

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO

MICHAEL COLE, on behalf of himself and
all others similarly situated,

Plaintiff,

v.

SPORT CHALET, INC., a Delaware
corporation; and DOES 1 through 50,
inclusive,

Defendants.

37-2008-00081675-CU-BT-CTL

Complaint Filed: 04/08/08

NOTICE OF PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT

Dep't: 75

Hon. Richard E.L. Strauss

THIS LEGAL NOTICE AFFECTS YOUR RIGHTS, PLEASE READ IT CAREFULLY.

I. PURPOSE OF THIS NOTICE AND SUMMARY OF THE CASE

This Notice of Pendency of Class Action and Proposed Settlement (“Notice”) informs you about the above-referenced legal action and a proposed settlement on behalf of a certain class of persons. This Notice advises you of the benefits that may be available to you under the proposed settlement and your rights and options as a potential class member, and further notifies you that a Court hearing will be held to decide whether to approve the settlement.

You are receiving notice of this legal action and proposed settlement because you may have been a Sport Chalet customer who was requested or required to provide a zip code or “Personal Identification Information” during a credit card transaction at a Sport Chalet store in California from April 8, 2007 through April 30, 2008. Plaintiff Michael Cole (“Cole”) filed this class action lawsuit against Sport Chalet, Inc. (“Sport Chalet”), claiming that Sport Chalet violated the law by requesting or requiring customers to provide a zip code or “Personal Identification Information” during credit card transactions. Sport Chalet denies Cole’s allegations.

Cole and Sport Chalet have reached a proposed settlement of these claims, the details of which are described below. If you participate in this settlement, are eligible to receive benefits from this settlement, and you complete and timely return a claim form, then you may receive a twenty dollar (\$20.00) Voucher that can be used toward a purchase of products at any Sport Chalet store in California.

II. THE LITIGATION

On April 8, 2008, Cole filed a complaint in the Superior Court of California, County of San Diego, entitled Michael Cole v. Sport Chalet, Inc., Case Number 37-2008-00081675-CU-BT-CTL (the “Cole Action”). In his complaint, Cole sought to represent a class of persons who were requested or required to provide a zip code or “Personal Identification Information” in connection with a credit card transaction at a Sport Chalet store in California. Cole asserted causes of action for: (1) violation of California Civil Code section 1747.08; (2) violation of California Business and Professions Code section 17200 et seq.; and (3) invasion of privacy.

On May 22, 2008, Sport Chalet filed demurrers to Cole’s Complaint. By order dated September 11, 2008, the demurrers were sustained with leave to amend. On September 22, 2008, Cole filed a First Amended Complaint, asserting causes of action for violation of California Civil Code section 1747.08 and invasion of privacy. On November 17, 2008, Sport Chalet answered Cole’s Complaint.

The parties have now agreed upon the terms of a settlement. Cole and Sport Chalet have settled because they consider it to be in their best interests to settle and dispose of, fully and completely, any and all claims, demands and causes of action heretofore or hereafter arising out of, connected with or incidental to the Cole Action, including, without limitation on the generality of the foregoing, any and all claims, demands and causes of action reflected in the Cole Action, and any and all of the facts and circumstances giving rise to the Cole Action, to the extent such claims, demands, and causes of action are held by Class Members for the Class Period.

III. DEFINITIONS

As used in this Notice, the following terms have the meanings specified below:

1. "Claims Administrator" means a company or persons appointed by the Court as part of the preliminary approval process to administer claims made by Class Members.
2. "Class Counsel" means the law firms of (a) Harrison Patterson O'Connor & Kinkead LLP and (b) Lindsay & Stonebarger, APC.
3. "Claim Form" means the form which is attached as Exhibit A to the Settlement Agreement, and which is available from the Claims Administrator's website at www.gardencitygroup.com, or upon request at a California Sport Chalet store.
4. "Claims Period" means ninety (90) calendar days following the first issuance of the Summary Notice. (The date of first issuance of the Summary Notice is May 15, 2009. Therefore, the Claims Period ends on August 13, 2009.)
5. "Class Members" means all Sport Chalet customers who were requested or required to provide their zip codes or "Personal Identification Information," as that term is defined in California Civil Code section 1747.08(b), during a credit card transaction at a Sport Chalet store in California during the Class Period. Class Members do not include Sport Chalet, its subsidiaries and affiliates, its officers, directors, employees, any entity in which Sport Chalet has a controlling interest, and the legal representatives, successors, or assigns of any such excluded persons or entities.
6. "Class Notices" mean this Notice and the Summary Notice.
7. "Class Period" means the period from April 8, 2007 through April 30, 2008.
8. "Class Representative" means Michael Cole.
9. "Final Judicial Approval" means the expiration of the time within which to appeal any final order of the court regarding this settlement, including but not limited to any order approving the settlement or an award of costs and attorneys' fees or an incentive award. If any appeal is taken, "Final Judicial Approval" shall be when the appeal has been finally resolved and remittitur has taken place.
10. "Final Settlement Hearing" means a hearing before the Court for final approval of the settlement.
11. "Opt-Out and Objection Date" means 15 court days prior to the Fairness Hearing.
12. "Preliminary Approval Date" means the date on which the Court enters an order preliminarily approving the settlement.
13. "Voucher" means a single twenty dollar (\$20.00) credit that can be used toward the purchase of products at any Sport Chalet store located in California. Vouchers are valid only for six months after Vouchers are first issued. Only one Voucher may be used in a single transaction and each Voucher may only be used one time (with any remaining balance forfeited). Only one Voucher may be claimed per customer.

IV. RIGHTS AND OPTIONS OF CLASS MEMBERS

A. Class Members.

If you are a Sport Chalet California customer who was requested or required to provide your zip code and/or “Personal Identification Information” in connection with a credit card transaction at a Sport Chalet store from April 8, 2007 through April 30, 2008, then you may be eligible to receive one Voucher if you complete and timely return a Claim Form to the Claims Administrator.

B. Request for Exclusion.

If you do not wish to participate in the Class or be bound by the settlement, you must request exclusion from the Class. Exclusion means that you will not receive any benefits from the settlement, you will not be bound by the settlement or any Judgment entered thereon, and you cannot object to the settlement. To exclude yourself, you must send a written request for exclusion to the Claims Administrator that must be postmarked on or before July 10, 2009. In the case of individuals requesting exclusion, your request must include your name and address. In the case of corporations or other legal entities (including partnerships or associations) requesting exclusion, your request must include the entity’s name and principal place of business. For both individuals and corporations or other legal entities, the request for exclusion must include the signature of the individual or an authorized signer for the entity requesting exclusion. If more than two hundred (200) Class Members opt out of the Class and the settlement Sport Chalet may, at its election, deem the settlement null and void.

C. Representation and Objections.

If you want to represent yourself or hire an attorney to represent you in this matter or if you wish to object to the settlement, you may do so at your own expense. You should submit your appearance or objection to the Superior Court of California, County of San Diego. If you decide to appear or object, you or your attorney must file and serve your appearance or objection with the Court and provide copies to all the attorneys for the parties at the addresses listed below, all of which must be filed with the Court and received by counsel for the parties by July 10, 2009. If you intend to present evidence at the hearing, you must include with your notification a list identifying the witnesses whom you may call to testify and true copies of any exhibits you intend to offer into evidence. All objections must contain the objector’s name, address, telephone number, the name and number of the Action as set out above, and the factual basis and legal grounds for the objection, and must be signed by the objecting entity or person.

V. EFFECT OF SETTLEMENT APPROVAL -- RELEASED CLAIMS

If the settlement is approved, each Class Member who does not request exclusion shall automatically and without further action or notice be deemed to have forever relieved, released and discharged Sport Chalet and its affiliated entities, and their predecessors, successors, assigns, attorneys, accountants, insurers, representatives, parents, partners, officers, directors, stockholders, employees, and agents, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs, and expenses (including but not limited to attorneys’ fees), damages, actions, causes of action and claims for relief (referred to hereafter collectively as “claims”) of whatever kind or nature, under any theory, whether legal, equitable or other, under the law, either common, constitutional, statutory, administrative, regulatory, or other, of any jurisdiction, foreign or domestic, whether such claims are known or unknown, suspected or unsuspected, arising out of, or in connection with the matters or facts alleged or set forth in the Cole Action, as set forth above, for the Class Period.

Class Members who do not timely request exclusion will further be deemed to understand and to have waived provisions and principles of law such as California Civil Code section 1542 (as well as any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar or comparable to Section 1542) with respect to the matters released in the settlement:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

Class Members who do not request exclusion expressly waive and release any right or benefit which they have or may have under California Civil Code section 1542, or other comparable authority in other jurisdictions, to the full extent that they may waive all such rights and benefits pertaining to the matters released herein. In connection with such waiver and relinquishment, Cole and the Class Members acknowledge that they are aware that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which they now know or believe to be true, with respect to the matters released herein. Nevertheless, it is the intention of Cole and the Class Members by the settlement, and with the advice of counsel, fully, finally, and forever to settle and release all such matters, and all claims relative thereto, which do now exist, may exist, or heretofore have existed between the parties, to the extent set forth within the settlement. In furtherance of such intention, the release contained in the settlement shall be and remain in effect as a full and complete release of such matters notwithstanding the discovery or existence of any such additional different claims or facts relative to the matters released. This is an essential term of the settlement without which there would have been no settlement.

VI. THE PROPOSED SETTLEMENT

The Parties have agreed to a proposed settlement which, if approved by the Superior Court of California, County of San Diego, will result in a judgment being entered in the Cole Action which provides for certain benefits to Class Members. The details of the settlement are set forth in the Settlement Agreement and Release of Claims and Rights attached to the parties' Motion for Preliminary Settlement Approval, which is on file with and available for public inspection at the San Diego County Superior Court located at 330 West Broadway, San Diego, California 92101. You may also request a copy of the Settlement Agreement and Release of Claims and Rights by contacting Class Counsel.

If this Agreement is finally approved by the Court, then as soon as is reasonably practicable after Final Judicial Approval, and in no event later than thirty (30) calendar days after Final Judicial Approval, Sport Chalet will distribute a single Voucher to each Class Member who timely submits a valid Claim Form.

Claim Forms must be signed under penalty of perjury, and Class Members must either: (1) attach a copy of their receipt; or (2) provide the approximate date they shopped at Sport Chalet and the store location where the relevant transaction allegedly occurred, the type of credit card they used, and the last four digits of the credit card number. At Sport Chalet's election, after receipt of the initial information, Sport Chalet may require the claimant to provide a copy of a receipt or credit card statement reflecting the purchase. Claim Forms must be returned no later than 90 days after the first issuance of the Summary Notice. Claim Forms are subject to verification by Sport Chalet. Claims Forms are available in

Sport Chalet stores, on a Web site maintained by the Claims Administrator, or by writing to the Claims Administrator.

Under the settlement, no settlement fund or common fund is created or implied, and there shall be no unpaid residual whether under California Civil Procedure Code section 384 or any other statutory or case authority. Any amounts not provided to Class Members due to a failure to submit a Claim Form, or failure to redeem a Voucher, will not be provided to any third party. Any such amounts will remain solely with Sport Chalet. If, for any reason, a court determines otherwise, the settlement shall be null and void.

Sport Chalet or the Claims Administrator will submit a declaration to the Court at least five (5) court days before the Final Settlement Hearing certifying that Class Notice was provided in accordance with the terms of the Agreement and any applicable court order. After the Vouchers have been distributed, Sport Chalet or the Claims Administrator shall submit a declaration affirming that such Vouchers have been distributed as required under the settlement.

Upon the Court's approval of the settlement at the Final Settlement Hearing, the parties shall jointly request that the Court enter a judgment pursuant to California Rule of Court 3.769(h), with the Court retaining jurisdiction to enforce this Agreement under California Civil Procedure Code section 664.6.

Sport Chalet will pay its own attorneys' fees and costs and all costs incurred in administering the settlement. Sport Chalet and Cole have, through arms-length negotiations (including mediation), agreed that an award of costs and attorneys' fees of seventy-five thousand dollars (\$75,000.00) to Class Counsel is fair and reasonable, in light of the nature and circumstances of the action. At the Final Settlement Hearing, Class Counsel will request that the Court approve an award of costs and attorneys' fees to be paid to Class Counsel in the total amount of \$75,000.00, and Sport Chalet will not oppose such a request. If such an award is approved by the Court, then as soon as is reasonably practicable after Final Judicial Approval, and in no event later than thirty (30) calendar days after Final Judicial Approval, Sport Chalet will pay Class Counsel \$75,000.00, and no more, separate and apart from any benefits to be paid to the Class. The parties have further agreed that an incentive award to the Class Representative of two thousand five hundred dollars (\$2,500.00) is fair and reasonable, in light of the nature and circumstances of the action. At the Final Settlement Hearing, Class Counsel will request that the Court approve an incentive award to be paid to Cole in the total amount of \$2,500.00, and Sport Chalet will not oppose such a request. If such an award is approved by the Court, then as soon as is reasonably practicable after Final Judicial Approval, and in no event later than thirty (30) calendar days after Final Judicial Approval, Sport Chalet will pay Cole \$2,500.00, and no more, separate and apart from any benefits to be paid to the Class.

The settlement terms have been chosen by the parties as a method of determining an appropriate remedy, without admission of liability by any party. Further, the settlement terms contemplated herein are intended to represent and include any and all other damages claimed by or owed to all Class Members, related to the settled claims including, but not limited to, interest charges, general damages and punitive damages. Sport Chalet denies that any Class Member is entitled to any relief whatsoever, and maintains that all remedies afforded hereunder are made solely for convenience and to stop the expense and inconvenience of further litigation.

VII. FINAL SETTLEMENT HEARING

On July 31, 2009 at 1:30 p.m., a hearing will be held in the Superior Court of California, County of San Diego before the Honorable Richard E. L. Strauss in Department 75 to determine whether the settlement should be approved by the Court. This hearing may be continued from day to day at the discretion of the Court. You need not appear at the hearing to receive settlement benefits.

VIII. EFFECT OF DISAPPROVAL

If the settlement is not approved the parties will return to the positions they occupied as of the time the settlement was reached, and the litigation will continue as if there had not been a proposed settlement.

IX. ADDRESSES OF THE COURT AND ATTORNEYS FOR THE PARTIES

The address for the Superior Court of California, County of San Diego is: 330 West Broadway, San Diego, California 92101.

The address for Class Counsel is: Gene J. Stonebarger, Esq., Lindsay & Stonebarger, APC, 620 Coolidge Drive, Suite 225, Folsom, California 95630.

The address for Sport Chalet's counsel is: James J. Mittermiller, Esq., Sheppard, Mullin, Richter & Hampton LLP, 501 West Broadway, 19th Floor, San Diego, California 92101-3598.

X. FOR MORE INFORMATION ABOUT THIS CLASS ACTION

This notice is only a summary of the proposed settlement, which is fully set forth in the Settlement Agreement and Release of Claims and Rights. To obtain more information about this settlement, or to obtain a copy of the Settlement Agreement and Release of Claims and Rights, you may contact Class Counsel at the above address. Do not contact Sport Chalet's counsel, the Court clerks, or Judge Strauss regarding this Notice.

THE COURT HEREBY APPROVES THIS NOTICE.

IT IS SO ORDERED.

Dated: May 1, 2009

HONORABLE RICHARD E.L. STRAUSS
JUDGE OF THE SUPERIOR COURT