

NOTICE OF CLASS ACTION SETTLEMENT

NORTHERN DISTRICT OF OHIO

*In re: Sonic Corp. Customer Data Breach Litigation,
MDL Case No. 1:17-md-02807-JSG (N.D. Ohio)*

If you used a credit or debit card at one of 325 certain Sonic Drive-In locations from April 7, 2017 through October 28, 2017, you may be eligible for a cash payment from a class action settlement.

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

- A Settlement has been reached with Sonic in a class action lawsuit asserting claims against several Sonic entities relating to a data breach arising out of a third-party cyber attack in 2017 that targeted the point of sale systems of Sonic Drive-In locations in an effort to steal customer payment card information (the “Data Breach”). Sonic denies all of the claims in the lawsuit. The Settlement does not establish who is right, and is not an admission of fault, but rather reflects a compromise to end the lawsuit.
- For a list of the 325 impacted Sonic Drive-In locations, go to www.SonicDataBreachSettlement.com.
- The Settlement includes all residents of the United States of America who made a purchase at any one of the 325 impacted Sonic Drive-In locations and paid using a credit or debit card from April 7, 2017 through October 28, 2017 (the “Relevant Time Period”).
- The Settlement provides payments to people who submit valid and timely claims attesting (i) that they made a purchase using a credit or debit card at one of the 325 impacted Sonic Drive-In locations during the Relevant Time Period (**Category 1**), or (ii) that they made a purchase using a credit or debit card at one of the 325 impacted Sonic Drive-In locations during the Relevant Time Period *and* that they experienced fraudulent or unauthorized charges on the credit or debit card used at the impacted location any time thereafter up through February 28, 2018 (**Category 2**).

Your legal rights are affected even if you do nothing. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
Submit a Claim	This is the only way to receive a payment to compensate you for losses which you believe you suffered as a result of the Data Breach.
Ask to be Excluded	You will not receive a payment, but you will retain any rights you currently have with respect to Sonic and the issues in this lawsuit. This is the only option that allows you to bring your own lawsuit against Sonic related to the Data Breach.
Object	Write to the Court about why you do not like the Settlement.
Go to the Hearing	Ask to speak in Court about the fairness of the Settlement.
Do Nothing	Get no payment. Give up rights to submit a claim or bring a different lawsuit against Sonic related to the Data Breach.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court in charge of this lawsuit still has to decide whether to grant final approval of the Settlement. Payments will be made only after the Court grants final approval of the Settlement and after any appeals are resolved.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION Page 3

1. Why was this Notice issued and why should I read it?
2. What is this lawsuit about?
3. Why is this lawsuit a class action?
4. Why is there a Settlement?

WHO IS IN THE SETTLEMENT? Pages 3-4

5. How do I know if I am included in the Settlement?
6. What if I am not sure whether I am included in the Settlement?

SETTLEMENT BENEFITS–WHAT YOU GET IF YOU QUALIFY Page 4

7. What does the Settlement provide?
8. What payment is available for Category 1 Settlement Class Members?
9. What payment is available for Category 2 Settlement Class Members?

HOW DO YOU SUBMIT A CLAIM? Pages 4-5

10. How do I get a payment?
11. How will claims be decided?
12. When will I get my payment?

WHAT DOES SONIC GET? Pages 5-6

13. What am I giving up as part of the Settlement?

EXCLUDING YOURSELF FROM THE SETTLEMENT Page 6

14. If I exclude myself, can I get a payment from this Settlement?
15. If I do not exclude myself, can I sue Sonic for the same thing later?
16. How do I exclude myself from the Settlement?

OBJECTING TO THE SETTLEMENT Pages 6-7

17. How do I tell the Court that I do not like the Settlement?
18. What is the difference between objecting and asking to be excluded?

THE LAWYERS REPRESENTING YOU Page 7

19. Do I have a lawyer in this case?
20. How will the lawyers be paid?

THE COURT’S FINAL APPROVAL HEARING Page 8

21. When and where will the Court decide whether to approve the Settlement?
22. Do I have to attend the hearing?
23. May I speak at the hearing?

IF YOU DO NOTHING Page 8

24. What happens if I do nothing?

GETTING MORE INFORMATION Page 8

25. How do I get more information?

BASIC INFORMATION

1. Why was this Notice issued and why should I read it?

The Court authorized this Notice because you may be included in the settlement class and have a right to know about the proposed Settlement of this class action lawsuit and about all of your options before the Court decides whether to give “final approval” to the Settlement. This Notice explains the legal rights and options that you may exercise before the Court decides whether to approve the Settlement.

Judge James S. Gwin of the United States District Court for the Northern District of Ohio is overseeing this case known as *In re: Sonic Corp. Customer Data Breach Litigation*, MDL Case No. 1:17-md-02807-JSG. The people who sued the Sonic entities are called the Plaintiffs. The Sonic entities that were sued are called the Defendants.

2. What is this lawsuit about?

The lawsuit claims that Sonic did not have adequate safeguards in place and should be held responsible for the Data Breach and asserts claims such as: breach of implied contract, negligence, negligence per se, unjust enrichment, and violations of numerous state consumer-protection and data breach statutes. Sonic denies these claims in their entirety and asserts that Sonic did have adequate safeguards in place and did nothing wrong.

3. Why is this lawsuit a class action?

In a class action, one or more people called class representatives or representative plaintiffs sue on behalf of all people who have similar claims. Together, all of these people are called a class and the individuals are called class members. One court resolves the issues for all class members, except for those who validly and timely exclude themselves from the class. Here, nine (9) Representative Plaintiffs and thirteen (13) Individual Named Plaintiffs sued on behalf of a class of all customers who made a purchase using a credit or debit card at an impacted Sonic Drive-In location in 2017.

4. Why is there a Settlement?

The Court did not issue a ruling in favor of the Plaintiffs or Sonic. Rather, both sides, with the assistance of Magistrate Judge Jonathan D. Greenberg as mediator, agreed to a settlement. The Settlement is not an admission that Sonic did anything wrong, but rather reflects a compromise to end the lawsuit. By agreeing to settle, both sides avoid the cost and risk of a trial, and people who submit valid claims will get compensation. The Representative Plaintiffs and their attorneys believe the Settlement is fair, reasonable, and adequate and, thus, in the best interests of the Settlement Class.

WHO IS IN THE SETTLEMENT?

5. How do I know if I am included in the Settlement Class?

You are included in the Settlement Class if you reside in the United States and you made a purchase using a credit or debit card at one of the 325 impacted Sonic Drive-In locations from April 7, 2017 through October 28, 2017.

Specifically excluded from the Settlement Class are:

- (i) the Sonic entities named as Defendants, Sonic Franchisees, Sonic’s third-party point-of-sale vendor, Infor Restaurant Systems, their respective parents, subsidiaries, affiliated companies, divisions, predecessors, and successors, and their respective officers, directors, employees, principals, agents, attorneys, insurers, and reinsurers; (ii) all Settlement Class Members who timely and validly request exclusion from or opt out of the Settlement Class; (iii) the Judge or Magistrate Judge to whom the lawsuit is assigned and any member of those Judges’ staffs or immediate family members; and (iv) any other person found by a court of competent jurisdiction to be guilty under criminal law of initiating, causing, aiding or abetting the criminal activity or occurrence of the Data Breach or who pleads *nolo contendere* to any such charge.

6. What if I am not sure whether I am included in the Settlement?

The Settlement website at www.SonicDataBreachSettlement.com provides the list of 325 impacted Sonic Drive-In locations; if you made a purchase using a credit or debit card at one of these 325 impacted Sonic Drive-In locations from April 7, 2017 through October 28, 2017, then you are included in the Settlement.

If you are still not sure whether you are included in the Settlement, you may call 1-866-267-8812 with any further questions. You may also write with questions to the Sonic Data Breach Settlement Administrator, P.O. Box 404000, Louisville, KY 40233-4000.

SETTLEMENT BENEFITS – WHAT YOU GET IF YOU QUALIFY

7. What does the Settlement provide?

The Settlement will provide payments to people who submit valid and timely claims. There are different settlement payments available to Settlement Class Members, depending upon which one of two categories the Settlement Class Member falls into: (1) Category 1 Settlement Class Members (see Question 8 below) or (2) Category 2 Settlement Class Members (see Question 9 below).

You can receive payment under only one category: either Category 1 or Category 2.

8. What payment is available for Category 1 Settlement Class Members?

Category 1 Settlement Class Members are eligible to receive a one-time payment of approximately \$10 if they made a purchase using a credit or debit card at one of the 325 impacted Sonic Drive-In locations during the Relevant Time Period (April 7, 2017 through October 28, 2017). Settlement Class Members who file a claim under Category 1 are eligible for the approximately \$10 payment even if they did not experience any fraudulent or unauthorized charges subsequent to their purchase at one of the 325 impacted Drive-In locations. The precise amount of the payment may be adjusted up or down based on the total number of valid claims received (see Question 11 below).

9. What payment is available for Category 2 Settlement Class Members?

Category 2 Settlement Class Members are eligible to receive a one-time payment of \$40 only if they satisfy these conditions: (i) they made a purchase using a credit or debit card at one of the 325 impacted Sonic Drive-In locations during the Relevant Time Period (April 7, 2017 through October 28, 2017); and (ii) they experienced fraudulent or unauthorized charges on the credit or debit card used at the impacted Sonic Drive-In location anytime thereafter through February 28, 2018. The precise amount of the payment may be adjusted up or down based on the total number of valid claims received (see Question 11 below).

HOW DO YOU SUBMIT A CLAIM?

10. How do I get a payment?

To request to receive a payment, you must complete and submit a Claim Form that will be used to determine your eligibility. Claim Forms are available at www.SonicDataBreachSettlement.com or by calling 1-866-267-8812. Read the instructions carefully, fill out the Claim Form, and submit it online or mail it in, postmarked no later than **April 19, 2019**, to:

Sonic Data Breach Settlement Administrator
P.O. Box 404000
Louisville, KY 40233-4000

11. How will claims be decided?

The Settlement Administrator will ultimately decide whether the information provided on each Claim Form is complete and valid. The Settlement Administrator may require additional information. If you do not provide the additional information in a timely manner, the claim will be considered invalid and will not be paid.

The Settlement Administrator, Sonic, or Class Counsel may require you to provide support for your claim. You should retain in your possession any receipts, credit card statements, bank statements, or other documents that support your purchase(s) at one of the 325 impacted Sonic Drive-In locations during the Relevant Time Period and, if applicable, any documents supporting your claim that you experienced a fraudulent or unauthorized charge on or before February 28, 2018 on the credit or debit card used at the impacted Sonic Drive-In location during the Relevant Time Period.

Verified Claims are those submitted in a timely manner and found to be valid by the Settlement Administrator.

Sonic's payments under the Settlement for (1) Verified Claims to Settlement Class Members, (2) any Court-awarded attorneys' fees, costs, and expenses, (3) any Court-awarded service awards to Representative Plaintiffs, and (4) the costs involved in notice and administering the Settlement are capped in the aggregate at \$4,325,000. If, after deducting the court-awarded attorneys' fees, costs, and expenses, service awards and individual payments, and costs of notice and settlement administration, the total amount of Verified Claims is greater than the balance remaining in the Net Settlement Fund, then each Verified Claim payment will be reduced on a *pro rata* (proportionate) basis such that the total aggregate amount of Verified Claims does not exceed the value of the Net Settlement Fund. However, if, after deducting the court-awarded attorneys' fees, costs, and expenses, service awards and individual payments, and the costs of notice and settlement administration, the total amount of Verified Claims is less than the balance remaining in the Net Settlement Fund, then each Verified Claim payment will be increased on a *pro rata* (proportionate) basis in order to fully allocate the full Net Settlement Fund.

12. When will I get my payment?

The Court will hold a hearing on **July 25, 2019** to decide whether to approve the Settlement. If the Court approves the Settlement after that, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than one year. It also takes time for all the Claim Forms to be processed. Please be patient.

WHAT DOES SONIC GET?

13. What am I giving up as part of the Settlement?

If the Settlement becomes final and you do not exclude yourself from the Settlement, you will remain a Settlement Class Member and you will give up your right to sue Sonic, Sonic Franchisees, Infor Restaurant Systems, and all Released Persons for any Released Claims arising out of or relating to the Data Breach. The specific claims being released are described below and in the "Release" section (¶¶ 1.21, 11.1) of the Settlement Agreement. Capitalized terms in the Release below are defined in the Settlement Agreement. If you have any questions, you can talk to the law firms listed in Question 19 for free or you can, of course, talk to your own lawyer.

Plaintiffs' Release

Upon the Effective Date, each Settlement Class Member who has not timely opted-out of this Settlement, including Representative Plaintiffs, and each Individual Named Plaintiff shall be deemed to have, and by operation of the Final Judgment shall have, completely, fully, finally, irrevocably, and forever released, relinquished, and discharged all Released Claims. Further, upon the Effective Date, and to the fullest extent permitted by law, each Settlement Class Member who has not timely opted out of this Settlement, including Representative Plaintiffs, and each Individual Named Plaintiff shall, either directly, indirectly, representatively, as a member of or on behalf of the general public or in any capacity, be permanently barred and enjoined from commencing, prosecuting, or participating in any recovery in any action in this or any other forum based on, relating to, concerning, or arising out of any of the Released Claims.

It is the intent of the Parties that this Release shall not be considered, interpreted, or construed to prevent Settlement Class Members from pursuing claims related to the Data Breach against any person or entity that is not a "Released Person" as that term is defined in the Settlement Agreement.

"Released Claims" means any and all claims, rights, rights of set-off and recoupment, demands, actions, obligations, and causes of action of any and every kind, nature, and character, known and unknown, including without limitation, negligence, negligence per se, breach of contract, breach of implied contract, breach of fiduciary duty, breach of confidence, invasion of privacy, misrepresentation (whether fraudulent, negligent, or innocent), unjust enrichment, bailment, wantonness, failure to provide adequate notice pursuant to any breach notification statute or common law duty, any federal, state, or local statutory or regulatory claims, including, but not limited to, pursuant to

consumer protection laws, unfair and deceptive trade practice laws, and further including, but not limited to, any and all claims for damages, injunctive relief, disgorgement, declaratory relief, equitable relief, attorneys' fees, costs, and expenses, pre-judgment interest, credit monitoring services, the creation of a fund for future damages, statutory damages, punitive damages, special damages, exemplary damages, restitution, the appointment of a receiver, and any other form of relief that any Settlement Class Member, any Representative Plaintiff, and any Individual Named Plaintiff has, has asserted, could have asserted, or could assert against any of the Released Persons based on, relating to, concerning, or arising out of the Data Breach (including, but not limited to, the theft or compromise of Personal Information) or the allegations, facts, or circumstances described in the Litigation. "Released Claims" include Unknown Claims, as that term is defined in the Settlement Agreement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want to be part of this Settlement, but you want to keep the right to sue Sonic about the legal issues in this case, then you must take steps to get out of the Settlement Class. This is called excluding yourself from—or is sometimes referred to as "opting out" of—the Settlement Class.

14. If I exclude myself, can I get a payment from this Settlement?

No. If you exclude yourself, you will not be entitled to any money from the Settlement, but you will not be bound by any judgment in this case.

15. If I do not exclude myself, can I sue Sonic for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Sonic (and the Released Persons as that term is defined in the Settlement Agreement) for the claims that this Settlement resolves. You must exclude yourself from the Settlement Class to start your own lawsuit or to be part of any different lawsuit relating to the claims in this case. If you exclude yourself, do not submit a Claim Form to ask for a payment. If you exclude yourself and submit a Claim Form, your exclusion will be deemed invalid.

If you are requesting exclusion because you want to bring your own lawsuit based on the matters alleged in this class action, you may want to consult an attorney and discuss whether any individual claim that you may wish to pursue would be time-barred by the applicable statute of limitations or repose.

16. How do I exclude myself from the Settlement?

To exclude yourself, you must send a letter that says you want to be excluded from the Settlement in *In re: Sonic Corp. Customer Data Breach Litigation*, MDL Case No. 1:17-md-02807-JSG. Include your name, address, and signature. You must mail your written request for exclusion postmarked by **April 19, 2019**, to:

Sonic Data Breach Settlement Administrator
P.O. Box 404000
Louisville, KY 40233-4000

OBJECTING TO THE SETTLEMENT

17. How do I tell the Court that I do not like the Settlement?

You can tell the Court that you do not agree with the Settlement or some part of it by objecting to the Settlement. The Court will consider your views in its decision to approve the Settlement. To object, you must file a written objection in this case, *In re: Sonic Corp. Customer Data Breach Litigation*, MDL Case No. 1:17-md-02807-JSG, with the Clerk of Court, and mail copies to Class Counsel and Defense Counsel at the addresses below.

Your objection must state: (1) your full name, current address, telephone number, and email address (if any); (2) a statement that you are a Settlement Class Member, including an attestation that you made a purchase using a debit or credit card at one of the 325 impacted Sonic Drive-In locations during the Relevant Time Period and identifying the address of the location where you made your purchase; (3) a written statement of all grounds for the objection, accompanied by any legal support for the objection that you believe is applicable; (4) the identity of all counsel representing you, if any; (5) a written statement indicating whether you intend to appear at the

final approval hearing and the identity of all counsel, if any, representing you who will appear at the final approval hearing on your behalf; (6) a statement identifying all persons who you will call to testify at the final approval hearing in support of the objection; (7) your signature and the signature of your duly authorized attorney or other duly authorized representative (along with documentation setting forth such representation); (8) a list, by case name, court, and docket number, of all other cases in which you (directly or through counsel) have filed an objection to any proposed class action settlement within the last three (3) years; and (9) a list, by case name, court, and docket number, of all other cases in which the objector’s counsel (on behalf of any person or entity) has filed an objection to any proposed class action settlement within the last three (3) years.

To be considered, your objection must be **filed** with the Clerk of the Court for the United States District Court for the Northern District of Ohio no later than **April 19, 2019**. In addition, you must **mail** a copy of your objection to both Class Counsel and Defense Counsel, postmarked no later than **April 19, 2019**:

Court	Class Counsel	Defense Counsel
Clerk of the Court Carl B. Stokes U.S. Court House 801 West Superior Ave. Cleveland, OH 44133	William B. Federman Federman & Sherwood 10205 North Pennsylvania Ave. Oklahoma City, OK 73120	Kari M. Rollins Sheppard Mullin Richter & Hampton, LLP 30 Rockefeller Center New York, NY 10112

18. What is the difference between objecting and asking to be excluded?

Objecting is telling the Court that you do not like the Settlement or some part of the Settlement, and why you do not think it should be approved. You can object only if you are a member of the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class and do not want to receive any payment from the Settlement. If you exclude yourself, you have no basis to object because you are no longer a member of the Settlement Class and the case no longer affects you.

THE LAWYERS REPRESENTING YOU

19. Do I have a lawyer in this case?

Yes. The Court appointed William B. Federman of Federman & Sherwood as Lead Counsel for the Plaintiffs and the Settlement Class. The Court also appointed the following attorneys as Class Counsel to represent the Settlement Class: Carin Marcussen of Federman & Sherwood; Marc Dann and Brian Flick of Dann Law; Thomas Zimmerman, Jr. of Zimmerman Law Offices, P.C.; Melissa Emert of Stull, Stull & Brady; Michael Fuller of Olsen Daines; and Miles Clark of Knepper & Clark LLC.

20. How will the lawyers be paid?

Class Counsel will ask the Court for an award of attorneys’ fees of up to one-third of the Settlement Fund (*i.e.*, up to \$1,441,667), plus reimbursement of their litigation costs and expenses. Any award of attorneys’ fees, plus reasonable costs and expenses, would compensate Class Counsel for investigating the facts, litigating the case, engaging in formal discovery with Sonic and third parties, retaining experts, and negotiating the Settlement and will be the only payment to them for their efforts in achieving the Settlement and for their risk in undertaking this representation on a wholly contingent basis.

Class Counsel will also ask the Court for service awards and individual payments totaling \$42,000.00 in the aggregate for the nine (9) Representative Plaintiffs and the thirteen (13) Individual Named Plaintiffs.

Any award of attorneys’ fees, costs, and expenses for Class Counsel, service awards to the Representative Plaintiffs, and individual payments to Individual Named Plaintiffs must be approved by the Court. The Court may award less than the amounts requested. If approved, these amounts will be deducted from the \$4,325,000.00 total Settlement Fund prior to making payments to Settlement Class Members who submit valid Claim Forms. Class Counsel’s preliminary application for attorneys’ fees, costs, and expenses, and service awards and individual payments will be filed no later than **April 5, 2019** and these documents will be posted on the Settlement website.

THE COURT'S FINAL APPROVAL HEARING

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

The Court will hold a final approval hearing at 9:00 a.m. on **July 25, 2019**, at the Carl B. Stokes United States Court House, Courtroom 18A, 801 West Superior Avenue, Cleveland, Ohio 44113. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and should be granted final approval. If there are timely objections, the Court will consider them and will listen to people who have asked to speak at the hearing if such a request has been properly made. The Court will also rule on the request for an award of attorneys' fees and reasonable costs and expenses, as well as the request for service awards for the Representative Plaintiffs and individual payments for the Individual Named Plaintiffs. After the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take. The hearing may be moved to a different date or time without additional notice, so it is a good idea to check for updates at www.SonicDataBreachSettlement.com or by calling 1-866-267-8812.

22. Do I have to attend the hearing?

No. Class Counsel will present the Settlement Agreement to the Court. You or your own lawyer are welcome to attend at your expense, but you are not required to do so. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time with the Court and mailed it according to the instructions provided in Question 17, the Court will consider it.

23. May I speak at the hearing?

You may ask the Court for permission to speak at the final approval hearing. To do so, you must file an objection according to the instructions in Question 17, including all the information required. Your objection must be **filed** with the Clerk of the Court for the United States District Court for the Northern District of Ohio no later than **April 19, 2019**. In addition, you must **mail** a copy of your objection to both Class Counsel and Defense Counsel listed in Question 17, postmarked no later than **April 19, 2019**.

IF YOU DO NOTHING

24. What happens if I do nothing?

If you do nothing, you will not get any money from this Settlement and after the Settlement is granted final approval and the judgment becomes final, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Sonic or any of the other Released Persons about the Data Breach, ever again.

GETTING MORE INFORMATION

25. How do I get more information?

This Notice summarizes the proposed Settlement. More details are available in the Settlement Agreement. A copy of the Settlement Agreement is available at www.SonicDataBreachSettlement.com. You may also call the Settlement Administrator with questions (or to get a Claim Form) at 1-866-267-8812 (toll-free number).