The Customer Database shall be maintained by the Settlement Administrator until the date that is one year after the later of (a) the first date after which all Credits and Coupons have expired under this Agreement or (b) the first date after which all Settlement Disbursements have been made under this Agreement, unless further extended by an Order by the Court for good cause.
- 3.9.2. **Access and Confidentiality.** The Customer Class Representatives and Class Counsel shall be granted uninterrupted access to the Customer Database. Except to the extent waived by the Debtor or Reorganized Debtor, as applicable, in writing, all data or information regarding any Customer stored in the Customer Database and accessed by the Customer Class Representatives or Class Counsel shall be subject to and constitute “Confidential Information” under the *Confidentiality and Non-Disclosure Agreement* previously executed by each Customer Class Representative and Class Counsel.
- 3.9.3. **Initial Customer Data.** As soon as practicable after the execution of this Agreement, the Debtor shall collect and store in the Customer Database the Initial Customer Data (described in **Exhibit F** hereto) regarding each Customer (but only to the extent that such Initial Customer Data exists in the Debtor’s records or is otherwise accessible to the Debtor). Any new or

corrected Initial Customer Data regarding a Customer obtained by the Debtor thereafter shall be updated in the Customer Database by the Debtor on a weekly basis, until the Effective Date.

3.9.4. **Supplemental Customer Data.** By no later than the date that is five days after the Settlement Response Deadline, the Debtor and Settlement Administrator shall collect and store in the Customer Database the Supplemental Customer Data (described in **Exhibit G** hereto) regarding each Customer Class Member. Any new or corrected Supplemental Customer Data regarding a Customer Class Member obtained by the Debtor or Settlement Administrator thereafter shall be updated in the Customer Database by the Debtor or Settlement Administrator, as applicable, on a weekly basis, until the Effective Date.

3.9.5. **Customer Treatment Data.** As soon as practicable after the Effective Date, the Reorganized Debtor and Settlement Administrator shall begin collecting and storing in the Customer Database the Customer Treatment Data (described in **Exhibit H** hereto) regarding each Customer Class Member. Any new or corrected Customer Treatment Data regarding a Customer Class Member obtained by the Reorganized Debtor or Settlement Administrator thereafter shall be updated in the Customer Database by the Reorganized Debtor or Settlement Administrator, as applicable, on a quarterly basis until the later of (a) the first date after which all Credits and Coupons have expired under this Agreement or (b) the first date after which all Settlement Disbursements have been made under this Agreement.

3.10. **Electronic Access to Settlement Information.**

3.10.1. **Settlement Website.** By no later than the date that is seven days prior to the Customer Class Service Deadline, the Settlement Administrator shall establish the Settlement Website. The Settlement Website shall be located at a domain mutually agreeable to the Parties. The Settlement Website shall be maintained by the Settlement Administrator and remain accessible online until the date that is one year after the later of (a) the first date after which all Credits and Coupons have expired under this Agreement or (b) the first date after which all Settlement Disbursements have been made under this Agreement, unless further extended by an Order by the Court for good cause.

3.10.2. **Contents of Settlement Website.** The Settlement Website shall make publicly available the following documents or information (in a form and in substance reasonably satisfactory to the Parties):

- (a) A summary of the terms of this Agreement;

- (b) The relevant dates, deadlines, and procedures with respect to the Final Approval of this Agreement, including the date, time, and location of the Final Approval Hearing;
- (c) Electronic copies (in PDF format) of this Agreement, the Customer Class Notice, Settlement Response Form, Preliminary Approval Motion, Preliminary Approval Order, Final Approval Motion, Final Approval Order, Plan, Disclosure Statement, and Confirmation Order, whenever any such document becomes publicly available; and
- (d) The contact information for the Settlement Administrator, Class Counsel, and Debtor's Counsel.

3.10.3. **Access by Customers.** The Settlement Website shall allow any Customer, after inputting some combination of information unique to the Customer (e.g., their last name, email address, or ZIP Code of the address used in the transaction that formed the basis of their Claim), to access the Customer Website Data (described in **Exhibit I** hereto) regarding such Customer.

3.10.4. **Access by Customer Class Members.** The Settlement Website shall allow any Customer Class Member, after inputting some combination of information unique to the Customer Class Member, to (a) complete, execute, and return an online version of the Settlement Response Form, and (b) update their name, email address, mailing address, and telephone number.

3.11. Procedure for Approving Settlement.

3.11.1. Preliminary Approval.

3.11.1.1. **Preliminary Approval Motion.** As soon as practicable after the execution of this Agreement, the Parties shall jointly file the Preliminary Approval Motion in the Chapter 11 Case and seek the Court's entry of the Preliminary Approval Order, in a form and in substance reasonably satisfactory to the Parties.

3.11.1.2. **Relief Requested.** In addition to requesting the Preliminary Approval of this Agreement, the Preliminary Approval Motion shall also request that the Court grant the following relief:

- (a) Approving the form and manner of notice to the Customer Class Members;
- (b) Appointing the Settlement Administrator;

- (c) Declaring that 28 U.S.C. § 1715 is inapplicable in the Chapter 11 Case;
- (d) Scheduling the Final Approval Hearing; and
- (e) Establishing other relevant dates, deadlines, and procedures with respect to the Final Approval of this Agreement.

3.11.1.3. **Preliminary Approval Hearing.** Except to the extent that the Court otherwise allows a shortened notice period, the Preliminary Approval Motion shall be filed with at least 28 days' notice of the Preliminary Approval Hearing. To the extent possible, the Parties shall use their best efforts to coordinate having the Preliminary Approval Hearing held before the Court on the same date and time as the Disclosure Statement Hearing.

3.11.1.4. **Regulatory Service.** Whether or not required in the Chapter 11 Case, on the date that the Preliminary Approval Motion is filed, the Debtor shall serve the Preliminary Approval Motion on the appropriate federal and state officials in accordance with 28 U.S.C. § 1715.

3.11.2. **Notice to Customer Class Members.**

3.11.2.1. **Contents of Customer Class Notice.** The Customer Class Notice shall be in a form reasonably satisfactory to the Parties and shall inform a Customer Class Member that

- (a) The Court has certified the Customer Class in the Chapter 11 Case;
- (b) This Agreement becomes effective only if the Court grants Final Approval thereof and also confirms the Plan;
- (c) If so approved, this Agreement is binding as to all Customer Class Members, and no Customer Class Member has the right to opt out of the Customer Class;
- (d) If the Customer Class Member is an Electing Customer Class Member, they have the right to make an election of (1) the Credit Option, (2) the Coupon Option, or (3) the Deferred Cash Payment Option;

- (e) The Customer Class Member must complete, execute, and return the Settlement Response Form in order to (1) assert their Customer Class Member Claim, (2) make an election of a Treatment Option, and (3) opt out of the releases granted under this Agreement; and
- (f) The Customer Class Member has the right to object to this Agreement and be heard at the Final Approval Hearing.

When served, the Customer Class Notice shall also be accompanied by the Settlement Response Form.

3.11.2.2. **Electronic Service by Email.** By no later than the Customer Class Service Deadline, the Debtor, through the Claims Agent, shall electronically serve the Customer Class Notice by email on all identified Customer Class Members. The email sent by the Claims Agent to a Customer Class Member shall (a) attach or provide a link to download an electronic copy (in PDF format) of the Customer Class Notice, (b) attach or provide a link to download an electronic copy (in PDF format) of the Settlement Response Form, and (c) provide a link to the Settlement Website where the Customer Class Member can complete, execute, and return an online version of the Settlement Response Form. To better ensure that a Customer Class Member is aware of and reviews the Settlement Administrator's email, by no later than the Customer Class Service Deadline, the Debtor shall send a courtesy email to all identified Customer Class Members advising them to expect to receive and look for the Claims Agent's email. The Debtor shall bear all costs associated with serving the Customer Class Notice on the Customer Class Members by email.

3.11.2.3. **Alternative Service by First-Class Mail.** If (a) the Debtor has no email address on file for a Customer Class Member or (b) the Customer Class Notice emailed to a Customer Class Member's email address was bounced back as undeliverable, by no later than the Customer Class Service Deadline, the Debtor, through the Claims Agent, shall serve the Customer Class Notice by first-class mail on such Customer Class Member. The Debtor shall bear all costs associated with serving the Customer Class Notice on the Customer Class Members by first-class mail.

3.11.2.4. **Most Current Address.** The Customer Class Notice shall be served on a Customer Class Member at their most current email address or mailing address, as applicable, that the Debtor

has on file for the Customer Class Member as of the Customer Class Service Deadline, which is deemed to be

- (a) The email address or billing or mailing address, as applicable, used in the Customer Class Member's original transaction with the Debtor that formed the basis of their Customer Class Member Claim;
- (b) If the Customer Class Member filed a Proof of Claim in the Chapter 11 Case, the email address or mailing address, as applicable, designated for notices in the Proof of Claim; or
- (c) If the Customer Class Member, at any time during the pendency of the Chapter 11 Case, gave written notice of their updated contact information to the Debtor, the email address or mailing address, as applicable, set forth in such written notice.

3.11.2.5. **Undeliverable Mailing Address.** Upon notice that the Customer Class Notice mailed to a Customer Class Member was returned as undeliverable, the Debtor shall direct the Claims Agent to promptly use all reasonable and cost-effective methods to locate a current or proper mailing address for the Customer Class Member, including running a name and last-known-address search through a national database and contacting the Customer Class Member at the most current telephone number that the Debtor has on file for the Customer Class Member. If the Debtor has obtained a current or proper mailing address for the Customer Class Member within 14 days after the Customer Class Service Deadline, the Debtor, through the Claims Agent, shall promptly re-mail the Customer Class Notice to the Customer Class Member at such mailing address and update the information in the Customer Database accordingly. Unless the Court orders otherwise, any re-mailing of the Customer Class Notice to a Customer Class Member shall not extend the Settlement Response Deadline or Settlement Objection Deadline with respect to that Customer Class Member.

3.11.2.6. **Customer Class Service Deadline.** The Parties shall request that the Court set the Customer Class Service Deadline on the date that is 14 days after the Preliminary Approval Hearing. To the extent possible, the Parties shall also request that the Court set the Customer Class Service Deadline on the same date as the Confirmation Service Deadline.

3.11.2.7. **Declaration of Due Diligence.** By the deadline to be established by the Court, the Debtor shall obtain from the Claims Agent and file the Claims Agent's declaration of due diligence in the Chapter 11 Case, setting forth its compliance with the service obligations under this Agreement. The Parties shall request that the Court set such deadline on the date that is 14 days after the Customer Class Service Deadline.

3.11.3. **Settlement Response Form.**

3.11.3.1. **Contents of Settlement Response Form.** The Settlement Response Form shall be in a form reasonably satisfactory to the Parties and shall allow a Customer Class Member to

- (a) Affirm that (1) they did not receive a return or refund of all money paid to or for the benefit of the Debtor through a chargeback with their payment issuer or otherwise and (2) no request or claim seeking such a chargeback remains pending;
- (b) Affirm that they, in response to the Summer 2020 Settlement Offer, (1) made an election of the Credit Option, (2) made an election of the Coupon Option, or (3) did not previously make an election of the Credit Option or Coupon Option;
- (c) Make an election of one of the three Treatment Options;
- (d) Opt out of the releases granted under this Agreement;
- (e) Specify the amount of their Customer Class Member Claim; and
- (f) Provide their name, email address, mailing address, and telephone number.

3.11.3.2. **Submission of Settlement Response Form.** A completed Settlement Response Form shall be submitted or returned to the Settlement Administrator in any of the following manners:

- (a) By mail at an address to be designated by the Settlement Administrator,
- (b) By facsimile at a facsimile number to be designated by the Settlement Administrator,

(c) By email at an email address to be designated by the Settlement Administrator, or

(d) By online submission through the Settlement Website.

3.11.3.3. **Settlement Response Deadline.** The Parties shall request that the Court set the Settlement Response Deadline on the date that is 28 days after the Customer Class Service Deadline. To the extent possible, the Parties shall also request that the Court set the Settlement Response Deadline on the same date as the Plan Voting Deadline.

3.11.4. **Objections to Settlement.**

3.11.4.1. **Settlement Objection.** All Customer Class Members shall have the right to object to this Agreement and the Final Approval thereof. A Customer Class Member has timely objected to this Agreement if the Customer Class Member filed the Settlement Objection with the Court in the Chapter 11 Case and served a copy of the Settlement Objection on the Class Counsel and Debtor's Counsel by no later than the Settlement Objection Deadline.

3.11.4.2. **Contents of Settlement Objection.** Any Settlement Objection by a Customer Class Member shall

(a) Be in writing;

(b) Contain their full name, address, telephone number, email address, and last four digits of their Social Security number;

(c) Provide a clear statement that they object to this Agreement, along with the legal and factual grounds on which their objection is based;

(d) State whether they intend to appear at the Final Approval Hearing, and if so, whether it will be on their own behalf or through counsel;

(e) Identify every case, action, or proceeding in which they (or their counsel) have objected to a class action settlement by the name of the court, the name and docket number of the case, the date of the objection, and any docket number assigned to the objection;

- (f) Attach any evidence to support their objection and any other documents they wish the Court to consider; and
- (g) Be signed by the Customer Class Member so objecting or by their counsel.

Any Customer Class Member who fails to timely file and serve a Settlement Objection that complies with the above shall be deemed to have waived and forfeited any and all rights they may have to object to this Agreement and appear and be heard at the Final Approval Hearing.

3.11.4.3. **Settlement Objection Deadline.** The Parties shall request that the Court set the Settlement Objection Deadline on the date that is 28 days after the Customer Class Service Deadline. To the extent possible, the Parties shall also request that the Court set the Settlement Objection Deadline on the same date as the Plan Objection Deadline.

3.11.4.4. **No Solicitation of Objections.** Neither the Parties nor their respective counsel shall solicit or otherwise encourage directly or indirectly any Customer Class Member to object to this Agreement.

3.11.5. **Final Approval.**

3.11.5.1. **Final Approval Motion.** By the deadline to be established by the Court, the Parties shall jointly file the Final Approval Motion in the Chapter 11 Case and seek the Court's entry of the Final Approval Order, in a form and in substance reasonably satisfactory to the Parties. The Parties shall request that the Court set such deadline on the date that is 14 days after the Customer Class Service Deadline.

3.11.5.2. **Relief Requested.** In addition to requesting the Final Approval of this Agreement, the Final Approval Motion shall also request that the Court grant the following relief:

- (a) Approving the Service Awards to the Customer Class Representatives; and
- (b) Approving the Class Counsel Fee Award to the Class Counsel.

3.11.5.3. **Summary of Settlement Response Forms.** By the deadline to be established by the Court, the Settlement Administrator shall file a summary of the returned Settlement Response Forms in the Chapter 11 Case, setting forth the numbers of the Customer

Class Members who elected the Credit Option, Coupon Option, and Deferred Cash Payment Option. The Parties shall request that the Court set such deadline on the date that is seven days after the Settlement Response Deadline.

3.11.5.4. **Final Approval Hearing.** In the event that the Court declares that 28 U.S.C. § 1715 is applicable in the Chapter 11 Case, the date of the Final Approval Hearing shall be no earlier than the earliest date for entry of a binding Final Approval Order under 28 U.S.C. § 1715. To the extent possible, the Parties shall request that the Court set the Final Approval Hearing on the same date and time as the Confirmation Hearing.

3.11.6. **Proposed Timetable.** To the extent possible, the Parties shall prepare a proposed timetable mutually agreeable to the Parties for concurrently seeking the Final Approval of this Agreement and the confirmation of the Plan, with such proposed timetable to be attached to the Preliminary Approval Motion.

3.12. **Resolution of Customer Class Member Claims.**

3.12.1. **Subsequent Full Chargeback.** Notwithstanding any other provision to the contrary, if a Customer Class Member, at any time (including after being served the Customer Class Notice, using the Credit, redeeming the Coupon, or receiving a Deferred Cash Payment), receives a return or refund of all of their money through a chargeback with their payment issuer or otherwise,

- (a) The individual shall no longer be deemed a member of the Customer Class;
- (b) The amount of the individual's Allowed Customer Class Member Claim shall be deemed to be zero;
- (c) The individual shall no longer be entitled to receive or retain any rights or benefits provided under the Summer 2020 Settlement Order or under this Agreement, as applicable; and
- (d) The individual shall have a duty to return cash to the Reorganized Debtor in the amount equal to the dollar value of the Credit used, the dollar value of the discounts received from redeeming the Coupon, or the amount of the Deferred Cash Payments received, as applicable, failing which, the Reorganized Debtor may pursue the individual for the return of such cash in the Court.

3.12.2. **Assertion of Customer Class Member Claim.**

3.12.2.1. **By Settlement Response Form.** A Customer Class Member has timely and effectively asserted their Customer Class Member Claim, in the amount specified in their Settlement Response Form, if

- (a) The Customer Class Member completed and executed the Settlement Response Form, in which they (1) marked the appropriate box that they disagree that the Debtor's records accurately reflect the amount of their Customer Class Member Claim and (2) specified the amount of their Customer Class Member Claim;
- (b) The Customer Class Member attached to the Settlement Response Form any documentation to support their Customer Class Member Claim; and
- (c) The Customer Class Member returned the Settlement Response Form to the Settlement Administrator in an authorized manner, such that it was actually received by the Settlement Response Deadline.

3.12.2.2. **By Proof of Claim.** A Customer Class Member has timely and effectively asserted their Customer Class Member Claim, in the amount specified in their Proof of Claim, if

- (a) The Customer Class Member completed and executed the Proof of Claim, in which they specified the amount of their Customer Class Member Claim;
- (b) The Customer Class Member attached to the Proof of Claim any documentation to support their Customer Class Member Claim; and
- (c) The Customer Class Member filed the Proof of Claim in the Chapter 11 Case by the Settlement Response Deadline.

3.12.2.3. **By Both Forms.** If a Customer Class Member (a) timely returned a Settlement Response Form and (b) filed a Proof of Claim by the Settlement Response Deadline, the Customer Class Member shall be deemed to have asserted their Customer Class Member Claim in the amount specified in the Settlement Response Form, regardless of whether the Settlement Response Form was returned before or after the Proof of Claim was filed.

3.12.3. **Allowance.** A Customer Class Member Claim shall be deemed an Allowed Customer Class Member Claim to the following extent:

- (a) For a Customer Class Member Claim (1) that is (A) scheduled in the Debtor's Schedules and identified therein as not contingent, not unliquidated, and not disputed or (B) otherwise reflected in the Debtor's records as an Allowed Customer Class Member Claim, and (2) for which (A) no Proof of Claim has been filed by the Settlement Response Deadline and (B) no Settlement Response Form has been timely returned, in the amount as scheduled in the Debtor's Schedules or as reflected in the Debtor's records, whichever is greater;
- (b) For a Customer Class Member Claim (1) for which (A) no Settlement Response Form has been timely returned but (B) a Proof of Claim has been filed by the Settlement Response Deadline, and (2) that is not the subject of a dispute by the Reorganized Debtor, in the amount specified in the Proof of Claim;
- (c) For a Customer Class Member Claim (1) for which a Settlement Response Form has been timely returned (and regardless of whether a Proof of Claim has been filed or not), and (2) that is not the subject of a dispute by the Reorganized Debtor, in the amount specified in the Settlement Response Form; and
- (d) For a Customer Class Member Claim (1) for which (A) a Proof of Claim has been filed by the Settlement Response Deadline or (B) a Settlement Response Form has been timely returned, and (2) that is the subject of a dispute by the Reorganized Debtor, in the amount as mutually agreed to in writing by the Reorganized Debtor and Customer Class Member or as allowed by an Order of the Court.

3.12.4. **Disputes.**

- 3.12.4.1. **Dispute Resolution.** If the Reorganized Debtor disputes a Customer Class Member's Customer Class Member Claim as asserted in their Proof of Claim or Settlement Response Form, the Reorganized Debtor shall (a) give written notice of such dispute to the Settlement Administrator, (b) make a reasonable attempt to meet and confer with the Customer Class Member by email, telephone, or other reasonable form of communication, and (c) further attempt in good faith to resolve such dispute without intervention by the Court.

- 3.12.4.2. **Resolution by Mutual Agreement.** If the Reorganized Debtor is able to resolve a dispute regarding a Customer Class Member's Customer Class Member Claim without intervention by the Court, such resolution shall be memorialized in a writing executed by the Reorganized Debtor and Customer Class Member.
- 3.12.4.3. **Resolution by Claim Objection.** If the Reorganized Debtor is unable to resolve a dispute regarding a Customer Class Member's Customer Class Member Claim, the dispute may be submitted to the Court for resolution, which shall be (a) initiated by the Reorganized Debtor filing in the Chapter 11 Case and serving on the Customer Class Member by first-class mail an objection to the allowance of the Customer Class Member Claim and (b) resolved by an Order of the Court.
- 3.12.4.4. **Claim Objection Deadline.** Any objection by the Reorganized Debtor to the allowance of a Customer Class Member Claim shall be filed and served by no later than the date that is 180 days after the Effective Date.
- 3.12.4.5. **Interim Allowance.** Effective upon the Settlement Administrator's receipt of written notice of a dispute regarding a Customer Class Member's Customer Class Member Claim given by the Reorganized Debtor, and until such dispute has been resolved by the mutual agreement of the Reorganized Debtor and Customer Class Member or by an Order of the Court, the Customer Class Member Claim shall be temporarily deemed an Allowed Customer Class Member Claim in the amount not in dispute by the Reorganized Debtor, as set forth in its notice.

3.13. **Releases and Waivers of Claims.**

- 3.13.1. **Opt Out of Releases.** A Customer Class Member has timely and effectively opted out of the releases granted under this Agreement if
- (a) The Customer Class Member completed and executed the Settlement Response Form, in which they marked the appropriate box to "opt out" of the releases; and
 - (b) The Customer Class Member returned the Settlement Response Form to the Settlement Administrator in an authorized manner, such that it was actually received by the Settlement Response Deadline.
- 3.13.2. **Releases by Customer Class Representatives.** Except for the rights arising out of, provided for, or reserved in this Agreement, upon the

Effective Date, the Customer Class Representatives, and all persons or entities claiming by and through them, and each of them (collectively, the “Representative Releasing Parties”), release and forever discharge the Debtor, the Estate, and their parents, subsidiaries, affiliates, related entities, predecessors, successors, assigns, employees, officers, directors, insurers, agents, representatives, professionals, attorneys, and other persons or entities claiming by or through them, and each of them (collectively, the “Released Parties”) from any and all liabilities, claims, debts, demands, controversies, rights of recovery, rights to payment, suits, actions, causes of action, complaints, obligations, damages, liquidated damages, losses, injuries, penalties, attorneys’ fees, expenses, and costs, of any kind or nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, asserted or not asserted, subject to dispute or otherwise, from the beginning of time through their respective execution of this Agreement, which the Representative Releasing Parties, or any of them, may have had or held, now have or hold, or may hereafter purport to have or hold against the Released Parties, or any of them, with respect to any matters concerning, arising out of, related to, or in connection with their respective Customer Class Member Claims, the subject matter of the Civil Case, or the subject matter of the Chapter 11 Case relating to the Customer Class Representative Claim (collectively, the “Representative Released Claims”).

- 3.13.3. **Releases by Customer Class Members.** Except for the rights arising out of, provided for, or reserved in this Agreement, upon the Effective Date, the Customer Class Members who (a) have timely returned their Settlement Response Form to the Settlement Administrator and (b) did not elect to “opt out” of the releases by marking the appropriate box on the Settlement Response Form, and all persons or entities claiming by and through them, and each of them (collectively, the “Member Releasing Parties,” and together, with the Representative Releasing Parties, the “Releasing Parties”), release and forever discharge the Released Parties from any and all liabilities, claims, debts, demands, controversies, rights of recovery, rights to payment, suits, actions, causes of action, complaints, obligations, damages, liquidated damages, losses, injuries, penalties, attorneys’ fees, expenses, and costs, of any kind or nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, asserted or not asserted, subject to dispute or otherwise, from the beginning of time through their respective execution of the Settlement Response Form, which the Member Releasing Parties, or any of them, may have had or held, now have or hold, or may hereafter purport to have or hold against the Released Parties, or any of them, with respect to any matters concerning, arising out of, related to, or in connection with their respective Customer Class Member Claims, the subject matter of the Civil Case, or the subject matter of the Chapter 11 Case relating to the Customer Class Representative Claim (collectively,

the “Member Released Claims,” and together, with the Representative Released Claims, the “Released Claims”).

- 3.13.4. **Waiver of Unforeseen Claims.** It is the intention of the Releasing Parties, and each of them, that this Agreement shall be effective as a complete, full, and final accord and satisfaction, and release of each and every Released Claim set forth in, and within the scope of, Sections 3.13.2 or 3.13.3 hereof, as applicable. To the extent any law of any State purports to limit the general releases intended by this Agreement, except with respect to enforcing this Agreement, the Releasing Parties, and each of them, knowingly and voluntarily, fully and forever, waive any and all benefits and rights that they may have had or held, now have or hold, or may hereafter purport to have or hold with respect to the subject matter of the Released Claims by reason of section 1542 of the California Civil Code or any other statute or common law of any State to the same effect. Section 1542 of the California Civil Code provides,

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

- 3.13.5. **No Litigation.** Except as may be necessary to enforce the terms of this Agreement, the Debtor, Reorganized Debtor, Customer Class Representatives, Class Counsel, and Releasing Parties agree that they shall not commence or proceed with any action, claim, suit, proceeding, or litigation on the Released Claims, or take any action inconsistent with the terms of this Agreement.
- 3.13.6. **Dismissal of Civil Case.** By no later than the date that is 28 days after the Effective Date, Customer Class Representative Nanette Kearney shall seek the dismissal of the Civil Case with prejudice. The Parties shall bear their own respective attorneys’ fees and costs in connection with the Civil Case.

3.14. **Miscellaneous Terms.**

- 3.14.1. **No Admission of Liability.** Each Party enters into this Agreement without admitting any liability or wrongdoing or conceding any allegations not already expressly admitted. Regardless of whether the Court grants Final Approval of this Agreement, nothing in this Agreement, any document, statement, proceeding, or conduct related to this Agreement, or any settlement discussions leading to this Agreement shall be (a) construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to any Party, including evidence of a presumption, concession, indication, or admission by any Party of any liability, fault, wrongdoing, omission, concession, or damage, or

(b) disclosed, referred to, or offered in evidence against any Party in the Chapter 11 Case or any other civil, criminal, or administrative action or proceeding, except for purposes of interpreting, implementing, or enforcing this Agreement.

- 3.14.2. **Representations and Warranties.** Each Party represents and warrants that upon the Final Approval of this Agreement by the Court, it will have the legal right and authority to enter into this Agreement and the transactions and releases contemplated hereby.
- 3.14.3. **Further Assurances.** The Parties shall cooperate fully and shall execute and deliver any and all supplemental papers, documents, instruments, and other assurances and shall do any and all acts that may be reasonably necessary or appropriate to give full force and effect to the terms and intent of this Agreement. If the Parties are unable to agree on the form or substance of any documents or supplemental provisions that are or may become necessary to implement or effectuate the terms of this Agreement, the Parties shall seek the assistance of the Court in the Chapter 11 Case, and in all cases, all such documents, supplemental provisions, and assistance of the Court shall be consistent with this Agreement.
- 3.14.4. **Attorney Authorization.** The Class Counsel and Debtor's Counsel warrant and represent that they are authorized by the Customer Class Representatives and Debtor, respectively, to take all appropriate action required or permitted to be taken by the Parties pursuant to this Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Agreement.
- 3.14.5. **Integration.** This Agreement, including any Exhibits hereto, constitutes the entire agreement between the Parties concerning the subject matter of this Agreement and supersedes all prior negotiations, agreements, and understandings, whether written or oral, between and among the Parties concerning the subject matter of this Agreement. Each Party acknowledges that it is executing this Agreement without reliance on any representations, warranties, covenants, commitments, or inducements, other than those representations, warranties, covenants, commitments, and inducements expressly stated in this Agreement and the Exhibits hereto. The Exhibits to this Agreement are

Exhibit A	Defined Terms
Exhibit B	Credit Option
Exhibit C	Coupon Option
Exhibit D	Deferred Cash Payment Option
Exhibit E	Reporting Data
Exhibit F	Initial Customer Data
Exhibit G	Supplemental Customer Data
Exhibit H	Customer Treatment Data

Exhibit I Customer Website Data

- 3.14.6. **Non-Severability.** Each of the provisions of this Agreement is a material and integral part hereof. If one or more of the provisions of this Agreement shall become invalid, illegal, or unenforceable in any respect, this Agreement, in its entirety, shall be deemed null and void unless all Parties agree otherwise.
- 3.14.7. **Modification.** This Agreement may not be amended, modified, changed, waived, or terminated, in whole or in part, except by an express written instrument duly executed by all Parties and approved by a Final Order of the Court.
- 3.14.8. **Collaborative Drafting.** Each Party warrants and represents that it has been fully and competently represented by counsel of its own choosing in the negotiations and drafting of this Agreement. Accordingly, (a) neither this Agreement nor any provision contained herein shall be construed against any Party or its counsel because this Agreement was drafted in full or in part by such Party or its counsel, and (b) this Agreement shall be construed equally against all Parties. In this regard, each Party waives any and all benefits and rights that it may have under section 1654 of the California Civil Code, which provides,
- In cases of uncertainty not removed by the preceding rules, the language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.**
- 3.14.9. **No Third-Party Beneficiaries.** This Agreement does not constitute a contract for the benefit of any third parties, any prior creditors or claimants of the Parties, or any non-party, other than the Customer Class Members in relation to the provisions of this Agreement.
- 3.14.10. **Jurisdiction.** The Court shall retain exclusive jurisdiction over any matter concerning, arising out of, relating to, or in connection with the interpretation, implementation, or enforcement of this Agreement, and if necessary to effect the Court's jurisdiction, each Party, by their execution of this Agreement, stipulates to the entry of an Order by the Court retaining such jurisdiction.
- 3.14.11. **Applicable Law.** Except where superseded by applicable federal law, this Agreement shall be governed by and interpreted and enforced according to the laws of the State of California, without giving effect to any conflict-of-law principles or choice-of-law principles thereof.
- 3.14.12. **Notice.** All notices, demands, requests, or other communications given or served under this Agreement shall be (a) in writing, (b) delivered by courier service or by certified, registered, or first-class mail (return receipt

requested), (c) deemed to have been received on the date of delivery, and (d) addressed as follows (or to such other address as the Party entitled to notice shall hereafter designate by a written notice filed in the Chapter 11 Case):

(a) **If to the Customer Class, Customer Class Representatives, or Class Counsel:**

Randall B. Aiman-Smith
John A. Lofton
AIMAN-SMITH & MARCY, P.C.
7677 Oakport Street, Suite 1150
Oakland, California 94621

and

Dean G. Rallis Jr.
Matthew D. Pham
HAHN & HAHN LLP
301 E. Colorado Boulevard, Ninth Floor
Pasadena, California 91101-1977

(b) **If to the Debtor or Reorganized Debtor:**

Neal L. Wolf
Anthony J. Dutra
HANSON BRIDGETT LLP
425 Market Street, 26th Floor
San Francisco, California 94105

- 3.14.13. **No Customer Class Member Signatures.** The Parties acknowledge that since the Customer Class Members are so numerous, it is impossible or impractical to have each Customer Class Member execute this Agreement. Nevertheless, the occurrence of the Effective Date shall have the same force and effect as if this Agreement had been executed by each Customer Class Member.
- 3.14.14. **Execution in Counterparts.** This Agreement may be executed in separate counterparts, each of which, when so executed and delivered, shall be deemed an original and all of which, when taken together, shall be deemed to be one and the same instrument. Any counterpart may be effective if delivered by the Party or its counsel by facsimile or email, and any such facsimiled or emailed counterpart shall be deemed an original.

4. EXECUTION BY PARTIES AND COUNSEL

AGREED TO AND ACCEPTED:

Dated: December ____, 2020

**Nanette Kearney, Class Representative on behalf
of the Customer Class**

By: _____
Nanette Kearney

Dated: December ____, 2020

**Krister Johnson, Class Representative on behalf
of the Customer Class**

By: _____
Krister Johnson

Dated: December ____, 2020

**Sandra Shorago, Class Representative on behalf
of the Customer Class**

By: _____
Sandra Shorago

Dated: December ____, 2020

Galileo Learning, LLC

By: _____
Glen E. Tripp, Chief Executive Officer

APPROVED AS TO FORM:

Dated: December ____, 2020

Class Counsel for the Customer Class

Aiman-Smith & Marcy, P.C.

By: _____
John A. Lofton

Dated: December ____, 2020

Class Counsel for the Customer Class

Hahn & Hahn LLP

By: _____
Dean G. Rallis Jr.

Dated: December ____, 2020

Attorneys for Galileo Learning, LLC

Hanson Bridgett LLP

By: _____
Neal L. Wolf

Exhibit A

Exhibit A
Defined Terms

<u>Defined Term</u>	<u>Meaning</u>
Administrative Cost(s)	means any reasonable fee, expense, or cost charged or incurred by the Settlement Administrator on account of its duties and services performed in connection with administering the Settlement.
Administrative Payment(s)	means any payment of cash, funded from the cash of the Reorganized Debtor, that is required to be made to the Settlement Administrator on account of its Administrative Costs under this Agreement.
Allowed Customer Class Member Claim(s)	means any Customer Class Member Claim to the extent that the Customer Class Member Claim (a) is allowed as set forth under Section 3.12.3 of this Agreement or (b) has otherwise been allowed under § 502 of the Bankruptcy Code or by a Final Order.
Allowed Customer Class Representative Claim	means the Customer Class Representative Claim to the extent that the Customer Class Representative Claim (a) is allowed as set forth under Section 3.4.3 of this Agreement or (b) has otherwise been allowed under § 502 of the Bankruptcy Code or by a Final Order.
Annual Net Income	means net income of the Reorganized Debtor for a calendar year, as determined in accordance with GAAP.
Bankruptcy Code	means title 11 of the United States Code, 11 U.S.C. §§ 101 through 1532, as in effect on the Petition Date or as amended thereafter if such amendments are made applicable to the Chapter 11 Case.
Bankruptcy Rules	means the Federal Rules of Bankruptcy Procedure, Rules 1001 through 9037, promulgated by the United States Supreme Court under 28 U.S.C. § 2075, as in effect on the Petition Date or as amended thereafter if such amendments are made applicable to the Chapter 11 Case.
Business Day	means any day, other than Saturday, Sunday, or a legal holiday, as designated in Bankruptcy Rule 9006(a).
Chapter 11 Case	means the bankruptcy case under chapter 11 of the Bankruptcy Code commenced by the Debtor in the Court entitled <i>In re Galileo Learning, LLC</i> and bearing Case No. 20-40857 (RLE).

<u>Defined Term</u>	<u>Meaning</u>
Civil Case	means the civil case in the United States District Court for the Northern District of California entitled <i>Kearney v. Galileo Learning, LLC, et al.</i> and bearing Case No. 3:20-cv-02807-JCS.
Civil Rules	means the Federal Rules of Civil Procedure, Rules 1 through 86, promulgated by the United States Supreme Court under 28 U.S.C. § 2072, as in effect on the Petition Date or as amended thereafter if such amendments are made applicable to the Chapter 11 Case.
Claim(s)	means any claim—as the term “claim” is defined in § 101(5) of the Bankruptcy Code—against the Debtor, whether or not asserted, scheduled, or allowed.
Claims Agent	means Stretto, the claims and noticing agent of the Debtor in the Chapter 11 Case.
Class Certification Order	means the Order entitled <i>Order Granting Class Representative’s Motion for Order Applying Civil Rule 23 to Claims Administration Process and Authorizing Filing of Class Proof of Claim</i> , which was entered by the Court in the Chapter 11 Case on November 9, 2020, at docket no. 226.
Class Counsel	means Aiman-Smith & Marcy, P.C. and Hahn & Hahn LLP, co-counsel for the Customer Class appointed by the Court in the Chapter 11 Case pursuant to the Class Certification Order.
Class Counsel Fee Award	means the monetary award of attorneys’ fees to be awarded to the Class Counsel under this Agreement, the amount of which is subject to the approval of the Court, to compensate the Class Counsel, as appointed co-counsel for the Customer Class, for their services rendered and time and effort spent on behalf of the Customer Class in connection with the Chapter 11 Case.
Class Counsel Fee Payment(s)	means any payment of cash, funded from the cash of the Reorganized Debtor, that is required to be made to the Class Counsel on account of their Class Counsel Fee Award under this Agreement.
Class Proof of Claim	means the Proof of Claim asserting the Customer Class Representative Claim on behalf of the Customer Class, filed by the Customer Class Representatives on November 18, 2020, in the Chapter 11 Case, designated as claim no. 153 on the claims register thereof.

<u>Defined Term</u>	<u>Meaning</u>
Confirmation Service Deadline	means the deadline to be established by the Court, by which the Plan, Disclosure Statement, and other confirmation-related materials must be served on holders of a Claim and other parties in interest.
Confirmation Hearing	means the hearing to be conducted by the Court to consider the confirmation of the Plan pursuant to § 1128 of the Bankruptcy Code.
Confirmation Order	means the Order to be entered by the Court in the Chapter 11 Case confirming the Plan pursuant to § 1129 of the Bankruptcy Code.
Coupon(s)	means the coupon required to be provided by the Debtor or Reorganized Debtor, as applicable, to a Customer Class Member who elects the Coupon Option, either under the Summer 2020 Settlement Offer or under this Agreement.
Coupon Option	means the option for a coupon offered by the Debtor to a Customer Class Member, either under (a) the Summer 2020 Settlement Offer, the terms and conditions of which are set forth in the Summer 2020 Settlement Order, or (b) this Agreement, the terms and conditions of which are set forth in Exhibit C to this Agreement.
Court	means (a) the United States Bankruptcy Court for the Northern District of California, having jurisdiction over the Chapter 11 Case, (b) to the extent there is no reference in accordance with 28 U.S.C. § 157, the United States District Court for the Northern District of California, or (c) any other court having jurisdiction over the Chapter 11 Case.
Credit(s)	means the credit required to be provided by the Debtor or Reorganized Debtor, as applicable, to a Customer Class Member who elects the Credit Option, either under the Summer 2020 Settlement Offer or under this Agreement.
Credit Option	means the option for a credit offered by the Debtor to a Customer Class Member, either under (a) the Summer 2020 Settlement Offer, the terms and conditions of which are set forth in the Summer 2020 Settlement Order, or (b) this Agreement, the terms and conditions of which are set forth in Exhibit B to this Agreement.

<u>Defined Term</u>	<u>Meaning</u>
Customer(s)	means any individual who paid money to or for the benefit of Galileo, prior to the filing of its chapter 11 petition, as a full or partial deposit, advance, or payment for any of Galileo’s since-canceled in-person camp programs scheduled for 2020 and any goods or services related thereto.
Customer Class	means the class certified by the Court in the Chapter 11 Case pursuant to the Class Certification Order, consisting of the individuals and their respective Claims that fall within the scope of the following definition: “All individuals who paid money to or for the benefit of Galileo, prior to the filing of its chapter 11 petition, as a full or partial deposit, advance, or payment for any of Galileo’s since-canceled in-person camp programs scheduled for 2020 and any goods or services related thereto, but excluding any individual who received a return or refund of all such money paid to or for the benefit of Galileo through a chargeback with their payment issuer or otherwise.”
Customer Class Member(s)	means any member of the Customer Class. For the avoidance of doubt, a Customer Class Member includes any Customer who made a timely election of the Credit Option or Coupon Option in response to the Summer 2020 Settlement Offer.
Customer Class Member Claim(s)	means any Claim that is held by a Customer Class Member, to the extent that such Claim falls within the scope of the Customer Class.
Customer Class Notice	means the notice to be provided to the Customer Class Members containing information regarding the certification of the Customer Class and this Agreement as required by Civil Rule 23.
Customer Class Representative Claim	means the representative Claim held by the Customer Class Representatives, in their representative capacity on behalf of the Customer Class and all Customer Class Members, which is comprised of all Customer Class Member Claims.
Customer Class Service Deadline	means the deadline to be established by the Court, by which the Customer Class Notice and Settlement Response Form must be served on the Customer Class Members.
Customer Database	means the electronic database created for the purposes of this Agreement, which stores the Initial Customer Data, Supplemental Customer Data, Customer Treatment Data, and any other data or information regarding a Customer or Customer Class Member as required by this Agreement.

<u>Defined Term</u>	<u>Meaning</u>
Customer Treatment Data	means the data or information described in Exhibit H to this Agreement with respect to a Customer Class Member.
Customer Website Data	means the data or information described in Exhibit I to this Agreement with respect to a Customer.
Debtor's Counsel	means Hanson Bridgett LLP, counsel for the Debtor in the Chapter 11 Case.
Debtor's Schedules	means the schedules of assets and liabilities and the statement of financial affairs filed by the Debtor in the Chapter 11 Case in accordance with § 521 of the Bankruptcy Code and Bankruptcy Rule 1007, including any amendments or modifications thereto.
Deferred Cash Payment Option	means the option for deferred payments of cash offered by the Debtor to a Customer Class Member under this Agreement, the terms and conditions of which are set forth in Exhibit D to this Agreement.
Deferred Cash Payment(s)	means any deferred payment of cash, funded from the cash of the Reorganized Debtor, that is required to be made to a Customer Class Member who elects the Deferred Cash Payment Option under this Agreement.
Disbursable Amount	means an aggregate amount of Settlement Disbursements that must be made on a Disbursement Date, as specified in the Disbursement Schedule.
Disbursement Date(s)	means any date on which Settlement Disbursements must be made, as specified in the Disbursement Schedule, which includes (a) the date that is 14 days after the Effective Date, (b) October 1, 2021, (c) October 1, 2022, (d) May 1, 2023 (if the Annual Net Income for the calendar year 2022 is greater than \$1,750,000), (e) October 1, 2023, (f) May 1, 2024 (if the Annual Net Income for the calendar year 2023 is greater than \$1,750,000), (g) October 1, 2024, (h) April 30, 2025, and (i) the date that is 60 days after the closing of a Financing Event (if a Financing Event occurs prior to April 30, 2025).
Disbursement Priority Scheme	means the scheme establishing how the Disbursable Amount on a Disbursement Date is allocated between the Settlement Disbursements, as set forth in Section 3.8.5 of this Agreement.

<u>Defined Term</u>	<u>Meaning</u>
Disbursement Schedule	means the schedule establishing the timing and amounts of Settlement Disbursements to be made under this Agreement, as set forth in Section 3.8.4 of this Agreement.
Disclosure Statement	means the disclosure statement describing the Plan filed or to be filed in the Chapter 11 Case, as approved by the Court under § 1125 of the Bankruptcy Code.
Disclosure Statement Hearing	means the hearing to be conducted by the Court to consider the approval of the Disclosure Statement under § 1125 of the Bankruptcy Code.
Disclosure Statement Order	means the Order to be entered by the Court in the Chapter 11 Case approving the Disclosure Statement pursuant to § 1125 of the Bankruptcy Code and establishing the dates, deadlines, and procedures relating to the confirmation of the Plan.
Effective Date	means the date on which this Agreement becomes binding and effective, which date is the first Business Day after which each of the conditions set forth in Section 3.2.1 of this Agreement has been satisfied.
Effective Date Principal	means the Principal as of the Effective Date.
Effective Date Principal Pool	means the Principal Pool as of the Effective Date.
Electing Customer Class Member(s)	means any Customer Class Member who did not previously make a timely election of the Credit Option or Coupon Option in response to the Summer 2020 Settlement Offer.
Estate	means the estate created in the Chapter 11 Case under § 541 of the Bankruptcy Code.
Final Approval	means the Court's final approval of this Agreement under Civil Rule 23(e).
Final Approval Hearing	means the hearing to be conducted by the Court to consider the Final Approval Motion and Final Approval of this Agreement.
Final Approval Motion	means the motion to be jointly filed in the Chapter 11 Case by the Customer Class Representatives and Debtor seeking entry of the Final Approval Order.

<u>Defined Term</u>	<u>Meaning</u>
Final Approval Order	means the Order to be entered by the Court in the Chapter 11 Case granting Final Approval of this Agreement and other related relief.
Final Order(s)	means any Order as to which (a) the time to appeal, petition for a writ of certiorari, or move for reargument or rehearing has expired, and no appeal, petition for certiorari, or other proceeding for reconsideration or rehearing is pending, (b) any right to appeal, petition for certiorari, reargue, or rehear has been waived in writing in a form and in substance reasonably satisfactory to the Parties, (c) an appeal, writ of certiorari, reargument, or rehearing has been sought, and such Order has been affirmed by the highest court to which such Order was appealed or certiorari has been denied and the time to take further appeal, petition for writ of certiorari, reargument, or rehearing has expired.
Financing Event	means any transaction or series of transactions by which (a) the Reorganized Debtor raises capital through the sale of equity in the Reorganized Debtor to one or more third parties in one or more closings taking place within a 12-month period and (b) the net proceeds received by the Reorganized Debtor in connection therewith is in an aggregate amount of \$3,000,000 or more.
Form 1099	means the Internal Revenue Service's Form 1099-MISC.
Initial Customer Data	means the data or information described in Exhibit F to this Agreement with respect to a Customer.
Interest	means interest that accrues on the Principal that is owed to a Customer Class Member who elects the Deferred Cash Payment Option.
Interest Pool	means the aggregate Interest that is owed to all Customer Class Members who elect the Deferred Cash Payment Option.
Made-Whole Customer(s)	means any Customer who would otherwise be a member of the Customer Class but for the fact that such Customer received a return or refund of all money paid to or for the benefit of Galileo through a chargeback with their payment issuer or otherwise.
Net Disbursable Amount(s)	means an amount equal to the Disbursable Amount on a Disbursement Date, less the amounts of the Administrative Payment, Class Counsel Fee Payment, and Service Payments required to be made on such Disbursement Date.

<u>Defined Term</u>	<u>Meaning</u>
Order(s)	means any order or judgment of the Court as entered on the docket in the Chapter 11 Case or related adversary proceeding.
Petition Date	means May 6, 2020, the date on which the Debtor filed its chapter 11 petition, commencing the Chapter 11 Case.
Plan	means the Debtor's plan of reorganization filed or to be filed in the Chapter 11 Case, including, without limitation, all exhibits and schedules thereto, either in its present form or as it may be altered, amended, or modified prior to entry of the Confirmation Order.
Plan Disbursement(s)	means any distribution, disbursement, payment, or transfer of cash or cash equivalents to be made to a holder of a Claim on account of such Claim, to the extent that such Claim is provided for in the Plan.
Plan Document	means the Plan, without incorporating this Agreement or any provisions hereof.
Plan Objection Deadline	means the deadline to be established by the Court, by which an objection to the Plan must be filed and served in order to be deemed timely.
Plan Voting Deadline	means the deadline to be established by the Court, by which a ballot voting on the Plan must be received in order to be deemed timely and effective.
Preliminary Approval	means the Court's preliminary approval of this Agreement under Civil Rule 23(e).
Preliminary Approval Hearing	means the hearing to be conducted by the Court to consider the Preliminary Approval Motion and Preliminary Approval of this Agreement.
Preliminary Approval Motion	means the motion to be jointly filed in the Chapter 11 Case by the Customer Class Representatives and Debtor seeking entry of the Preliminary Approval Order.
Preliminary Approval Order	means the Order to be entered by the Court in the Chapter 11 Case granting Preliminary Approval of this Agreement and other related relief.
Principal	means principal that is owed to a Customer Class Member who elects the Deferred Cash Payment Option.

<u>Defined Term</u>	<u>Meaning</u>
Principal Pool	means the aggregate Principal that is owed to all Customer Class Members who elect the Deferred Cash Payment Option.
Pro Rata Share	means, at any particular time, the proportion that the amount of a Customer Class Member's Allowed Customer Class Member Claim bears to the aggregate amount of the Allowed Customer Class Member Claims held by all Customer Class Members who elected the Deferred Cash Payment Option under this Agreement.
Proof of Claim	means any proof of claim, either filed with the Court in the Chapter 11 Case or through the Claims Agent's website for the Chapter 11 Case, by a holder of a Claim.
Reorganized Debtor	mean the reorganized Debtor, in any and all forms, after the Plan is confirmed by the Court and becomes effective.
Reporting Data	means the data or information described in Exhibit E to this Agreement with respect to a Disbursement Date and the period preceding such Disbursement Date.
Service Award(s)	means any monetary award of compensation to be awarded to a Customer Class Representative under this Agreement, the amount of which is subject to the approval of the Court, to compensate the Customer Class Representative, as a designated representative of the Customer Class, for their services rendered and time and effort spent on behalf of the Customer Class in connection with the Chapter 11 Case.
Service Payment(s)	means any payment of cash, funded from the cash of the Reorganized Debtor, that is required to be made to a Customer Class Representative on account of their Service Award under this Agreement.
Settlement Administrator	means the administrator proposed by the Parties and appointed by the Court to administer this Settlement.
Settlement Disbursement(s)	means any Administrative Payment, Class Counsel Fee Payment, Service Payment, or Deferred Cash Payment.
Settlement Objection(s)	means any objection to this Agreement or the Final Approval thereof.
Settlement Objection Deadline	means the deadline to be established by the Court, by which a Settlement Objection must be filed and served in order to be deemed timely.

<u>Defined Term</u>	<u>Meaning</u>
Settlement Response Deadline	means the deadline to be established by the Court, by which a Settlement Response Form must be received in order to be deemed timely and effective.
Settlement Response Form	means the form to be completed, executed, and returned by a Customer Class Member, by which the Customer Class Member may (a) assert their Customer Class Member Claim, (b) make an election of a Treatment Option, and (c) opt out of the releases granted under this Agreement.
Settlement Website	means the website created for the purposes of this Agreement and for the benefit of the Customers and Customer Class Members.
Summer 2020 Settlement Offer	means the Debtor's written offer presented to a Customer Class Member in summer 2020 to elect the Credit Option or Coupon Option, as approved by the Court pursuant to the Summer 2020 Settlement Order.
Summer 2020 Settlement Order	means the Order entitled <i>Order Granting Motion of Debtor Galileo Learning, LLC for Entry of Order Approving Settlement with Certain Customer/Creditors</i> , which was entered by the Court in the Chapter 11 Case on May 20, 2020, at docket no. 48.
Supplemental Customer Data	means the data or information described in Exhibit G to this Agreement with respect to a Customer Class Member.
Treatment Option(s)	means the Credit Option, Coupon Option, or Deferred Cash Payment Option, offered by the Debtor to an Electing Customer Class Member under this Agreement.

Exhibit B

Exhibit B
Credit Option

If an Electing Customer Class Member elects the Credit Option, the following terms and conditions shall apply:

1. **Credit.** On the Effective Date, the Customer Class Member shall receive, in full satisfaction, discharge, exchange, and release of their Customer Class Member Claim, a Credit issued by the Reorganized Debtor as follows:
 - 1.1. **Dollar Value.** Unless otherwise specified, the dollar value of the Credit shall be equal to 92.4% of the Customer Class Member's Allowed Customer Class Member Claim.
 - 1.2. **Use.** The Credit may be used to purchase any in-person camp programs, online or virtual camp programs, or other products or services offered by the Reorganized Debtor or an affiliate using the "Camp Galileo" or similar marks. The full value of the Credit need not be used in a single purchase or transaction.
 - 1.3. **Transferability.** The Credit may be transferred one time to any third party, including a family member or friend of the Customer Class Member, effective upon the Reorganized Debtor's receipt of written notice of such transfer given by the Customer Class Member.
 - 1.4. **Expiration.** The Credit is valid from the Effective Date until December 31, 2025.
 - 1.5. **Scholarship Recipients.** If the Customer Class Member was a 2020 scholarship recipient (i.e., they specifically applied for and were awarded a scholarship from the Debtor for the summer 2020 season), the dollar value of the Credit shall be equal to 92.4% of the full retail price of the 2020 camp programs, products, and services previously purchased by the Customer Class Member, notwithstanding the fact that the purchase of such camp programs, products, and services was at a discounted scholarship price. For the avoidance of doubt, this section does not apply to the Customer Class Member who received a discount based upon their or their family member's status as a military employee, federal, state, or local government employee, school employee, teacher, or non-profit employee.
2. **Priority Enrollment.** In each calendar year in which the Credit remains valid, the Reorganized Debtor shall offer priority enrollment in any in-person camp programs to the Customer Class Member eligible to use the Credit therewith, provided that the Customer Class Member purchases and enrolls in the in-person camp program by the later of (a) January 31 of the applicable calendar year or (b) the date that is 14 days after the opening of enrollment for the applicable calendar year.
3. **No Initial Price Increase.** With respect to the Customer Class Member eligible to use the Credit, the Reorganized Debtor shall not increase the retail price of any in-person

camp programs that are identical or similar to the 2020 camp program previously purchased by the Customer Class Member until the later of (a) the date that is six months after the reopening of in-person camp programs within the county in which the 2020 camp program previously purchased by the Customer Class Member was set to take place or (b) December 31, 2021.

4. **Unavailability of Local Camp Programs.** If the Reorganized Debtor, at any time within the two-year period following the Effective Date, fails to offer an in-person camp program that is (a) age-appropriate for the child of the Customer Class Member and (b) located within a ten-mile radius of where the 2020 camp program previously purchased by the Customer Class Member was set to take place, the Customer Class Member may elect to switch from the Credit Option to the Deferred Cash Payment Option, effective upon the Reorganized Debtor's receipt of written notice of such election given by the Customer Class Member. In the event of a switched election under this section, the terms and conditions of the Deferred Cash Payment Option, as set forth in Exhibit D to this Agreement, shall apply as of the effective date of such election, except to the extent modified by the following:
 - (x) The Customer Class Member shall not be entitled to receive any Deferred Cash Payments that were scheduled to be made on any Disbursement Dates preceding the effective date of such election;
 - (y) The Principal owed to the Customer Class Member as of the effective date of such election shall be equal to 100.0% of their Allowed Customer Class Member Claim less (1) the total dollar value of the Credit so far used and (2) their Pro Rata Share of all Administrative Payments, Class Counsel Fee Payments, and Service Payments made prior to the effective date of such election; and
 - (z) Interest shall begin accruing on the Principal on the effective date of such election.
5. **Delivery of Credit.** On the Effective Date, the Reorganized Debtor shall deliver instructions on how to use the Credit by email to the Customer Class Member at the email address provided in their Settlement Response Form.
6. **Disclosure Regarding Reduced Benefits.** For the avoidance of doubt, the Electing Customer Class Member who elects the Credit Option under this Agreement is not entitled to receive the same rights and benefits of the Credit Option previously offered under the Summer 2020 Settlement Offer (which the Electing Customer Class Member did not timely respond to). In comparison, the rights and benefits of the Credit Option offered under this Agreement, including the dollar value of the Credit, have been proportionately reduced or adjusted to take into account the Electing Customer Class Member's share of the Administrative Costs, Class Counsel Fee Award, and Service Awards. Based upon the estimated or requested amounts of the Administrative Costs, Class Counsel Fee Award, and Service Awards, each Electing Customer Class Member's share is estimated to be approximately 15–16% of their Customer Class Member Claim. However, in the event that the Court approves the Administrative Costs, Class Counsel

Fee Award, or Service Awards in a reduced amount, the percentage rate used to calculate the dollar value of the Credit provided in the Credit Option under this Agreement (i.e., 92.4%) may be increased in a proportionate manner to complement any such reduction, which will be reflected in the Preliminary Approval Order or Final Approval Order, as applicable.

Exhibit C

Exhibit C
Coupon Option

If an Electing Customer Class Member elects the Coupon Option, the following terms and conditions shall apply:

1. **Coupon.** On the Effective Date, the Customer Class Member shall receive, in full satisfaction, discharge, exchange, and release of their Customer Class Member Claim, a Coupon issued by the Reorganized Debtor as follows:
 - 1.1. **Use.** The Coupon may be redeemed an unlimited amount of times, and each redemption of the Coupon provides a 42.0% discount off of the retail price of any in-person camp programs, online or virtual camp programs, or other products or services offered by the Reorganized Debtor or an affiliate using the “Camp Galileo” or similar marks.
 - 1.2. **Non-Transferability.** The Coupon cannot be transferred to any third party, but the Coupon may be used for the benefit of any child in the Customer Class Member’s family.
 - 1.3. **Expiration.** The Coupon is valid from the Effective Date until December 31, 2025.
2. **Priority Enrollment.** In each calendar year in which the Coupon remains valid, the Reorganized Debtor shall offer priority enrollment in any in-person camp programs to the Customer Class Member eligible to redeem the Coupon therewith, provided that the Customer Class Member purchases and enrolls in the in-person camp program by the later of (a) January 31 of the applicable calendar year or (b) the date that is 14 days after the opening of enrollment for the applicable calendar year.
3. **No Initial Price Increase.** With respect to the Customer Class Member eligible to redeem the Coupon, the Reorganized Debtor shall not increase the retail price of any in-person camp programs that are identical or similar to the 2020 camp program previously purchased by the Customer Class Member until the later of (a) the date that is six months after the reopening of in-person camp programs within the county in which the 2020 camp program previously purchased by the Customer Class Member was set to take place or (b) December 31, 2021.
4. **Unavailability of Local Camp Programs.** If the Reorganized Debtor, at any time within the two-year period following the Effective Date, fails to offer an in-person camp program that is (a) age-appropriate for the child of the Customer Class Member and (b) located within a ten-mile radius of where the 2020 camp program previously purchased by the Customer Class Member was set to take place, the Customer Class Member may elect to switch from the Coupon Option to the Deferred Cash Payment Option, effective upon the Reorganized Debtor’s receipt of written notice of such election given by the Customer Class Member. In the event of a switched election under this

section, the terms and conditions of the Deferred Cash Payment Option, as set forth in Exhibit D to this Agreement, shall apply as of the effective date of such election, except to the extent modified by the following:

- (x) The Customer Class Member shall not be entitled to receive any Deferred Cash Payments that were scheduled to be made on any Disbursement Dates preceding the effective date of such election;
- (y) The Principal owed to the Customer Class Member as of the effective date of such election shall be equal to 100.0% of their Allowed Customer Class Member Claim less (1) the total dollar value of the discounts so far received from redeeming the Coupon, and (2) their Pro Rata Share of all Administrative Payments, Class Counsel Fee Payments, and Service Payments made prior to the effective date of such election; and
- (z) Interest shall begin accruing on the Principal on the effective date of such election.

5. **Delivery of Coupon.** On the Effective Date, the Reorganized Debtor shall deliver instructions on how to redeem the Coupon by email to the Customer Class Member at the email address provided in their Settlement Response Form.
6. **Disclosure Regarding Reduced Benefits.** For the avoidance of doubt, the Electing Customer Class Member who elects the Coupon Option under this Agreement is not entitled to receive the same rights and benefits of the Coupon Option previously offered under the Summer 2020 Settlement Offer (which the Electing Customer Class Member did not timely respond to). In comparison, the rights and benefits of the Coupon Option offered under this Agreement, including the discount rate of the Coupon, have been proportionately reduced or adjusted to take into account the Electing Customer Class Member's share of the Administrative Costs, Class Counsel Fee Award, and Service Awards. Based upon the estimated or requested amounts of the Administrative Costs, Class Counsel Fee Award, and Service Awards, each Electing Customer Class Member's share is estimated to be approximately 15–16% of their Customer Class Member Claim. However, in the event that the Court approves the Administrative Costs, Class Counsel Fee Award, or Service Awards in a reduced amount, the percentage rate of the discount of the Coupon provided in the Coupon Option under this Agreement (i.e., 42.0%) may be increased in a proportionate manner to complement any such reduction, which will be reflected in the Preliminary Approval Order or Final Approval Order, as applicable.

Exhibit D

Exhibit D
Deferred Cash Payment Option

If an Electing Customer Class Member elects the Deferred Cash Payment Option, the following terms and conditions shall apply:

1. **Deferred Cash Payments.** The Customer Class Member shall receive, in full satisfaction, discharge, exchange, and release of their Customer Class Member Claim, Deferred Cash Payments from the Reorganized Debtor as follows:
 - 1.1. **Maximum Dollar Recovery.** The aggregate amount of the Deferred Cash Payments that the Customer Class Member is entitled to receive on account of their Customer Class Member Claim shall be based upon the Principal and the Interest owed to the Customer Class Member, as well as the applicable reductions to the Principal on account of the Administrative Payments, Class Counsel Fee Payments, and Service Payments made; provided, however, that in no event shall the Customer Class Member be entitled to receive Deferred Cash Payments in the aggregate that exceed an amount equal to 85.0% of their Allowed Customer Class Claim, plus the accrued Interest as specifically provided herein.
 - 1.2. **Principal and Interest.** The Principal as of the Effective Date shall be equal to 100.0% of the Customer Class Member's Allowed Customer Class Member Claim, and the Interest shall accrue on the Principal from the Effective Date at the annual rate of 5.0%, charged on the basis of a 12-month year and a 30-day month.
 - 1.3. **Payment Schedule.** The Settlement Administrator shall make the Deferred Cash Payments to the Customer Class Member on the Disbursement Dates in accordance with the Disbursement Schedule and subject to the Disbursement Priority Scheme.
 - 1.4. **Payment Amounts.** Whenever a Deferred Cash Payment must be made to the Customer Class Member on a Disbursement Date, the amount of such Deferred Cash Payment shall be equal to the Customer Class Member's Pro Rata Share of the Net Disbursable Amount corresponding to such Disbursement Date.
 - 1.5. **Application of Payments.** Any Deferred Cash Payment made to the Customer Class Member shall be applied in the following manner:
 - (a) First, to the balance of the Principal, and
 - (b) Second, if the balance of the Principal has been reduced to zero, to the balance of the Interest.
 - 1.6. **Reduced Principal.** Any Administrative Payment, Class Counsel Fee Payment, or Service Payment made by the Settlement Administrator shall have the effect of reducing the balance of the Principal by an amount equal to the Customer Class

Member's Pro Rata Share of such Administrative Payment, Class Counsel Fee Payment, or Service Payment made, as applicable; provided, however, that in no event shall the aggregate amount of all such reductions to the balance of the Principal exceed 16.0% of the Effective Date Principal.

2. **Limited Right to Switch Election.** The Customer Class Member may elect to switch from the Deferred Cash Payment Option to the Credit Option or Coupon Option at any time through August 15, 2021, effective upon the Reorganized Debtor's receipt of written notice of such election given by the Customer Class Member. In the event of a switched election under this section, the terms and conditions of the Credit Option, as set forth in Exhibit B to this Agreement, or the terms and conditions of the Coupon Option, as set forth in Exhibit C to this Agreement, as applicable, shall apply as of the effective date of such election, except to the extent modified by the following:
 - (a) With respect to the Credit Option, the dollar value of the Credit as of the effective date of such election shall be equal to 92.4% of the Customer Class Member's Allowed Customer Class Member Claim, less the total amount of the Deferred Cash Payments so far made to the Customer Class Member; and
 - (b) With respect to the Credit Option or Coupon Option, the Customer Class Member may not begin using the Credit or redeeming the Coupon, as applicable, until January 1, 2022.
3. **Negotiation of Checks.** Any check issued to the Customer Class Member with respect to a Deferred Cash Payment shall be null and void if not negotiated within 150 days after the date of issuance thereof. Upon the expiration of such 150-day period, (a) the Deferred Cash Payment owed to the Customer Class Member shall be deemed satisfied to the extent of the amount represented by the voided check, and (b) the cash represented by such voided check shall (1) irrevocably revert to the Settlement Administrator for the benefit of the other Customer Class Members eligible to receive Deferred Cash Payments and (2) be added to the Net Disbursable Amount of the cash for the Deferred Cash Payments to be disbursed to such other Customer Class Members on the immediately following Disbursement Date.
4. **Delivery of Checks.** Any check issued to the Customer Class Member with respect to a Deferred Cash Payment shall be delivered by first-class mail to the following address:
 - (a) To the mailing address provided in the Customer Class Member's Settlement Response Form returned to the Settlement Administrator;
 - (b) If no Settlement Response Form was returned, to the most current mailing address that the Debtor had on file for the Customer Class Member as of the Effective Date; or

(c) If the Customer Class Member, at any time following the Effective Date, gave written notice of their updated contact information to the Settlement Administrator or Reorganized Debtor, to the mailing address provided in such written notice.

5. **Undeliverable Checks.** If a check issued to the Customer Class Member with respect to a Deferred Cash Payment was mailed to the Customer Class Member but returned as undeliverable, the Settlement Administrator shall promptly use all reasonable and cost-effective methods to locate a current or proper mailing address for the Customer Class Member, including running a name and last-known-address search through a national database and contacting the Customer Class Member at the most current email address and telephone number that the Reorganized Debtor or Settlement Administrator has on file for the Customer Class Member. If the Settlement Administrator has obtained a current or proper mailing address for the Customer Class Member within 150 days after the date of issuance of such check, the Settlement Administrator shall promptly re-mail the check to the Customer Class Member at such mailing address and update the information in the Customer Database accordingly.
6. **Disclosure Regarding Reduced Benefits.** For the avoidance of doubt, the Electing Customer Class Member who elects the Deferred Cash Payment Option under this Agreement is not entitled to receive Deferred Cash Payments in the aggregate equal to 100.0% of their Allowed Customer Class Member Claim, plus the applicable accrued Interest. The rights and benefits of the Deferred Cash Payment Option, including the maximum dollar recovery, have been proportionately reduced or adjusted to take into account the Electing Customer Class Member's share of the Administrative Costs, Class Counsel Fee Award, and Service Awards. Based upon the estimated or requested amounts of the Administrative Costs, Class Counsel Fee Award, and Service Awards, each Electing Customer Class Member's share is estimated to be approximately 15–16% of their Customer Class Member Claim. However, in the event that the Court approves the Administrative Costs, Class Counsel Fee Award, or Service Awards in a reduced amount, (a) the percentage rate of the maximum dollar recovery provided in the Deferred Cash Payment Option (i.e., 85.0%) and (b) the percentage rate of the maximum reduction to the Principal on account of the Administrative Payments, Class Counsel Fee Payments, and Service Payments made (i.e., 16.0%) may be adjusted in a proportionate manner to complement any such reduction, which will be reflected in the Preliminary Approval Order or Final Approval Order, as applicable.

Exhibit E

Exhibit E
Reporting Data

- (a) From the Reorganized Debtor: If the applicable Disbursement Date is May 1, 2023, (1) the Annual Net Income for the calendar year 2022, (2) whether Settlement Disbursements were obligated to be made on such Disbursement Date, and (3) if so, the corresponding Disbursable Amount of such Settlement Disbursements;
- (b) From the Reorganized Debtor: If the applicable Disbursement Date is May 1, 2024, (1) the Annual Net Income for the calendar year 2023, (2) whether Settlement Disbursements were obligated to be made on such Disbursement Date and (3) if so, the corresponding Disbursable Amount of such Settlement Disbursements;
- (c) From the Reorganized Debtor: (1) Whether the Reorganized Debtor, at any time during the period from the immediately preceding Disbursement Date to the applicable Disbursement Date, raised capital through the sale of equity in the Reorganized Debtor to one or more third parties, and (2) if so, (A) the closing date of such transaction, (B) the amount of capital raised from such transaction, and (C) the amount of the net proceeds received by the Reorganized Debtor in connection with such transaction;
- (d) From the Reorganized Debtor: If a Financing Event occurred since the immediately preceding Disbursement Date (and, as a result, the applicable Disbursement Date is the date that is 60 days after the closing of such Financing Event), (1) the closing dates of all transactions comprising the Financing Event, (2) the aggregate amount of capital raised from such transactions, and (3) the aggregate amount of the net proceeds received by the Reorganized Debtor in connection with such transactions;
- (e) From the Reorganized Debtor: The Disbursable Amount of the Settlement Disbursements corresponding to the applicable Disbursement Date, according to the Disbursement Schedule;
- (f) From the Settlement Administrator: If any Settlement Disbursements were obligated to be made on the applicable Disbursement Date, (1) whether the Reorganized Debtor delivered funds to the Settlement Administrator on account of such Settlement Disbursements, (2) if so, (A) the date on which such funds were received from the Reorganized Debtor, and (B) the amount of such funds; and (3) whether the Reorganized Debtor delivered written confirmation agreeing with the Settlement Administrator's assessment of how the funds are to be allocated;
- (g) From the Settlement Administrator: If any Administrative Payment was obligated to be made on the applicable Disbursement Date, (1) the balance of the Administrative Costs as of such Disbursement Date, (2) the portion of the funds from the Reorganized Debtor that was allocated for such Administrative Payment, and (3) the balance of the Administrative Costs after deducting for such Administrative Payment;

- (h) From the Settlement Administrator: If any Class Counsel Fee Payment was obligated to be made on the applicable Disbursement Date, (1) the balance of the Class Counsel Fee Award as of such Disbursement Date, (2) the portion of the funds from the Reorganized Debtor that was allocated for such Class Counsel Fee Payment, and (3) the balance of the Class Counsel Fee Award after deducting for such Class Counsel Fee Payment;
- (i) From the Settlement Administrator: If any Service Payments were obligated to be made on the applicable Disbursement Date, (1) the balance of the Service Awards as of such Disbursement Date, (2) the portion of the funds from the Reorganized Debtor that was allocated for such Service Payments, and (3) the balance of the Service Awards after deducting for such Service Payments;
- (j) From the Settlement Administrator: If any Deferred Cash Payments were obligated to be made on the applicable Disbursement Date, (1) the balance of the Principal Pool as of such Disbursement Date, (2) the balance of the Interest Pool as of such Disbursement Date, (3) the portion of the funds from the Reorganized Debtor that was allocated for such Deferred Cash Payments, (4) the balance of the Principal Pool after deducting for such Deferred Cash Payments, and (5) the balance of the Interest Pool after deducting for such Deferred Cash Payments;
- (k) From the Reorganized Debtor: As of the applicable Disbursement Date, the total numbers of the Customer Class Members who elected to switch (1) from the Credit Option to the Deferred Cash Payment Option, (2) from the Coupon Option to the Deferred Cash Payment Option, (3) from the Deferred Cash Payment Option to the Credit Option, and (4) from the Deferred Cash Payment Option to the Coupon Option.

Exhibit F

Exhibit F
Initial Customer Data

- (a) From the Debtor: The name on file for the Customer (arranged by last name, then first name);
- (b) From the Debtor: The most current email address on file for the Customer (upon which service of the Customer Class Notice by email would be made, if required or permitted), as specified in Section 3.11.2.4 of this Agreement;
- (c) From the Debtor: The most current mailing address on file for the Customer (upon which service of the Customer Class Notice by first-class mail would be made, if required or permitted), as specified in Section 3.11.2.4 of this Agreement;
- (d) From the Debtor: The most current telephone number on file for the Customer;
- (e) From the Debtor: With respect to the Customer's original transaction with the Debtor that formed the basis of their Claim, (1) the date and (2) the amount of the transaction, (3) the Customer's name, (4) email address, (5) billing or mailing address, and (6) telephone number used in the transaction;
- (f) From the Debtor: If the Customer's Claim was scheduled in the Debtor's Schedules, (1) the customer number corresponding to the Customer, (2) the scheduled amount of the Claim, and (3) whether the Claim was designated as disputed, contingent, or unliquidated in the Debtor's Schedules;
- (g) From the Debtor: If the Debtor's records reflect that the Customer received a return or refund of some or all of their money through a chargeback with their payment issuer or otherwise, (1) the date of the chargeback transaction, (2) the amount returned or refunded thereto from the chargeback transaction, and (3) the outstanding amount of their Claim following the chargeback transaction;
- (h) From the Debtor (or Claims Agent): If the Customer filed a Proof of Claim in the Chapter 11 Case, (1) the filing date of the Proof of Claim, (2) the claim number assigned for the Proof of Claim, (3) the amount of the Claim asserted in the Proof of Claim, (4) whether any supporting documentation was attached to the Proof of Claim, (5) the Customer's name, (6) email address, (7) mailing address, and (8) telephone number designated for notices and payments in the Proof of Claim;
- (i) From the Debtor (or Claims Agent): If the Customer, at any time during the pendency of the Chapter 11 Case, gave written notice of their updated contact information to the Debtor (regardless of whether such written notice was filed in the Chapter 11 Case), (1) the date on which the Debtor received the written notice, (2) the Customer's name, (3) email address, (4) mailing address, and (5) telephone number in the written notice;

- (j) From the Debtor: (1) Whether the Debtor believes, based on its records, that the Customer is a member of the Customer Class, and (2) if so, what the Debtor's records reflect to be (A) the amount of their Customer Class Member Claim as of the Petition Date or (B) if the Customer received a return or refund of some of their money through a chargeback with their payment issuer or otherwise, the amount of their Customer Class Member Claim following the chargeback transaction; and
- (k) From the Debtor: If the Debtor's records reflect that the Summer 2020 Settlement Offer was previously sent to the Customer, (1) whether the Debtor's records reflect that the Customer, in response to the Summer 2020 Settlement Offer, (A) made a timely election of the Credit Option, (B) made a timely election of the Coupon Option, or (C) did not make a timely election of the Credit Option or Coupon Option, and (2) if applicable, the date on which they made the election of the Credit Option or Coupon Option in response to the Summer 2020 Settlement Offer.

Exhibit G

Exhibit G
Supplemental Customer Data

- (a) From the Debtor (or Claims Agent): If the Customer Class Notice was served by email on the Customer Class Member, (1) the date of such service, (2) the email address upon which such service was made, (3) whether the Customer Class Notice emailed to such email address was bounced back as undeliverable, and (4) if so, (A) the manner of the second-attempted service made thereon (e.g., by email to an alternative email address or by first-class mail to a mailing address), (B) the date of such second-attempted service, and (C) the email address or mailing address, as applicable, upon which such second-attempted service was made;
- (b) From the Debtor (or Claims Agent): If the Customer Class Notice was served by first-class mail on the Customer Class Member, (1) the date of such service, (2) the mailing address upon which such service was made, (3) whether the Customer Class Notice mailed to such mailing address was returned as undeliverable, and (4) if so, (A) the manner of the second-attempted service made thereon (e.g., by first-class mail to an alternative mailing address), (B) the date of such second-attempted service, and (C) the mailing address or email address, as applicable, upon which such second-attempted service was made;
- (c) From the Settlement Administrator: (1) Whether the Customer Class Member returned the Settlement Response Form to the Settlement Administrator, and (2) if so, (A) the manner in which the Settlement Response Form was returned (e.g., by mail, facsimile, email, or online submission), (B) the date on which the Settlement Response Form was received, and (C) whether they executed the Settlement Response Form;
- (d) From the Settlement Administrator: Whether, on the Settlement Response Form, the Customer Class Member affirmed that (1) they have not received a return or refund of all money paid to or for the benefit of the Debtor through a chargeback with their payment issuer or otherwise and (2) no request or claim seeking such a chargeback remains pending;
- (e) From the Settlement Administrator: Whether, on the Settlement Response Form, the Customer Class Member affirmed that they, in response to the Summer 2020 Settlement Offer, (1) made an election of the Credit Option, (2) made an election of the Coupon Option, or (3) did not make an election of the Credit Option or Coupon Option;
- (f) From the Settlement Administrator: (1) Whether the Customer Class Member is an Electing Customer Class Member, and (2) if so, whether, on the Settlement Response Form, the Customer Class Member made an election of the (A) the Credit Option, (B) the Coupon Option, or (C) the Deferred Cash Payment Option;
- (g) From the Settlement Administrator: Whether, on the Settlement Response Form, the Customer Class Member elected to opt out of the releases granted under this Agreement;

- (h) From the Settlement Administrator: (1) Whether, on the Settlement Response Form, the Customer Class Member indicated that they agree or disagree that the Debtor's records accurately reflect the amount of their Customer Class Member Claim, and (2) if the latter, (A) the amount of the Customer Class Member Claim asserted in the Settlement Response Form, and (B) whether any supporting documentation was attached to the Settlement Response Form; and
- (i) From the Settlement Administrator: (1) the Customer Class Member's name, (2) email address, (3) mailing address, and (4) telephone number provided in the Settlement Response Form.

Exhibit H

Exhibit H
Customer Treatment Data

- (a) From the Reorganized Debtor: If the purported Customer Class Member returned the Settlement Response Form to the Settlement Administrator but was not served with the Customer Class Notice or otherwise believed to be a Customer Class Member, (1) whether the Reorganized Debtor disputes that the purported Customer Class Member is a member of the Customer Class, and (2) if so, the basis for that dispute (e.g., the purported Customer Class Member is a Made-Whole Customer);
- (b) From the Reorganized Debtor: If the amount of the Customer Class Member's Customer Class Member Claim asserted in their Proof of Claim or Settlement Response Form is different than the amount reflected in the Debtor's records, (1) whether the Reorganized Debtor disputes such asserted amount of the Customer Class Member Claim, and (2) if so, following the resolution of such dispute, (A) whether such resolution was reached by mutual agreement of the parties or by an Order of the Court, (B) the date of such resolution, and (C) the resolved amount of the Allowed Customer Class Member Claim;
- (c) From the Reorganized Debtor: If the Customer Class Member made a timely and effective election of the Credit Option, whether in response to the Summer 2020 Settlement Offer or by the Settlement Response Form, (1) the amount of their Allowed Customer Class Member Claim (as of the Petition Date), (2) if applicable, the amount returned or refunded thereto from a chargeback transaction, (3) the original dollar value of the Credit, (4) the balance of the Credit as of the Effective Date, and (5) whenever they have used any portion of the Credit in a transaction, (A) the date of the transaction, (B) the dollar value of the Credit used in the transaction, and (C) the balance of the Credit following the transaction;
- (d) From the Reorganized Debtor: If the Customer Class Member made a timely and effective election of the Credit Option by the Settlement Response Form but subsequently elected to switch to the Deferred Cash Payment Option, (1) the date on which the Reorganized Debtor received written notice of such switched election therefrom, and (2) the total dollar value of the Credit so far used;
- (e) From the Settlement Administrator: If the Customer Class Member made a timely and effective election of the Credit Option by the Settlement Response Form but subsequently elected to switch to the Deferred Cash Payment Option, (1) their Pro Rata Share of all Administrative Payments, Class Counsel Fee Payments, and Service Payments previously made, and (2) the Principal owed thereto as of the effective date of such election;

- (f) From the Reorganized Debtor: If the Customer Class Member made a timely and effective election of the Coupon Option, whether in response to the Summer 2020 Settlement Offer or by the Settlement Response Form, (1) the amount of their Allowed Customer Class Member Claim (as of the Petition Date), (2) if applicable, the amount returned or refunded thereto from a chargeback transaction, and (3) whenever they have redeemed the Coupon in a transaction, (A) the date of the transaction, and (B) the dollar value of the discount received from redeeming the Coupon in the transaction;
- (g) From the Reorganized Debtor: If the Customer Class Member made a timely and effective election of the Coupon Option by the Settlement Response Form but subsequently elected to switch to the Deferred Cash Payment Option, (1) the date on which the Reorganized Debtor received written notice of such switched election therefrom, and (2) the total dollar value of the discounts so far received from redeeming the Coupon;
- (h) From the Settlement Administrator: If the Customer Class Member made a timely and effective election of the Coupon Option by the Settlement Response Form but subsequently elected to switch to the Deferred Cash Payment Option, (1) their Pro Rata Share of all Administrative Payments, Class Counsel Fee Payments, and Service Payments previously made, and (2) the Principal owed thereto as of the effective date of such election;
- (i) From the Reorganized Debtor: If the Customer Class Member made a timely and effective election of the Deferred Cash Payment Option, whether by the Settlement Response Form or by otherwise failing to make an election of any Treatment Option, (1) the amount of their Allowed Customer Class Member Claim (as of the Petition Date), (2) if applicable, the amount returned or refunded thereto from a chargeback transaction, and (3) the Effective Date Principal;
- (j) From the Settlement Administrator: If the Customer Class Member made a timely and effective election of the Deferred Cash Payment Option, whether by the Settlement Response Form or by otherwise failing to make an election of any Treatment Option, (1) whenever any Administrative Payment, Class Counsel Fee Payment, or Service Payment has been made, (A) the date on which such Settlement Disbursement was made, (B) their Pro Rata Share of such Settlement Disbursement, and (C) the balance of the Principal after deducting for such Settlement Disbursement; and (2) whenever any Deferred Cash Payment has been made thereto, (A) the date on which such Deferred Cash Payment was made, (B) the amount of such Deferred Cash Payment, (C) the balance of the Principal after deducting for such Deferred Cash Payment, and (D) the balance of the Interest after deducting for such Deferred Cash Payment;
- (k) From the Reorganized Debtor: If the Customer Class Member made a timely and effective election of the Deferred Cash Payment Option but subsequently elected to switch to the Credit Option or Coupon Option, (1) the date on which the Reorganized Debtor received written notice of such switched election therefrom, and (2) the Treatment Option selected thereby; and

- (I) From the Settlement Administrator: If the Customer Class Member made a timely and effective election of the Deferred Cash Payment Option but subsequently elected to switch to the Credit Option or Coupon Option, the total amount of the Deferred Cash Payments so far made thereto.

Exhibit I

Exhibit I
Customer Website Data

- (a) The name that the Debtor has on file for the Customer;
- (b) The most current email address that the Debtor has on file for the Customer;
- (c) The most current mailing address that the Debtor has on file for the Customer;
- (d) The must current telephone number that the Debtor has on file for the Customer;
- (e) (1) Whether the Debtor's records reflect that the Customer received a return or refund of some or all of their money through a chargeback with their payment issuer or otherwise, and (2) if so, what the Debtor's records reflect to be the amount returned or refunded thereto from the chargeback transaction;
- (f) (1) Whether the Debtor believes, based on its records, that the Customer is a member of the Customer Class, and (2) if so, what the Debtor's records reflect to be (A) the amount of their Customer Class Member Claim as of the Petition Date or (B) if the Customer received a return or refund of some of their money through a chargeback with their payment issuer or otherwise, the amount of their Customer Class Member Claim following the chargeback transaction; and
- (g) Whether the Debtor's records reflect that the Customer, in response to the Summer 2020 Settlement Offer (1) made a timely election of the Credit Option, (2) made a timely election of the Coupon Option, or (3) did not make a timely election of the Credit Option or Coupon Option.

Exhibit 2

NOTICE REGARDING CLASS CERTIFICATION, SETTLEMENT, AND FINAL APPROVAL HEARING

In re Galileo Learning, LLC

United States Bankruptcy Court for the Northern District of California
Case No. 20-40857 (RLE)

To: All individuals who paid money to or for the benefit of Galileo Learning, LLC (“Galileo”), prior to the filing of its chapter 11 petition (on May 6, 2020), as a full or partial deposit, advance, or payment for any of Galileo’s since-canceled in-person camp programs scheduled for 2020 and any goods or services related thereto, **but excluding** any individual who received a return or refund of all such money paid to or for the benefit of Galileo through a chargeback with their payment issuer or otherwise.

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

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

On November 9, 2020, in the above-referenced bankruptcy case of Galileo (the “Bankruptcy Case”), the United States Bankruptcy Court for the Northern District of California (the “Bankruptcy Court” or “Court”) certified a class consisting of those individuals described in the box above (the “Class”), of which you may be a member. A proposed settlement (the “Settlement”) has since been reached between Galileo and the Class representatives, Nanette Kearney, Krister Johnson, and Sandra Shorago (collectively, the “Class Representatives”), who act on behalf of the Class and its members in the Bankruptcy Case. The Settlement has been preliminarily approved by the Court but remains subject to the Court’s final approval. This notice provides a summary of the basic terms of the Settlement, including an explanation of your rights under the Settlement to the extent you are a Class member.

If you are a Class member and you did not previously elect the 110% Credit Option or the 50% Coupon Option in response to Galileo’s Summer 2020 Settlement Offer (all explained in section 2 of this notice), you are now entitled to elect to receive (1) a credit under the New Credit Option, (2) a coupon under the New Coupon Option, or (3) deferred payments of cash under the Deferred Cash Payment Option (all explained in section 5 of this notice). If you are not a Class member, you are not entitled to receive any rights or benefits under the Settlement.

DO NOTHING AND RECEIVE DEFERRED CASH PAYMENTS: If you qualify to be a member of the Class, you do not need to do anything to participate in the Settlement. By doing nothing, you will be deemed to have elected, by default, the Deferred Cash Payment Option (unless you previously elected the 110% Credit Option or the 50% Coupon Option in response to Galileo’s Summer 2020 Settlement Offer).

ELECT TO RECEIVE A CREDIT OR COUPON, IN LIEU OF DEFERRED CASH PAYMENTS: If you prefer to elect the New Credit Option or the New Coupon Option, rather than the Deferred Cash Payment Option, you must make such an election in accordance with the instructions in section 4 of this notice by no later than **<DEADLINE>**.

OBJECT TO THE SETTLEMENT: If you wish to object to the Settlement, you must file and serve a written objection to the Settlement in accordance with the instructions in section 8 of this notice by no later than **<DEADLINE>**.

ATTEND THE FINAL APPROVAL HEARING: If you wish to attend the Court’s hearing to consider the final approval of the Settlement, the hearing will be held on **<DATE>**, at **<TIME>**, **Pacific Time**, and will be conducted remotely by telephone via CourtCall and by videoconference via Zoom (information on how to arrange a telephonic or video appearance can be found in section 10 of this notice).

PLEASE NOTE ALL OF THE FOLLOWING:

- **If you received Galileo’s letter or email in May or June 2020 presenting you with the Summer 2020 Settlement Offer and then you timely elected the 110% Credit Option or the 50% Coupon Option in response thereto, you may still be a Class member but are not entitled to switch from the treatment option you originally elected (and not eligible to elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option).**

- If **all** of the money that you had paid to Galileo was later returned or refunded to you through a chargeback with your payment issuer or similar transaction, you are **not** a Class member and **not** entitled to receive any rights or benefits under the Settlement.
- If **less than all** of the money that you had paid to Galileo was later returned or refunded to you through a chargeback with your payment issuer or similar transaction, you are still be a Class member and hold a claim against Galileo for the remaining portion of the paid money that was not returned or refunded to you.

PURSUANT TO THE ORDER OF THE COURT ENTERED ON <DATE>, YOU ARE HEREBY NOTIFIED OF THE FOLLOWING:

SECTION 1: WHY DID I GET THIS NOTICE?

You have received this notice because Galileo’s records reflect that you paid money to Galileo, prior to May 6, 2020, as a deposit for any of Galileo’s since-canceled camp programs scheduled for 2020 and any related goods or services, and, as a result, you may be a member of the Class.

To the extent you are a Class member, this notice is designed to inform you of (a) the Court’s certification of the Class, (b) your rights under the Settlement, (c) the available treatment options offered to you in full satisfaction of your claim against Galileo, (d) the Court’s hearing to consider the final approval of the Settlement, (e) how to participate in the Settlement, and (f) how to object to the Settlement.

Along with this notice, you have also received the document entitled *Settlement Response Form* (the “Response Form”). Together with the information and instructions provided within the Response Form, this notice explains how you can (a) assert your claim against Galileo (i.e., state how much money you believe Galileo owes you), (b) if eligible, elect one of the three treatment options now offered in the Settlement (i.e., the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option), and (c) opt out of granting the releases contained in the Settlement, all of which are effectuated by timely completing, signing, and returning the Response Form.

The Settlement has been memorialized in the written agreement entitled *Class Settlement Agreement* (the “Settlement Agreement”), which you can obtain by visiting the dedicated website for information about the Settlement (the “Settlement Website”), located at <WEBSITE LINK>. Upon the Court’s final approval and the occurrence of certain other conditions, the Settlement Agreement will become binding on all Class members, whether or not a Class member chooses to complete the Response Form or otherwise participate in the Settlement. The date on which the Settlement Agreement becomes binding and effective is referred to as the “Effective Date” and is expected to be a date in **early March 2021** (assuming there are no issues or delays).

SECTION 2: WHAT IS THE CLASS LITIGATION AND BANKRUPTCY CASE ABOUT?

From late 2019 to early 2020, thousands of customers paid money to Galileo as deposits for Galileo’s in-person camp programs scheduled for 2020 and other related goods and services offered in connection with those camp programs. However, due to the Covid-19 pandemic and the governmental orders and directives in response thereto, in April 2020, Galileo canceled all of its camp programs and was unable to, and did not, provide refunds to any customers.

On April 23, 2020, one of those customers, Nanette Kearney, on behalf of herself and others similarly situated, filed a class action complaint against Galileo, its affiliate Galileo Learning Franchising LLC, and its principal Glen Tripp in the United States District Court for the Northern District of California, commencing the civil case captioned as *Kearney v. Galileo Learning, LLC, et al.* (Case No. 3:20-cv-02807-JCS) (the “Civil Case”).

Yet, before Ms. Kearney could prosecute the Civil Case any further, Galileo sought chapter 11 bankruptcy protection in the Bankruptcy Court on May 6, 2020, which commenced the Bankruptcy Case.

In the Bankruptcy Case, Galileo alleged that its liabilities exceeded its assets and that, with the cancelation of its in-person camp programs and the resulting drop in revenue, it could not presently afford to pay back its creditors, including refunding those customers who had paid deposits for the since-canceled camp programs. Nevertheless, Galileo’s goal has been to restructure its debts and avoid liquidation by proposing a plan of reorganization that would allow Galileo to repay its creditors over time. On **December 2, 2020**, Galileo filed a plan entitled *Debtor’s First Amended Plan of Reorganization*

("Galileo's Plan" or the "Plan"), which represents Galileo's proposal of how it will resolve the claims of all of its creditors (including the Class members). Galileo's Plan remains subject to confirmation (i.e., final approval) by the Court.

At the beginning of the Bankruptcy Case, as a preliminary measure to compromise with some of its customers who had paid deposits, Galileo was authorized by the Court to present an offer to the customers to elect one of two treatment options (the "Summer 2020 Settlement Offer"), which the customers received by email or letter from Galileo in May or June 2020. In response to the Summer 2020 Settlement Offer, a customer could elect one of the following two treatment options:

- **110% Credit Option:** The option to receive a credit equal to 110% of the customer's claim against Galileo, which could be used to purchase any of Galileo's camp programs, products, or services over a roughly five-year period (the "110% Credit Option"), or
- **50% Coupon Option:** The option to receive a coupon providing the customer with a 50% discount off of any of Galileo's camp programs, products, or services, which could be redeemed an unlimited amount of times over a roughly five-year period (the "50% Coupon Option").

Alternatively, the customer could make no election at all in response to the Summer 2020 Settlement Offer and instead wait and see what would be offered as part of a proposed settlement or plan in the Bankruptcy Case.

Throughout the Bankruptcy Case, Galileo and the Class Representatives, with their respective counsel, have engaged in good-faith negotiations to work out how Galileo would resolve and redress the claims of the Class members. During those negotiations, and after a substantial review of Galileo's present and projected finances, it became clear that if the Class insisted that eligible Class members (i.e., those who did not previously elect the 110% Credit Option or the 50% Coupon Option) be immediately paid back in full (an amount exceeding \$4.3 million), Galileo would be forced into liquidation, leaving each Class member to recover, at best, only pennies on the dollar (i.e., significantly less than the amount of their claim). Accordingly, the best path forward for the Class was to negotiate a compromise in which Galileo could repay eligible Class members over time while remaining in business and continuing to generate revenue from operating its camp programs, from which it could repay eligible Class members. The Settlement Agreement, which was executed by Galileo and the Class Representatives on December 2, 2020, is the product of those negotiations and represents what is believed to be an optimal result for the Class members given the circumstances.

On November 9, 2020, the Court (a) certified the Class, (b) designated the three Class Representatives to serve as the representatives of the Class, and (c) appointed the law firms Aiman-Smith & Marcy, P.C. and Hahn & Hahn LLP to serve as co-counsel for the Class (together, the "Class Counsel"). On <DATE>, the Court granted preliminary approval of the Settlement Agreement and appointed Atticus Administration, Inc. to administer the Settlement (the "Settlement Administrator").

SECTION 3: WHO IS INCLUDED IN THE CLASS AND IN THE SETTLEMENT?

If you fall within the scope of the following definition, then you are a Class member:

All individuals who paid money to or for the benefit of Galileo, prior to the filing of its chapter 11 petition (on May 6, 2020), as a full or partial deposit, advance, or payment for any of Galileo's since-canceled in-person camp programs scheduled for 2020 and any goods or services related thereto, **but excluding** any individual who received a return or refund of all such money paid to or for the benefit of Galileo through a chargeback with their payment issuer or otherwise.

And if you are a Class member, then you are included in the Settlement.

Galileo has estimated that the Class contains approximately 9,250 individuals, who altogether hold approximately \$9,923,582.30 in claims against Galileo.

Am I Included in the Class If I Previously Received a Full Chargeback?

If you paid money to Galileo for any of Galileo's since-canceled in-person camp programs and any related goods or services and all of that money was later returned or refunded to you through a chargeback with your payment issuer (e.g., the bank that issued your credit or debit card) or similar transaction, then you have been made whole and are no longer a Class member (and no longer hold a claim against Galileo).

Am I Included in the Class If I Previously Received a Partial Chargeback?

If you paid money to Galileo for any of Galileo's since-canceled in-person camp programs and any related goods or services and less than all of that money was later returned or refunded to you through a chargeback with your payment issuer (e.g., the bank that issued your credit or debit card) or similar transaction, you are still a Class member (and hold a claim against Galileo for the remaining portion of the paid money that was not returned or refunded to you).

Am I Included in the Class If I Previously Elected a Treatment Option in Response to Galileo's Summer 2020 Settlement Offer?

Even if you previously elected the 110% Credit Option or the 50% Coupon Option in response to Galileo's Summer 2020 Settlement Offer, you are still a Class member (assuming that you have not otherwise received a full chargeback).

Galileo has estimated that (a) approximately 4,054 Class members, who altogether hold approximately \$4,497,008.15 in claims against Galileo, timely elected the 110% Credit Option, and (b) approximately 1,090 Class members, who altogether hold approximately \$1,075,299.29 in claims against Galileo, timely elected the 50% Coupon Option.

Can I Opt Out of the Class or the Settlement?

Since the Class has been certified as a mandatory, no-opt-out class, you do not have the right to opt out of the Class or the Settlement.

If you believe that you should have the right to opt out of the Class or the Settlement, you may object to the Settlement.

SECTION 4: WHAT ARE MY OPTIONS AS A CLASS MEMBER?

If you are a Class member and you did not previously make any election in response to Galileo's Summer 2020 Settlement Offer (i.e., you did not previously elect the 110% Credit Option or the 50% Coupon Option), you are eligible to elect one of the following three treatment options now offered under the Settlement:

- **New Credit Option:** The option to receive a credit equal to 92.4% of your claim against Galileo, which can be used to purchase any of Galileo's camp programs, products, or services over a roughly five-year period (the "New Credit Option"),
- **New Coupon Option:** The option to receive a coupon providing you with a 42% discount off of any of Galileo's camp programs, products, or services, which can be redeemed an unlimited amount of times over a roughly five-year period (the "New Coupon Option"), or
- **Deferred Cash Payment Option:** The option to receive deferred payments of cash totaling no less than 84% of your claim against Galileo, plus accrued interest, paid over a period not to exceed roughly five years (the "Deferred Cash Payment Option").

Explanations for what rights and benefits you would receive under each of these three treatment options can be found in section 5 of this notice. Whichever treatment option you elect, the rights and benefits you receive under your elected treatment option is in full satisfaction of your claim against Galileo.

For the sake of clarity, at this time, you are no longer eligible to elect the 110% Credit Option or the 50% Coupon Option previously offered in Galileo's Summer 2020 Settlement Offer.

Galileo has estimated that approximately 4,106 Class members, who altogether hold approximately \$4,351,274.86 in claims against Galileo, are eligible to elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option now offered in the Settlement.

What Are My Options If I Previously Elected the 110% Credit Option or the 50% Coupon Option?

If you previously elected the 110% Credit Option or the 50% Coupon Option in response to Galileo's Summer 2020 Settlement Offer, you are not entitled to switch from the treatment option you originally elected. Whichever treatment option you elected, the rights and benefits you receive under your elected treatment option is in full satisfaction of your claim against Galileo.

For the sake of clarity, if you previously elected the 110% Credit Option or the 50% Coupon Option, you are not eligible to elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option now offered in the Settlement.

How Do I Elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option?

To elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option, you must check the appropriate box in the Response Form. In order for your election of a treatment option to be deemed timely and effective, the Response Form must be completed, signed, and returned to the Settlement Administrator, such that it is actually received by the Settlement Administrator by no later than **11:59 p.m., Pacific Time, on <DEADLINE>**.

If you do not elect any treatment option in the Response Form (i.e., by not checking any of the applicable boxes), or you do not otherwise timely complete, sign, or return the Response Form, you are deemed to have elected, by default, the Deferred Cash Payment Option.

Can I Later Switch My Election of a Treatment Option to Another Treatment Option?

If you elected (or were deemed to have elected) the Deferred Cash Payment Option by <DEADLINE>, you can switch your election to the New Credit Option or the New Coupon Option at any time after <DEADLINE> up to, and including, August 15, 2021, by informing Galileo in writing of your switched election. In the event of such switched election, (a) if you switched to the New Credit Option, the dollar value of the credit you receive will be adjusted appropriately to account for any payments made to you, and (b) you cannot begin using the credit or redeeming the coupon, as applicable, until January 1, 2022.

If you elected the New Credit Option or the New Coupon Option, you can switch your election to the Deferred Cash Payment Option, by informing Galileo in writing of your switched election, but only if Galileo, at any time within two years following the Effective Date, fails to offer an in-person camp program that is age-appropriate for your child and located within a ten-mile radius of where your previously purchased 2020 camp program was set to take place. In the event of such switched election, the amount of payments owed to you will be adjusted appropriately to account for any use of the credit or redemption of the coupon by you, as applicable, and for when you made the switched election.

SECTION 5: WHAT RIGHTS AND BENEFITS DO I RECEIVE UNDER THE SETTLEMENT?

Assuming you are a Class member, the rights and benefits you receive under the Settlement depend upon which treatment option you have elected (or are deemed to have elected).

What Do I Receive If I Previously Elected the 110% Credit Option?

If you previously elected the 110% Credit Option in response to Galileo's Summer 2020 Settlement Offer, you will continue to receive and retain the rights and benefits under the 110% Credit Option.

The complete terms and conditions of the 110% Credit Option are set forth in the Court's order entitled *Order Granting Motion of Debtor Galileo Learning, LLC for Entry of Order Approving Settlement with Certain Customer/Creditors*, which can be obtained by visiting the Settlement Website at <WEBSITE LINK>.

For the sake of clarity, the rights and benefits under the 110% Credit Option previously offered in the Summer 2020 Settlement Offer are different than the rights and benefits under the New Credit Option now offered in the Settlement.

What Do I Receive If I Previously Elected the 50% Coupon Option?

If you previously elected the 50% Coupon Option in response to Galileo's Summer 2020 Settlement Offer, you will continue to receive and retain the rights and benefits under the 50% Coupon Option.

The complete terms and conditions of the 50% Coupon Option are set forth in the Court's order entitled *Order Granting Motion of Debtor Galileo Learning, LLC for Entry of Order Approving Settlement with Certain Customer/Creditors*, which can be obtained by visiting the Settlement Website at <WEBSITE LINK>.

For the sake of clarity, the rights and benefits under the 50% Coupon Option previously offered in the Summer 2020 Settlement Offer are different than the rights and benefits under the New Coupon Option now offered in the Settlement.

What Do I Receive If I Elect the New Credit Option?

If you elect the New Credit Option, you will receive a credit issued by Galileo, the basic terms of which are as follows:

- The dollar value of the credit is equal to (a) 92.4% of your claim against Galileo, or (b) if you were a 2020 scholarship recipient, 92.4% of the full retail price of your previously purchased 2020 camp programs, products, and services.
- You may use the credit to purchase any of Galileo's in-person camp programs, online or virtual camp programs, or other products or services.
- You may transfer the credit one time to any third party, including a family member or friend.
- The credit is valid until December 31, 2025.
- Instructions on how to use the credit will be delivered to you by email at the email address you provide in the Response Form.

In addition, you are being offered priority enrollment in any of Galileo's in-person camp programs in each year in which the credit remains valid, provided that you purchase and enroll in the in-person camp program by the later of (a) January 31 of the applicable year or (b) the 14th day after the opening of enrollment for the applicable year. Galileo also agrees not to initially increase the retail price of any in-person camp programs identical or similar to your previously purchased 2020 camp program, until the later of (y) six months after the reopening of in-person camp programs within the county in which your previously purchased 2020 camp program was set to take place or (z) December 31, 2021.

The above represents only a brief explanation of the New Credit Option. The complete terms and conditions of the New Credit Option are set forth in Exhibit B to the Settlement Agreement, which can be obtained by visiting the Settlement Website at [<WEBSITE LINK>](#).

For the sake of clarity, the rights and benefits under the New Credit Option now offered in the Settlement are different than the rights and benefits under the 110% Credit Option previously offered in the Summer 2020 Settlement Offer (which you did not make an election thereunder or otherwise respond thereto). Under the New Credit Option, you would have otherwise received a credit having a dollar value equal to 110% of your claim (like under the 110% Credit Option), but that percentage rate has been reduced by 1/6.25 (or 16%) to 92.4% to account for your proportionate share of the Administrative Costs, Fee Award, and Service Awards.

What Do I Receive If I Elect the New Coupon Option?

If you elect the New Coupon Option, you will receive a coupon issued by Galileo, the basic terms of which are as follows:

- The coupon provides a 42% discount off of the retail price of any of Galileo's in-person camp programs, online or virtual camp programs, or other products or services.
- You may redeem the coupon an unlimited amount of times (while the coupon remains valid).
- You may not transfer the coupon to a third party, but the coupon may be used for the benefit of any child in your family.
- The coupon is valid until December 31, 2025.
- Instructions on how to redeem the coupon will be delivered to you by email at the email address you provide in the Response Form.

In addition, you are being offered priority enrollment in any of Galileo's in-person camp programs in each year in which the coupon remains valid, provided that you purchase and enroll in the in-person camp program by the later of (a) January 31 of the applicable year or (b) the 14th day after the opening of enrollment for the applicable year. Galileo also agrees not to initially increase the retail price of any in-person camp programs identical or similar to your previously purchased 2020 camp program, until the later of (y) six months after the reopening of in-person camp programs within the county in which your previously purchased 2020 camp program was set to take place or (z) December 31, 2021.

The above represents only a brief explanation of the New Coupon Option. The complete terms and conditions of the New Coupon Option are set forth in Exhibit C to the Settlement Agreement, which can be obtained by visiting the Settlement Website at [<WEBSITE LINK>](#).

For the sake of clarity, the rights and benefits under the New Coupon Option now offered in the Settlement are different than the rights and benefits under the 50% Coupon Option previously offered in the Summer 2020 Settlement Offer (which you did not make an election thereunder or otherwise respond thereto). Under the New Coupon Option, you would have otherwise received a coupon providing a 50% discount (like under the 50% Coupon Option), but that percentage rate has been reduced by 1/6.25 (or 16%) to 42% to account for your proportionate share of the Administrative Costs, Fee Award, and Service Awards.

What Do I Receive If I Elect the Deferred Cash Payment Option?

If you elect (or are deemed to have elected) the Deferred Cash Payment Option, you will receive deferred payments of cash funded by Galileo, the basic terms of which are as follows:

- The total amount of the payments due to you will be equal to no less than 84% of your claim against Galileo, plus the interest that accrues on your claim (accruing at a 5% annual rate, beginning on the Effective Date).
- Generally, you will receive payments of varying amounts once or twice a year until no later than April 30, 2025, at which point you will have received the total amount due to you. When you will begin receiving payments and how much each payment will be are determined by the Settlement's payment schedule and payment priority scheme and depend on several factors, including (a) the amount of your claim, (b) the total amount of the claims of the Class members who similarly elect (or are deemed to have elected) the Deferred Cash Payment Option, (c) Galileo's net income for 2022 and 2023, and (d) the approved amounts of the Administrative Costs, Fee Award, and Service Awards. **A further explanation of these issues can be found in the following subsection.**
- Checks will be issued and delivered to you by first-class mail at the mailing address you provide in the Response Form.

The above represents only a brief explanation of the Deferred Cash Payment Option. The complete terms and conditions of the Deferred Cash Payment Option are set forth in Exhibit D to the Settlement Agreement, which can be obtained by visiting the Settlement Website at [<WEBSITE LINK>](#).

For the sake of clarity, under the Deferred Cash Payment Option, you would have otherwise received payments totaling 100% of your claim, plus accrued interest, but that percentage rate has been reduced by 1/6.25 (or 16%) to 84% to account for your proportionate share of the Administrative Costs, Fee Award, and Service Awards.

If I Elect the Deferred Cash Payment Option, When Will I Begin Receiving Payments and How Much Will Each Payment Be?

In addition to funding the payments due to the Class members who elect the Deferred Cash Payment Option, Galileo is also responsible for funding the following other payments due to the following other recipients under the Settlement:

- **Administrative Costs (Settlement Administrator).** Payments will be made to the Settlement Administrator on account of its reasonable fees, costs, and expenses charged or incurred in connection with administering the Settlement (the "Administrative Costs"), which is not to exceed **\$100,000** (or such other amount approved by the Court).
- **Fee Award (Class Counsel).** Payments will be made to the Class Counsel on account of their monetary award of attorneys' fees compensating them for their services as the appointed co-counsel for the Class (the "Fee Award"), in the amount approved by the Court. The Class Counsel have represented the Class throughout the Bankruptcy Case and will continue to represent the Class until all of Galileo's obligations under the Settlement have been performed. The payments of cash funded by Galileo will be the only source from which the Fee Award is paid to the Class Counsel, and no Class member will be required to pay the Class Counsel any portion of the Fee Award or any other attorneys' fees or expenses out of their own pocket. The Class Counsel will request that the Court approve the Fee Award in an amount not to exceed **\$600,000** (representing approximately 6.05% of the pool of claims of all Class members and approximately 13.79% of the pool of claims of those Class members eligible to elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option).
- **Service Awards (Class Representatives).** Payments will be made to each of the three Class Representatives on account of their monetary award compensating them for their services as a designated representative of the Class (the "Service Award"), in the amount approved by the Court. The Class Representatives have investigated the underlying issues in this matter, sought out counsel to pursue Galileo, initiated the Civil Case, represented the Class throughout

the Bankruptcy Case, committed time and effort to work with the Class Counsel in negotiating, formulating, and finalizing the terms of the Settlement, and agreed to grant the releases contained under the Settlement. The payments of cash funded by Galileo will be the only source from which the Service Awards are paid to the Class Representatives, and no Class member will be required to pay any Class Representative any portion of a Service Award out of their own pocket. The Class Representatives will request that the Court approve the Service Awards in a total amount not to exceed \$20,000.

To fund all of the various payments due under the Settlement, Galileo is required to deliver funds to the Settlement Administrator on the dates and in the amounts according to the following payment schedule:

Date	Amount
Effective Date (est. early March 2021)	(a) 6% of the pool of claims of all Class members who elected the Deferred Cash Payment Option, or (b) \$200,000, whichever amount is greater
mid-September 2021	(a) 12.5% of the pool of claims of all Class members who elected the Deferred Cash Payment Option, or (b) \$375,000, whichever amount is greater
mid-September 2022	(a) 12.5% of the pool of claims of all Class members who elected the Deferred Cash Payment Option, or (b) \$375,000, whichever amount is greater
mid-April 2023	(a) 20% of Galileo's 2022 net income, but only if such net income is greater than \$1,750,000, or (b) \$0, if Galileo's 2022 net income is less than or equal to \$1,750,000
mid-September 2023	(a) 12.5% of the pool of claims of all Class members who elected the Deferred Cash Payment Option, or (b) \$425,000, whichever amount is greater
mid-April 2024	(a) 20% of Galileo's 2023 net income, but only if such net income is greater than \$1,750,000, or (b) \$0, if Galileo's 2023 net income is less than or equal to \$1,750,000
mid-September 2024	The remaining amount needed for all Class members who elected the Deferred Cash Payment Option to each receive at least 84% of their claim in the aggregate, plus the accrued Administrative Costs as of such date
mid-April 2025	All interest that accrued on the pool of claims of all Class members who elected the Deferred Cash Payment Option, plus the accrued Administrative Costs as of such date

In addition to the above, if Galileo secures certain financing at any time prior to April 30, 2025, Galileo is also required to deliver funds to the Settlement Administrator in the amount of (a) 20% of the net proceeds received from that financing or (b) \$1,000,000, whichever is less.

Upon receipt of the required funds from Galileo, the Settlement Administrator is then required to allocate the funds according to the following payment priority scheme:

- **First**, for the payments due to the Settlement Administrator, in the amount of the accrued Administrative Costs as of the payment date;
- **Second**, for the payments due to the Class Counsel, in the amount of (a) the balance of the Fee Award or (b) the remaining funds, whichever is less;
- **Third**, for the payments due to the Class Representatives, in the amount of (a) the balance of the Service Awards or (b) the remaining funds, whichever is less; and
- **Fourth**, for the payments due to the Class members who elected the Deferred Cash Payment Option, with each Class member entitled to receive their pro rata share of the remaining funds.

Once the funds have been received and allocated, the Settlement Administrator, within 14 days of receipt of the funds, will then issue and deliver checks in the appropriate amounts to the appropriate recipients.

To illustrate how the Settlement's payment schedule and priority payment scheme work, consider the following example:

- Assumptions: (a) your claim against Galileo is **\$1,500**, (b) the pool of claims of the Class members who elected the Deferred Cash Payment Option is **\$3,500,000**, (c) the Fee Award is **\$600,000**, (d) the Service Awards total **\$20,000**, (e) the accrued Administrative Costs are **\$30,000** on the first payment date and **\$7,000** on the subsequent payment dates, (f) Galileo's net income in both 2022 and 2023 is **\$2,000,000**, and (g) Galileo does not secure any financing.
- Whenever you and the other Class members who elected the Deferred Cash Payment Option are eligible to receive payments, your pro rata share is calculated to be $3/7000$ ($\$1,500 \div \$3,500,000$) of the remaining funds.
- On the Effective Date, Galileo delivers funds of \$210,000 (6% of \$3,500,000), from which (a) the first \$30,000 are allocated for the Administrative Costs, and (b) the remaining \$180,000 are allocated for the Fee Award.
- In mid-September 2021, Galileo delivers funds of \$437,500 (12.5% of \$3,500,000), from which (a) the first \$7,000 are allocated for the Administrative Costs, (b) the next \$420,000 are allocated for the Fee Award, and (c) the remaining \$10,500 are allocated for the Service Awards.
- In mid-September 2022, Galileo delivers funds of \$437,500 (12.5% of \$3,500,000), from which (a) the first \$7,000 are allocated for the Administrative Costs, (b) the next \$9,500 are allocated for the Service Awards, and (c) the remaining \$421,000 are allocated for the payments to the Class members, and out of which you receive your first payment of \$180.43.
- In mid-April 2023, Galileo delivers funds of \$400,000 (20% of \$2,000,000), from which (a) the first \$7,000 are allocated for the Administrative Costs, and (b) the remaining \$393,000 are allocated for the payments to the Class members, and out of which you receive your second payment of \$168.43.
- In mid-September 2023, Galileo delivers funds of \$437,500 (12.5% of \$3,500,000), from which (a) the first \$7,000 are allocated for the Administrative Costs, and (b) the remaining \$430,500 are allocated for the payments to the Class members, and out of which you receive your third payment of \$184.50.
- In mid-April 2024, Galileo delivers funds of \$400,000 (20% of \$2,000,000), from which (a) the first \$7,000 are allocated for the Administrative Costs, and (b) the remaining \$393,000 are allocated for the payments to the Class members, and out of which you receive your fourth payment of \$168.43.
- In mid-September 2024, Galileo delivers funds of \$1,309,500, from which (a) the first \$7,000 are allocated for the Administrative Costs, and (b) the remaining \$1,302,500 are allocated for the payments to the Class members, and out of which you receive your fifth payment of \$558.21.
- In mid-April 2025, Galileo delivers funds of an amount necessary to pay the accrued Administrative Costs (of \$7,000) and all interest that has accrued on the pool of claims of the Class members who elected the Deferred Cash Payment Option, out of which you receive your final payment equal to all interest that has accrued on your claim.

What Are the Tax Consequences of Receiving a Credit, Coupon, or Payments?

The final approval and implementation of the Settlement may have tax consequences to you. Due to the possible varying circumstances of the Class members, no tax opinion has been sought or will be obtained with respect to any tax consequences of the Settlement. **This notice does not constitute, and is not intended to constitute, either a tax opinion or tax advice to you or any other person, and the statements contained in this notice are provided for informational purposes only.**

You are advised to seek your own personal tax advice regarding (a) any potential tax consequences of you receiving the credit, coupon, or payments, as applicable, in full satisfaction of your claim against Galileo, and (b) if applicable, any potential tax consequences to you from the reduction or adjustment in your rights and benefits to the credit, coupon, or payments, as applicable, to account for your share of the Administrative Costs, the Fee Award, and the Service Awards. For the avoidance of doubt, Galileo, Galileo's Counsel, the Class Representatives, and the Class Counsel have not made, and are not making in connection with the Settlement, any representations regarding possible tax consequences relating to the 110% Credit Option, the 50% Coupon Option, the New Credit

Option, the New Coupon Option, or the Deferred Cash Payment Option, and Galileo, Galileo's Counsel, the Class Representatives, and the Class Counsel shall not be held responsible for any such tax consequences.

SECTION 6: HOW MUCH IS MY CLAIM AGAINST GALILEO?

Assuming you are a Class member, the amount of your claim against Galileo (i.e., how much money Galileo owes you) may affect the extent of the rights and benefits you receive under your elected treatment option.

In a typical scenario, the amount of a Class member's claim will likely be the amount of money that they had originally paid to Galileo. If a Class member successfully pursued a partial chargeback, the amount of the Class member's claim will likely be the amount of money that they had originally paid to Galileo, less the amount of money that was later returned or refunded to them through the chargeback.

By visiting the Settlement Website, located at <WEBSITE LINK>, you can review what Galileo believes to be the amount of your claim based on its records. After visiting the Settlement Website, if you agree that Galileo's records accurately reflect the amount of your claim, you do not need to do anything to assert your claim against Galileo. However, if you disagree that Galileo's records accurately reflect the amount of your claim, you must assert what you believe to be your claim against Galileo.

How Do I Assert My Claim If I Disagree with Galileo's Records?

If you disagree that Galileo's records accurately reflect the amount of your claim against Galileo, in order to assert your claim, you must (a) check the appropriate box in the Response Form, (b) specify what you assert to be the amount of your claim against Galileo in the Response Form, and (c) attach to the Response Form any supporting documentation that substantiates your asserted claim or claim amount (e.g., a receipt from Galileo). In order for your assertion of your claim against Galileo to be deemed timely and effective, the Response Form must be completed, signed, and returned to the Settlement Administrator, such that it is actually received by the Settlement Administrator by no later than **11:59 p.m., Pacific Time, on <DEADLINE>**.

If you do not timely complete, sign, or return the Response Form, the amount of your claim against Galileo is deemed to be the amount reflected in Galileo's records (unless you have filed a proof of claim in the Bankruptcy Case).

What Happens If I Filed a Proof of Claim?

If you filed a proof of claim in the Bankruptcy Case and you also timely completed, signed, and returned the Response Form, you are deemed to have asserted your claim against Galileo in the amount specified in the Response Form, regardless of whether the Response Form was returned before or after the proof of claim was filed.

If you filed a proof of claim in the Bankruptcy Case and you do not timely complete, sign, or return the Response Form, you are deemed to have asserted your claim against Galileo in the amount specified in the proof of claim.

What Happens If Galileo Disputes My Asserted Claim or Claim Amount?

If Galileo disputes your claim or the amount of your claim as asserted by you in the Response Form or the proof of claim, as applicable, Galileo is required to make a reasonable attempt to meet and confer with you by email, telephone, or other reasonable form of communication and further attempt in good faith to resolve the dispute with you without intervention by the Court. If you and Galileo are able to resolve the dispute without intervention by the Court, such resolution must be memorialized in writing and signed by you and Galileo. If you and Galileo are unable to resolve the dispute, Galileo may submit the dispute to the Court for resolution.

SECTION 7: WHAT CLAIMS AM I RELEASING UNDER THE SETTLEMENT?

The Settlement contains releases of claims against third parties by each Class member, provided that the Class member has timely completed, signed, and returned the Response Form and has not elected to opt out of the releases. The releases contained in the Settlement are stated as follows:

Except for the rights arising out of, provided for, or reserved in [the Settlement], upon the Effective Date, the [Class members] who (a) have timely returned [this form] to the Settlement Administrator and (b) did not elect to "opt out" of the releases by marking the appropriate box on [the Response Form], and all persons or entities claiming by and through them, and each of them

[(collectively, the “Member Releasing Parties”), release and forever discharge [Galileo, Galileo’s bankruptcy estate, and their parents, subsidiaries, affiliates, related entities, predecessors, successors, assigns, employees, officers, directors, insurers, agents, representatives, professionals, attorneys, and other persons or entities claiming by or through them, and each of them (collectively, the “Released Parties”) from any and all liabilities, claims, debts, demands, controversies, rights of recovery, rights to payment, suits, actions, causes of action, complaints, obligations, damages, liquidated damages, losses, injuries, penalties, attorneys’ fees, expenses, and costs, of any kind or nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, asserted or not asserted, subject to dispute or otherwise, from the beginning of time through their respective execution of [the Response Form], which the Member Releasing Parties, or any of them, may have had or held, now have or hold, or may hereafter purport to have or hold against the Released Parties, or any of them, with respect to any matters concerning, arising out of, related to, or in connection with their respective [claims against Galileo that fall within the scope of the Class], the subject matter of the Civil Case, or the subject matter of the [Bankruptcy Case] relating to [the Class representatives’ representative claim against Galileo (collectively, the “Member Released Claims”).]

It is the intention of the [Member Releasing Parties], and each of them, that [the Settlement] shall be effective as a complete, full, and final accord and satisfaction, and release of each and every [Member Released Claim] set forth in, and within the scope of [the above paragraph]. To the extent any law of any State purports to limit the general releases intended by [the Settlement], except with respect to enforcing [the Settlement], the [Member Releasing Parties], and each of them, knowingly and voluntarily, fully and forever, waive any and all benefits and rights that they may have had or held, now have or hold, or may hereafter purport to have or hold with respect to the subject matter of the [Member Released Claims] by reason of section 1542 of the California Civil Code or any other statute or common law of any State to the same effect. Section 1542 of the California Civil Code provides,

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The election to opt out of granting the releases stated above is at a Class member’s option, and electing to opt out has no impact on the rights and benefits that the Class member receives under their elected treatment option.

How Do I Opt Out of the Releases?

To opt out of granting the releases contained in the Settlement, you must check the appropriate box in the Response Form. In order for your election to opt out to be deemed timely and effective, the Response Form must be completed, signed, and returned to the Settlement Administrator, such that it is actually received by the Settlement Administrator by no later than **11:59 p.m., Pacific Time, on <DEADLINE>**.

Additionally, if you do not timely complete, sign, or return the Response Form, you are deemed to have not granted the releases contained in the Settlement.

SECTION 8: WHAT ARE MY RIGHTS AS A CLASS MEMBER?

Can I Participate in the Settlement?

The Class Representatives and Class Counsel represent your interests as a Class member. You are a part of the Class, and you will be bound by the terms of the Settlement Agreement and any final order that may be entered by the Court. As a Class member, you will not be responsible for the payment of attorneys’ fees or the reimbursement of litigation expenses, unless you retain your own counsel, in which case you will be responsible for your own fees and expenses.

If the Court grants final approval of the Settlement and the Settlement becomes binding on you, (a) if applicable, the instructions on how to use the credit or redeem the coupon will be delivered to you by email at the email address you provide in the Response Form, and (b) if applicable, checks will be delivered to you by first-class mail at the mailing

address you provide in the Response Form. **If you move at any time after you return the Response Form, you must inform the Settlement Administrator in writing of your changed mailing address to reduce the possibility of a delay in receiving your future checks.**

Can I Object to the Settlement?

You may object to the Settlement and ask the Court to deny final approval of the Settlement by filing with the Court and serving on the Class Counsel and Galileo's Counsel a written objection to the Settlement by no later than **<DEADLINE>**.

Any written objection must (a) contain your full name, address, telephone number, email address, and last four digits of your Social Security number; (b) provide a clear statement that you object to the Settlement, along with the legal and factual grounds on which your objection is based; (c) state whether you intend to appear at the Court's hearing to consider the final approval of the Settlement, and if so, whether it will be on your own behalf or through counsel; (d) identify every case, action, or proceeding in which you (or your counsel) has objected to a class action settlement by the name of the court, the name and docket number of the case, the date of the objection, and any docket number assigned to the objection; (e) attach any evidence to support your objection and any other documents that you wish the Court to consider; (f) be signed by you (or your counsel); and (g) be filed with the Court and served on the Class Counsel and Galileo's Counsel (their addresses can be found in section 12 of this notice) by no later than the deadline stated above.

If you fail to timely file and serve an objection to the Settlement that complies with the above, you are deemed to have waived and forfeited any and all rights that you may have to object to the Settlement and appear at the hearing and be heard by the Court.

If you timely file and serve an objection to the Settlement, you may appear on your own behalf or appear through counsel of your choice (paid at your own expense) at the hearing and be heard by the Court, if you wish to do so, but only if you stated in your objection that you intended to appear at the hearing.

If the Court overrules your objection, you will be bound by the terms of the Settlement Agreement.

Information on how to file a document can be found on the Court's website located at <https://www.canb.uscourts.gov/>.

Even if you wish to object to the Settlement, it is recommended that you still timely complete, sign, and return the Response Form in the event that the Settlement is finally approved by the Court and becomes binding on you.

SECTION 9: HOW DOES GALILEO'S PLAN AFFECT THE SETTLEMENT?

Even if the Court grants final approval of the Settlement, the Settlement will not become binding on any Class members unless the Court also confirms (i.e., finally approves) Galileo's Plan. The hearing to consider the confirmation of Galileo's Plan will coincide with the hearing to consider the final approval of the Settlement.

Has My Claim Against Galileo Been Addressed in Galileo's Plan?

Galileo's Plan represents Galileo's proposal of how it will resolve the claims of all of its creditors, including the Class members. The Plan incorporates the Settlement Agreement, which means that the Plan has addressed your claim against Galileo. Furthermore, if there is a conflict or inconsistency between the provisions of the Settlement Agreement and the provisions of the Plan, the provisions of the Settlement Agreement will control.

Galileo is required to place nearly all of the claims of its creditors in classes that Galileo establishes under the Plan. The Class Representatives' representative claim against Galileo (which is asserted on behalf of the Class and is comprised of all individual claims of the Class members) has been placed in Class 5 under the Plan, which means that your claim has been effectively placed in Class 5 under the Plan as well. In Class 5 under the Plan, the Plan treats your claim by providing that you will receive the applicable treatment provided in the Settlement (i.e., the rights and benefits you receive under your elected treatment option) in full satisfaction of your claim against Galileo.

For the sake of clarity, the Class, which has been certified by the Court and of which you are a member, is a distinct legal concept from the classes established by Galileo under the Plan (including Class 5 under the Plan); however, as a practical matter, as long as you have timely completed, signed, and returned the Settlement Form in your capacity as a Class member, there is nothing additional that you must do as a creditor placed in Class 5 under the Plan.

Can I Participate in the Plan Confirmation Proceeding?

In Class 5 under the Plan, the Class Representatives have the right to vote, via a single, joint ballot, to accept or reject the Plan on behalf of all Class members, and the Class Representatives have agreed to vote to accept the Plan. Since the Class Representatives are voting on the Plan on behalf of you and the other Class members, you do not have the right to individually or separately vote on the Plan on account of your claim against Galileo.

If you believe that you should have the right to vote on the Plan, you may object to the Settlement.

You may also object to the Plan and ask the Court to deny confirmation of the Plan by filing with the Court and serving on the Class Counsel and Galileo's Counsel a written objection to the Plan.

SECTION 10: WHEN AND WHERE IS THE FINAL APPROVAL HEARING?

The Court will hold a hearing to consider the final approval of the Settlement on **<DATE>**, at **<TIME>**, **Pacific Time**. Due to the ongoing Covid-19 pandemic, the hearing will not be conducted in person in a courtroom, and there will be no physical access to the courtroom. Instead, the hearing will be conducted remotely by telephone via CourtCall and by videoconference via Zoom. Information on how to arrange a telephonic or video appearance can be found on the Court's website located at <https://www.canb.uscourts.gov/>.

At the hearing, the Court will be asked to finally approve the Settlement as fair, reasonable, and adequate, as well as to approve the requests for the Fee Award and the Service Awards. The hearing may be postponed or continued without further notice to the Class members.

Do I Have to Come to the Hearing?

It is not necessary for you to attend the hearing.

Can I Speak at the Hearing?

If you have timely filed and served an objection to the Settlement and stated therein that you intend to appear at the hearing, you or your counsel may appear at the hearing and be heard by the Court.

SECTION 11: WHAT HAPPENS IF I DO NOTHING?

If you do not timely complete, sign, or return the Response Form or you otherwise do nothing, you may still be a Class member, and (a) the amount of your claim against Galileo may be determined solely by what Galileo believes to be the amount of your claim, (b) if applicable, your election of the 110% Credit Option or the 50% Coupon Option previously offered in Galileo's Summer 2020 Settlement Offer will remain unchanged, (c) if eligible to elect one of the three treatment options now offered in the Settlement, you are deemed to have elected, by default, the Deferred Cash Payment Option, and (d) you are deemed to have not granted the releases contained in the Settlement.

SECTION 12: HOW CAN I GET MORE INFORMATION?

This notice only provides a summary of the basic terms of the Settlement. For the precise terms of the Settlement, you can refer to the complete Settlement Agreement, which can be obtained by visiting the Settlement Website at **<WEBSITE LINK>**. To the extent that there is any conflict or inconsistency between this notice and the Settlement Agreement, the term of the Settlement Agreement shall control.

Additional information about the Settlement and other documents relating to the Settlement and Galileo's Plan can also be obtained on the Settlement Website, including copies of the Plan, the disclosure statement describing the Plan, the motion seeking preliminary approval of the Settlement, the Court's order preliminarily approving the Settlement, and the motion seeking final approval of the Settlement.

If you would have any questions about the Settlement, you can contact the Class Counsel, Galileo's Counsel, or Settlement Administrator at the following:

Class Counsel:

John A. Lofton, Esq.
jal@asmllawyers.com
AIMAN-SMITH & MARCY, P.C.
7677 Oakport Street, Suite 1150
Oakland, California 94621
Tel: (510) 817-2711

Galileo's Counsel:

Neal L. Wolf, Esq.
nwolf@hansonbridgett.com
Anthony J. Dutra, Esq.
adutra@hansonbridgett.com
HANSON BRIDGETT LLP
425 Market Street, 26th Floor
San Francisco, California 94105
Tel: (415) 995-5015

Class Counsel:

Dean G. Rallis Jr., Esq.
drallis@hahnlawyers.com
Matthew D. Pham, Esq.
mphan@hahnlawyers.com
HAHN & HAHN LLP
301 E. Colorado Boulevard, Ninth Floor
Pasadena, California 91101
Tel: (626) 796-9123

Settlement Administrator:

<NAME>
<EMAIL ADDRESS>
<NAME>
<ADDRESS>
<ADDRESS>
<ADDRESS>
<TELEPHONE NUMBER>

PLEASE DO NOT CONTACT THE COURT FOR INFORMATION REGARDING THE SETTLEMENT.

Dated: <DATE>

By Order of the Court

Exhibit 3

Name:

SETTLEMENT RESPONSE FORM

In re Galileo Learning, LLC

United States Bankruptcy Court for the Northern District of California

Case No. 20-40857 (RLE)

To: All individuals who paid money to or for the benefit of Galileo Learning, LLC (“Galileo”), prior to the filing of its chapter 11 petition (on May 6, 2020), as a full or partial deposit, advance, or payment for any of Galileo’s since-canceled in-person camp programs scheduled for 2020 and any goods or services related thereto, **but excluding** any individual who received a return or refund of all such money paid to or for the benefit of Galileo through a chargeback with their payment issuer or otherwise.

BEFORE READING AND COMPLETING THIS FORM, PLEASE CAREFULLY READ THE NOTICE REGARDING CLASS CERTIFICATION, SETTLEMENT, AND FINAL APPROVAL HEARING. IT MAY AFFECT YOUR LEGAL RIGHTS.

On November 9, 2020, in the above-referenced bankruptcy case of Galileo (the “Bankruptcy Case”), the United States Bankruptcy Court for the Northern District of California (the “Court”) certified a class consisting of those individuals described in the box above (the “Class”), of which you may be a member. A proposed settlement (the “Settlement”) has since been reached between Galileo and the Class representatives, Nanette Kearney, Krister Johnson, and Sandra Shorago (collectively, the “Class Representatives”), who act on behalf of the Class and its members in the Bankruptcy Case. The Settlement has been preliminarily approved by the Court but remains subject to the Court’s final approval. Upon final approval and the occurrence of certain other conditions, the Settlement will be binding on all Class members, whether or not a Class member chooses to complete this form or otherwise participate in the Settlement. A summary of the basic terms of the Settlement can be found in the document entitled *Notice Regarding Class Certification, Settlement, and Final Approval Hearing* (the “Class Notice”), which you have received along with this form.¹

As a presumed Class member, you are receiving this form that will allow you to (a) assert your claim against Galileo (i.e., state how much money you believe Galileo owes you), (b) if eligible, elect one of the three treatment options now offered in the Settlement (i.e., the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option), and (c) opt out of granting the releases contained in the Settlement. **If you are not a Class member, you are not entitled to receive any rights or benefits under the Settlement, and completing this form will have no legal effect.**

Before completing this form, you should carefully read and follow all information and instructions provided within this form. In addition, you should carefully read the Class Notice to understand your rights under the Settlement, including, if applicable, the rights and benefits you would receive under the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option now offered in the Settlement. In order to be deemed timely and effective, this form must be completed, signed under penalty of perjury, and returned to the Settlement Administrator by no later than **<DEADLINE>** (instructions on how to return this form can be found at the end of this form). You should complete this form in a sequential manner, starting with Step 1, but you may not need to complete all of the numbered steps depending on which boxes you have checked (instructions on which step to move on to can be found at the end of a step or checkable box, as applicable).

BEFORE COMPLETING THIS FORM, PLEASE NOTE ALL OF THE FOLLOWING:

- **If you received Galileo’s letter or email in May or June 2020 presenting you with an offer to elect the 110% Credit Option or the 50% Coupon Option (the “Summer 2020 Settlement Offer”) and then you timely elected one of those treatment options, you may still be a Class member but are not entitled to switch from the treatment option you originally elected (and not eligible to elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option). You may complete this form, except for Step 3.**

¹ Unless separately defined in this form, all capitalized terms used in this form have the same respective meanings assigned to them in the Class Notice.

Name: _____

- If **all** of the money that you had paid to Galileo was later returned or refunded to you through a chargeback with your payment issuer or similar transaction, you are **not** a Class member and **not** entitled to receive any rights or benefits under the Settlement. You may **not** complete this form.
- If **less than all** of the money that you had paid to Galileo was later returned or refunded to you through a chargeback with your payment issuer or similar transaction, you are still a Class member and hold a claim against Galileo for the remaining portion of the paid money that was not returned or refunded to you. You may complete this form.
- If you are eligible to elect one of the three treatment options now offered in the Settlement (i.e., you are a Class member who did not previously make any election in response to Galileo's Summer 2020 Settlement Offer) but you do **not** elect any treatment option in this form (i.e., by not checking any boxes in Step 3), you are deemed to have elected, by default, the Deferred Cash Payment Option.
- If you do **not** timely complete, sign, or return this form, you may still be a Class member, and (a) the amount of your claim against Galileo may be determined solely by what Galileo believes to be the amount of your claim, (b) if applicable, your election of the 110% Credit Option or the 50% Coupon Option previously offered in Galileo's Summer 2020 Settlement Offer will remain unchanged, (c) if eligible to elect one of the three treatment options now offered in the Settlement, you are deemed to have elected, by default, the Deferred Cash Payment Option, and (d) you are deemed to have not granted the releases contained in the Settlement.
- Even if you wish to object to the Settlement, it is recommended that you still timely complete, sign, and return this form in the event that the Settlement is finally approved by the Court and becomes binding on you.

Step 1. Acknowledgement of Chargeback. If you paid money to Galileo as a deposit for any of Galileo's since-canceled in-person camp programs scheduled for 2020 and any related goods or services, you may be a Class member. However, you **no longer** qualify to be a Class member if you, at any time, received a return or refund of **all** of that money through a chargeback with your payment issuer (e.g., the bank that issued your credit or debit card) or similar transaction. Please acknowledge below whether you have received a return or refund of all, some, or none of your money through a chargeback or similar transaction by checking the appropriate box and, if applicable, filling in the requested information.

Check one:	<input type="checkbox"/> I have <u>received</u> a return or refund of <u>all</u> of the money that I paid to Galileo, which I received through a chargeback with my payment issuer or similar transaction. <i>If you checked this box, you are not a Class member and not entitled to receive any rights or benefits under the Settlement. Completing this form will have no legal effect.</i>
	<input type="checkbox"/> I have <u>received</u> a return or refund of <u>less than all</u> of the money that I paid to Galileo, which I received through a chargeback with my payment issuer or similar transaction. The amount of money that I had paid to Galileo was \$_____ The amount of money that was returned or refunded to me was \$_____ <i>If you checked this box, proceed to Step 2.</i>
	<input type="checkbox"/> I have <u>not received</u> a return or refund of <u>any</u> of the money that I paid to Galileo through a chargeback with my payment issuer or similar transaction, and I have no pending or outstanding request or claim for a chargeback with my payment issuer at this time. <i>If you checked this box, proceed to Step 2.</i>

Step 2. Acknowledgement of Prior Election of Treatment Option. In May or June 2020, you may have received an email or letter from Galileo presenting you with the Summer 2020 Settlement Offer. In response, you could have elected the 110% Credit Option or the 50% Coupon Option, or you could have made no election at all. If you did elect one of those two treatment options previously offered in the Summer 2020 Settlement Offer, you are **not**

Name: _____

entitled to switch from the treatment option you originally elected (and not eligible to elect any of the three treatment options now offered in the Settlement). Please acknowledge how you responded to Galileo's Summer 2020 Settlement Offer below by checking the appropriate box.

Check one:	<input type="checkbox"/> I previously elected the <u>110% Credit Option</u> in response to Galileo's Summer 2020 Settlement Offer. <i>If you checked this box, <u>skip Step 3 and proceed to Step 4.</u></i>
	<input type="checkbox"/> I previously elected the <u>50% Coupon Option</u> in response to Galileo's Summer 2020 Settlement Offer. <i>If you checked this box, <u>skip Step 3 and proceed to Step 4.</u></i>
	<input type="checkbox"/> I did <u>not</u> previously make any election in response to Galileo's Summer 2020 Settlement Offer (or I did not respond to Galileo's Summer 2020 Settlement Offer). <i>If you checked this box, <u>proceed to Step 3.</u></i>

Step 3. Election of Treatment Option. If you are a Class member and you did not previously make any election in response to Galileo's Summer 2020 Settlement Offer (i.e., you did not previously elect the 110% Credit Option or the 50% Coupon Option), you are eligible to elect the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option now offered in the Settlement, in full satisfaction of your claim against Galileo. Please elect your desired treatment option below by checking the appropriate box.

Check one:	<input type="checkbox"/> I elect the <u>New Credit Option</u> offered in the Settlement.
	<input type="checkbox"/> I elect the <u>New Coupon Option</u> offered in the Settlement.
	<input type="checkbox"/> I elect the <u>Deferred Cash Payment Option</u> offered in the Settlement.

Regardless of which box you checked above, proceed to Step 4.

Step 4. Assertion of Claim. The amount of your claim against Galileo (i.e., how much money Galileo owes you) may affect the extent of the rights and benefits you receive under your elected treatment option. In a typical scenario, the amount of a Class member's claim will likely be the amount of money that they had originally paid to Galileo. If a Class member successfully pursued a partial chargeback, the amount of the Class member's claim will likely be the amount of money that they had originally paid to Galileo, less the amount of money that was later returned or refunded to them through the chargeback. **To complete this step, you must first visit the Settlement Website, located at <WEBSITE LINK>, to review what Galileo believes to be the amount of your claim based on its records.** After visiting the Settlement Website, please indicate below whether you agree or disagree that Galileo's records accurately reflect the amount of your claim against Galileo by checking the appropriate box. If you checked the second box (i.e., you disagree with the claim amount reflected in Galileo's records), you must fill in below what you assert to be the amount of your claim against Galileo and attach to this form any supporting documentation that substantiates your asserted claim or claim amount (e.g., a receipt from Galileo).

Check one:	<input type="checkbox"/> I <u>agree</u> that Galileo's records accurately reflect the amount of my claim against Galileo.
	<input type="checkbox"/> I <u>disagree</u> that Galileo's records accurately reflect the amount of my claim against Galileo. The amount of my claim against Galileo is \$_____ The following supporting documentation is attached to this form: _____ _____.

Regardless of which box you checked above, proceed to Step 5.

Name:

Step 5. Opt Out of Releases. If you are a Class member and have timely completed, signed, and returned this form, you are deemed to have granted the releases contained in the Settlement unless you elect to opt out of granting such releases. The releases contained in the Settlement are stated as follows:

Except for the rights arising out of, provided for, or reserved in [the Settlement], upon the Effective Date, the [Class members] who (a) have timely returned [this form] to the Settlement Administrator and (b) did not elect to “opt out” of the releases by marking the appropriate box on [this form], and all persons or entities claiming by and through them, and each of them [(collectively, the “Member Releasing Parties”)], release and forever discharge [Galileo, Galileo’s bankruptcy estate, and their parents, subsidiaries, affiliates, related entities, predecessors, successors, assigns, employees, officers, directors, insurers, agents, representatives, professionals, attorneys, and other persons or entities claiming by or through them, and each of them (collectively, the “Released Parties”)] from any and all liabilities, claims, debts, demands, controversies, rights of recovery, rights to payment, suits, actions, causes of action, complaints, obligations, damages, liquidated damages, losses, injuries, penalties, attorneys’ fees, expenses, and costs, of any kind or nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, asserted or not asserted, subject to dispute or otherwise, from the beginning of time through their respective execution of [this form], which the Member Releasing Parties, or any of them, may have had or held, now have or hold, or may hereafter purport to have or hold against the Released Parties, or any of them, with respect to any matters concerning, arising out of, related to, or in connection with their respective [claims against Galileo that fall within the scope of the Class], the subject matter of the Civil Case, or the subject matter of the [Bankruptcy Case] relating to [the Class representatives’ representative claim against Galileo (collectively, the “Member Released Claims”).]

It is the intention of the [Member Releasing Parties], and each of them, that [the Settlement] shall be effective as a complete, full, and final accord and satisfaction, and release of each and every [Member Released Claim] set forth in, and within the scope of [the above paragraph]. To the extent any law of any State purports to limit the general releases intended by [the Settlement], except with respect to enforcing [the Settlement], the [Member Releasing Parties], and each of them, knowingly and voluntarily, fully and forever, waive any and all benefits and rights that they may have had or held, now have or hold, or may hereafter purport to have or hold with respect to the subject matter of the [Member Released Claims] by reason of section 1542 of the California Civil Code or any other statute or common law of any State to the same effect. Section 1542 of the California Civil Code provides,

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

The election to opt out of granting the releases stated above is at your option, and electing to opt out has no impact on the rights and benefits you receive under your elected treatment option. If you wish to opt out of granting the releases contained in the Settlement, please check the box below.

I elect to opt out of granting the releases contained in the Settlement.

Regardless of whether or not you checked the box above, proceed to Step 6.

Step 6. Signature and Contact Information. Please sign, print your name, and date below, as well as fill in the requested contact information below. Providing a current email address and mailing address below will reduce the possibility of a delay in Galileo or the Settlement Administrator issuing and delivering your credit, coupon, or

Name: _____

checks to you, as applicable. By signing below, you are acknowledging that you have received and read the Class Notice and understand its contents.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the statements and information I provided in this form are true and correct.

Signature: _____

Date: _____

Print Name: _____

Email Address: _____

Phone Number: _____

Mailing Address: _____

Once you have completed all of the applicable steps and signed above, proceed to Step 7.

Step 7. Submission of Form. In order for this form to be deemed timely and effective with respect to (a) your assertion of your claim against Galileo, (b) if eligible, your election of the New Credit Option, the New Coupon Option, or the Deferred Cash Payment Option, and (c) your election to opt out of granting the releases contained in the Settlement, this form must be completed, signed, and returned to the Settlement Administrator, such that it is actually received by the Settlement Administrator by no later than **11:59 p.m., Pacific Time, on <DEADLINE>**. Please return this form by one of the following methods to the Settlement Administrator at the following respective address:

By email: <EMAIL ADDRESS>

By online submission: <WEBSITE>

By mail:
<RETURN ADDRESS>
<RETURN ADDRESS>
<RETURN ADDRESS>

By facsimile: <FAX NUMBER>

If you have any questions about this form, you can contact the Class Counsel at the following:

John A. Lofton, Esq.
jal@asmlawyers.com
AIMAN-SMITH & MARCY, P.C.
7677 Oakport Street, Suite 1150
Oakland, California 94621
Tel: (510) 817-2711 | Fax: (510) 562-6830

Dean G. Rallis Jr., Esq.
drallis@hahnlawyers.com
HAHN & HAHN LLP
301 E. Colorado Boulevard, Ninth Floor
Pasadena, California 91101
Tel: (626) 796-9123 | Fax: (626) 449-7357

Exhibit 4

<DATE>

Re: Class Representatives and Class Counsel's Recommendation Regarding Proposed Class Settlement and Proposed Plan of Reorganization in Galileo Learning, LLC's Bankruptcy Case

Dear Presumed Class Member:

This letter is written on behalf of the class representatives, Nanette Kearney, Krister Johnson, and Sandra Shorago, and class counsel, Aiman-Smith & Marcy, P.C. and Hahn & Hahn LLP, who were appointed by the United States Bankruptcy Court for the Northern District of California to represent a class of certain customers/creditors in the bankruptcy case of Galileo Learning, LLC. More specifically, these individuals and law firms have been appointed to represent the interests of the class consisting of customers who paid deposits for Galileo's 2020 camp programs and were not refunded their deposits by Galileo following its cancellation of those camp programs. You have received this letter because you may be a member of the class (i.e., you have been identified as one of those customers by Galileo's records).

Galileo and the class representatives have reached, and the Court has preliminarily approved, a proposed class settlement, which addresses, among other things, what class members will receive from Galileo to resolve their claims. The settlement has also been incorporated into Galileo's proposed plan of reorganization, which represents Galileo's proposal of how it will resolve the claims of all of its creditors (including the class members). At this time, both the settlement and the plan remain subject to the Court's final approval, with the parties now seeking the final approval of both on parallel tracks. Along with this letter, you have received a package of materials relating to the settlement and the plan, including copies of each, as well as supplemental documents that explain your rights relating to each (e.g., your right to object to both the settlement and the plan). **While you should review all of the materials, it is strongly recommended that, at a minimum, you (a) carefully read the document entitled *Notice Regarding Class Certification, Settlement, and Final Approval Hearing* and (b) read, complete, sign, and return the document entitled *Settlement Response Form*.**

The purpose of this letter is to advise you of (a) the class representatives and class counsel's support for both the proposed class settlement and Galileo's proposed plan of reorganization and (b) their recommendation that you do not object to either the settlement or the plan. As you will see, the settlement and, by extension, the plan do not provide for eligible class members to be immediately paid back in full, despite what may otherwise be required by applicable bankruptcy law. After extensive negotiations with Galileo and a substantial review of its present and projected finances, it became clear that Galileo does not, and will not, have the means to repay eligible class members in full today or in the immediate future, and if obligated to do so, Galileo would be forced to close its doors and liquidate its remaining assets, resulting in each class member recovering, at best, only pennies on the dollar. Yet, if Galileo remains in business and can continue generating revenue from operating its camp programs, Galileo could rely on that revenue stream to repay eligible class members over time, allowing for the possibility of a greater overall recovery down the line than what would be recovered today from a liquidation. With that in mind, a compromise was reached where Galileo would pay each eligible class member back most of their claim, with interest, over a five-year period or offer, as alternatives, an immediately available credit or unlimited-use coupon to the class member if they preferred not to wait. While there will never be absolute certainty that Galileo can do everything it has agreed to do over the next five years under the settlement and the plan, the class representatives and class counsel believe that that possible risk outweighs the nearly certain outcome of the alternative, which is that class members will recover almost next to nothing if Galileo is liquidated. In other words, what is being offered to class members under the settlement and the plan represents what is believed to an optimal result for class members given the circumstances. Accordingly, it is the hope of the class representatives and class counsel that you similarly support the settlement and the plan.

Sincerely,

Class Representatives

Nanette Kearney

Krister Johnson

Sandra Shorago

Aiman-Smith & Marcy, P.C.

Hahn & Hahn LLP

John A. Lofton

Dean G. Rallis Jr.

Exhibit 5

1 HAHN & HAHN LLP
DEAN G. RALLIS JR., State Bar No. 94266
2 E-Mail: drallis@hahnlawyers.com
MATTHEW D. PHAM, State Bar No. 287704
3 E-Mail: mphan@hahnlawyers.com
301 E. COLORADO BLVD., NINTH FLOOR
4 PASADENA, CALIFORNIA 91101-1977
Telephone: (626) 796-9123
5 Facsimile: (626) 449-7357

6 AIMAN-SMITH & MARCY, P.C.
JOHN LOFTON, State Bar No. 222259
7 E-Mail: jal@asmlawyers.com
7677 OAKPORT STREET, SUITE 1150
8 OAKLAND, CALIFORNIA 94621
Telephone: (510) 817-2711
9 Facsimile: (510) 562-6830

10 Attorneys for Nanette Kearney, Krister
Johnson, and Sandra Shorago, Creditors and
11 Class Representatives

HANSON BRIDGETT LLP
NEAL L. WOLF, State Bar No. 202129
E-Mail: nwolf@hansonbridgett.com
ANTHONY J. DUTRA, State Bar No. 277706
E-Mail: adutra@hansonbridgett.com
425 MARKET STREET, 26TH FLOOR
SAN FRANCISCO, CALIFORNIA 94105
Telephone: (415) 995-5015
Facsimile: (415) 541-9366

Attorney for Galileo Learning, LLC, Debtor
and Debtor in Possession

12
13 **UNITED STATES BANKRUPTCY COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION**

15 In re
16 GALILEO LEARNING, LLC,
17 Debtor.¹

Case Nos. 20-40857 (RLE)
20-40858 (RLE)

Chapter 11

(Jointly Administered)

18 In re
19 GALILEO LEARNING FRANCHISING
20 LLC,
21 Debtor.

**[PROPOSED] ORDER GRANTING
JOINT MOTION BY CLASS
REPRESENTATIVES AND DEBTOR
FOR ORDER (1) PRELIMINARILY
APPROVING CLASS SETTLEMENT,
(2) APPOINTING SETTLEMENT
ADMINISTRATOR, (3) APPROVING
FORM AND MANNER OF NOTICE TO
CLASS MEMBERS, (4) SCHEDULING
FINAL APPROVAL HEARING, AND
(5) GRANTING RELATED RELIEF**

22 Affects GALILEO LEARNING, LLC
23 Affects GALILEO LEARNING
24 FRANCHISING LLC,

Date: [To Be Determined]
Time: [To Be Determined]

25
26
27 ¹ These cases are being jointly administered, and all documents for either case should be filed in lead case number
28 20-40857 (RLE). The last four digits of each Debtor's federal tax identification number are as follows: Galileo
Learning, LLC (9453) and Galileo Learning Franchising LLC (5638). The mailing address for the Debtors is 1021
3rd Street, Oakland, California 94607.

1 The Court has considered the joint motion (the “Joint Motion”), at docket no. ###, by the
2 creditors and the class representatives Nanette Kearney, Krister Johnson, and Sandra Shorago
3 (collectively, the “Customer Class Representatives”), on behalf of themselves and the class of
4 individuals certified pursuant to the Court’s order of November 9, 2020 (the “Customer Class,”
5 and the members of the Customer Class, the “Customer Class Members”), and the debtor and
6 debtor in possession Galileo Learning, LLC (the “Debtor,” and together, with the Customer Class
7 Representatives, the “Parties”) for entry of an order (1) preliminarily approving the settlement
8 between the Customer Class and the Debtor memorialized by that certain *Class Settlement*
9 *Agreement* dated December 2, 2020 (the “Settlement Agreement” or “Settlement”), (2) appointing
10 Atticus Administration, Inc. (“Atticus”) as the settlement administrator under the Settlement (the
11 “Settlement Administrator”), (3) approving the form and manner of notice regarding the
12 Settlement to the Customer Class Members, (4) scheduling the hearing to consider the final
13 approval of the Settlement (the “Final Approval Hearing”), and (5) granting related relief.

14 The Court finds and concludes the following:

15 1. The Settlement Agreement, a copy of which is attached as **Exhibit 1** to the Joint
16 Motion, is fair, reasonable, and adequate.² The Settlement Agreement is the result of arms’ length
17 negotiations between experienced attorneys familiar with the legal and factual issues of this case.
18 All Customer Class Members are treated fairly under the Settlement Agreement. The Settlement
19 Agreement is sufficient to warrant notice of the Settlement to the Customer Class Members and
20 the Final Approval Hearing. The Settlement Agreement meets all applicable requirements of law,
21 including Rule 23(c) and (e) of the Federal Rules of Civil Procedure and Rule 9019 of the Federal
22 Rules of Bankruptcy Procedure. And based on the range of possible outcomes and the cost, delay,
23 and uncertainty associated with further litigation, the Settlement Agreement is reasonable and
24 cost-effective, and preliminary approval is warranted.

25 2. This chapter 11 case does not constitute a “class action” within the meaning of 28
26

27 ² Unless otherwise separately defined herein, all capitalized terms used in this Order shall have
28 the same respective meanings assigned to them in the Settlement Agreement.

1 U.S.C. § 1711(2), and as a result, the notice requirements under 28 U.S.C. § 1715 are not
2 applicable to this chapter 11 case.

3 3. The contents of the proposed notice regarding the Settlement to be sent to the
4 Customer Class Members (the “Customer Class Notice”), which is attached as **Exhibit 2** to the
5 Joint Motion, and the proposed manner of its dissemination (i.e., that the Customer Class Notice
6 be served on each Customer Class Members by email at the email address that the Debtor has on
7 file for the Customer Class Member) represent the best practicable notice under the circumstances
8 and are reasonably calculated, under all the circumstances, to reasonably apprise the Customer
9 Class Members of the terms of the Settlement Agreement and their right to object to the
10 Settlement.

11 4. Other good and sufficient cause exists for granting the relief requested in the Joint
12 Motion.

13 **THEREFORE, IT IS HEREBY ORDERED** that

14 1. The Joint Motion is granted as set forth herein.

15 2. The Settlement Agreement, a copy of which is attached as **Exhibit 1** to the Joint
16 Motion, is approved on a preliminary basis.

17 3. Atticus is appointed as the Settlement Administrator to administer the Settlement
18 pursuant to the terms of the Settlement Agreement. Upon the occurrence of the Effective Date
19 under the Settlement Agreement, Atticus is deemed to be bound by the Settlement Agreement with
20 respect to the performance of the Settlement Administrator’s duties and services and its
21 compensation set forth in the Settlement Agreement.

22 4. Atticus is approved on a preliminary basis to be compensated for all reasonable
23 fees, expenses, and costs charged or incurred by Atticus, in its capacity as the Settlement
24 Administrator, on account of its duties and services performed in connection with administering
25 the Settlement through the date on which all Settlement Disbursements have been made under the
26 Settlement Agreement (collectively, the “Administrative Costs”); provided, however, that in no
27 event shall the aggregate compensation paid to Atticus under the Settlement Agreement on
28 account of the Administrative Costs exceed \$100,000.

1 5. The Class Counsel Fee Award to Aiman-Smith & Marcy, P.C. and Hahn & Hahn
2 LLP in the amount of \$600,000 is approved on a preliminary basis.

3 6. The Service Awards to (a) Nanette Kearney in the amount of \$10,000, (b) Krister
4 Johnson in the amount of \$5,000, and (c) Sandra Shorago in the amount of \$5,000 are approved on
5 a preliminary basis.

6 7. The Customer Class Notice, substantially in the form attached as **Exhibit 2** to the
7 Joint Motion, is approved.

8 8. The response form regarding the Settlement to be sent to the Customer Class
9 Members (the “Settlement Response Form”), substantially in the form attached as **Exhibit 3** to the
10 Joint Motion, is approved.

11 9. The letter from the Customer Class Representatives and Class Counsel to be sent to
12 the Customer Class Members (the “Cover Letter”), substantially in the form attached as **Exhibit 4**
13 to the Joint Motion, is approved.

14 10. The Debtor, through the Claims Agent, shall serve the Cover Letter, the Customer
15 Class Notice, and the Settlement Response Form (collectively, the “Service Package”) on each
16 individual who has been identified in the Debtor’s records as a Customer Class Member, with the
17 service of the Service Package to be made on each such Customer Class Member by no later than
18 **<SERVICE DEADLINE>** (the “Customer Class Service Deadline”), and in the following
19 manner:

20 a. The Service Package shall be electronically served on a Customer Class
21 Member by email no later than the Customer Class Service Deadline at the most current
22 email address that the Debtor has on file for that Customer Class Member; provided,
23 however, that if (i) the Debtor has no email address on file for a Customer Class Member
24 or (ii) the service email sent to a Customer Class Member was bounced back as
25 undeliverable, the Service Package shall be served on the Customer Class Member by first-
26 class mail no later than the Customer Class Service Deadline at the most current mailing
27 address that the Debtor has on file for that Customer Class Member.

28 b. For service purposes, the most current email address or mailing address, as

1 applicable, that the Debtor has on file for a Customer Class Member shall be deemed to be
2 (i) the email address or physical address, as applicable, used in the Customer Class
3 Member's original transaction with the Debtor that formed the basis of their claim against
4 the Debtor; (ii) if the Customer Class Member filed a proof of claim in this chapter 11
5 case, the email address or mailing address, as applicable, designated for notices in the
6 proof of claim; or (iii) if the Customer Class Member, at any time during the pendency of
7 this chapter 11 case, gave written notice of their updated contact information to the Debtor
8 or the Claims Agent (regardless of whether or not such written notice was filed in this
9 chapter 11 case), the email address or mailing address, as applicable, set forth in such
10 written notice.

11 c. If the Service Package mailed to a Customer Class Member by first-class
12 mail was returned as undeliverable, upon notice thereof, the Claims Agent shall promptly
13 use all reasonable and cost-effective methods to locate a current or proper mailing address
14 for the Customer Class Member, including running a name and last-known-address search
15 through a national database and contacting the Customer Class Member at the most current
16 telephone number that the Debtor has on file for that Customer Class Member. If the
17 Claims Agent has obtained a current or proper mailing address for the Customer Class
18 Member within 14 days after the Customer Class Service Deadline, the Service Package
19 shall be re-served on the Customer Class Member by first-class mail by no later than the
20 date that is 14 days after the Customer Class Service Date at such current or proper mailing
21 address. The re-mailing of the Service Package to a Customer Class Member shall not
22 extend the deadline to complete, sign, or return the Settlement Response Form or to file or
23 serve an objection to the Settlement Agreement, with respect to that Customer Class
24 Member.

25 d. If the Service Package is electronically served on a Customer Class Member
26 by email, the service email sent to the Customer Class Member shall (i) attach, or provide
27 a link to download, an electronic copy (in PDF format) of the Cover Letter, (ii) attach, or
28 provide a link to download, an electronic copy (in PDF format) of the Customer Class

1 Notice, and (iii) attach, or provide a link to download, an electronic copy (in PDF format)
2 of the Settlement Response Form, and (iv) provide a link to the Settlement Website where
3 the Customer Class Member can complete, sign, and return an online version of the
4 Settlement Response Form.

5 e. If the Service Package is served on a Customer Class Member by first-class
6 mail, (i) the paper copy of the Cover Letter shall be printed on paper of one non-white
7 color, (ii) the paper copy of the Customer Class Notice shall be printed on paper of a
8 different non-white color, and (iii) the paper copy of the Settlement Response Form shall
9 be printed on paper of another different non-white color.

10 11. The Final Approval Hearing shall take place on **<HEARING DATE>**, at
11 **<TIME>**, **Pacific Time**, and shall be conducted remotely by telephone via CourtCall and by
12 videoconference via Zoom. The Final Approval Hearing may be continued from time to time by
13 this Court without further notice to the Customer Class Members or other parties in interest,
14 except for an announcement of the continuance made at the initial Final Approval Hearing or any
15 subsequently continued Final Approval Hearing.

16 12. The joint motion by the Customer Class Representatives and the Debtor for entry of
17 an order granting final approval of the Settlement Agreement and other related relief (the “Final
18 Approval Motion”) shall be filed with the Court and served on the Official Committee of
19 Unsecured Creditors (the “Committee”), all creditors who are not Class members, the United
20 States trustee, and all appropriate federal and state officials by first-class mail by no later than
21 **<MOTION DEADLINE>**. The Final Approval Motion shall also include the requests for the
22 Court’s approval of the Service Awards to the Customer Class Representatives and the Class
23 Counsel Fee Award to the Class Counsel.

24 13. The declaration of due diligence by the Claims Agent (the “Declaration of Due
25 Diligence”) shall be filed with the Court by no later than **<DECLARATION DEADLINE>**. The
26 Declaration of Due Diligence shall set forth details regarding the Claims Agent’s compliance with
27 the service obligations under the Settlement Agreement and this Order.

28 14. In order to be deemed timely and effective (with respect to the applicable matters

1 set forth in the Settlement Agreement), any Settlement Response Form from a Customer Class
2 Member shall be completed, signed under penalty of perjury, and returned to the Settlement
3 Administrator by no later than **<RESPONSE DEADLINE>**, at **11:59 p.m., Pacific Time** (the
4 “Settlement Response Deadline”), such that the Settlement Response Form is actually received by
5 the Settlement Administrator on or before the Settlement Response Deadline. A Settlement
6 Response Form may be returned to the Settlement Administrator by mail, facsimile, email, or
7 online submission (through the Settlement Website).

8 15. The summary of the returned Settlement Response Forms by the Settlement
9 Administrator (the “Summary of Settlement Response Forms”) shall be filed with the Court and
10 served on the Committee and the United States trustee by first-class mail by no later than
11 **<SUMMARY DEADLINE>**. The Summary of Settlement Response Forms shall be signed under
12 penalty of perjury and set forth (a) the number of eligible Customer Class Member who elected the
13 Credit Option in the Settlement Response Form, and the estimated aggregate amount of their
14 claims against the Debtor; (b) the number of eligible Customer Class Member who elected the
15 Coupon Option in the Settlement Response Form, and the estimated aggregate amount of their
16 claims against the Debtor; (c) the number of eligible Customer Class Member who elected the
17 Deferred Cash Payment Option in the Settlement Response Form, and the estimated aggregate
18 amount of their claims against the Debtor; and (d) the number of eligible Customer Class Member
19 who were deemed to have elected the Deferred Cash Payment Option, and the estimated aggregate
20 amount of their claims against the Debtor.

21 16. Any objection by a Class member or other party in interest to the Settlement
22 Agreement or to the final approval of the Settlement Agreement (a “Settlement Objection”) shall
23 be filed with the Court and served on the Class Counsel, the Debtor (through its counsel), and the
24 United States trustee by first-class mail by no later than **<OBJECTION DEADLINE>** (the
25 “Settlement Objection Deadline”), and shall be further governed by the following provisions:

- 26 a. Any Settlement Objection by a Customer Class Member shall (i) be in
27 writing; (ii) contain their full name, address, telephone number, email address, and last
28 four digits of their Social Security number; (iii) provide a clear statement that they object

1 to the Settlement Agreement, along with the legal and factual grounds on which their
2 objection is based; (iv) state whether they intend to appear at the Final Approval Hearing,
3 and if so, whether it will be on their own behalf or through counsel; (v) identify every case,
4 action, or proceeding in which they (or their counsel) has objected to a class action
5 settlement by the name of the court, the name and docket number of the case, the date of
6 the objection, and any docket number assigned to the objection; (vi) attach any evidence to
7 support their objection and any other documents they wish the Court to consider; and
8 (vii) be signed by the Customer Class Member so objecting (or their counsel).

9 b. Any Settlement Objection by a party in interest who is not a Customer Class
10 Member shall (i) be in writing; (ii) contain their full name, address, telephone number, and
11 email address; (iii) state their relationship to the Customer Class or the Debtor; (iv) provide
12 a clear statement that they object to the Settlement Agreement, along with the legal and
13 factual grounds on which their objection is based; (v) state whether they intend to appear at
14 the Final Approval Hearing, and if so, whether it will be on their own behalf or through
15 counsel; (vi) attach any evidence to support their objection and any other documents they
16 wish the Court to consider; and (vii) be signed by the party so objecting (or their counsel).

17 c. Any Customer Class Member or other party in interest who fails to file and
18 serve a Settlement Objection by the Settlement Objection Deadline and that otherwise
19 complies with this Order shall be deemed to have waived and forfeited any and all rights
20 they may have to object to the Settlement Agreement and appear and be heard at the Final
21 Approval Hearing.

22 17. Any reply by the Customer Class Representatives or the Debtor to a Settlement
23 Objection shall be filed with the Court and served on the objecting party and the United States
24 trustee by first-class mail by no later than **<REPLY DEADLINE>**.

25 18. This Court retains jurisdiction over any matter regarding the interpretation,
26 implementation, or enforcement of the Settlement Agreement or this Order.

27 *** * * END OF ORDER * * ***