



WHEREAS, an action is pending before this Court styled *Alan B. Marcus v. J.C. Penney Company, Inc.*, Civil Action No. 6:13-cv-00736-RWS-KNM (the “Action”);

WHEREAS, the Settling Parties having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the Settlement of this Action, in accordance with a Settlement Agreement dated June 14, 2017 (the “Settlement Agreement”), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed Settlement of the Action between the Settling Parties and for dismissal of the Action against the Defendants and their Related Persons with prejudice upon the terms and conditions set forth therein; and the Court having read and considered the Settlement Agreement and the Exhibits annexed thereto; and

WHEREAS, unless otherwise defined, all defined terms used herein have the same meanings as set forth in the Settlement Agreement.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court does hereby preliminarily approve the Settlement Agreement and the Settlement set forth therein, subject to further consideration at the Settlement Hearing described below.

2. A hearing (the “Settlement Hearing”) shall be held before this Court on **November 29, 2017, at 10:00 a.m.** before Judge K. Nicole Mitchell, at the United States District Court for the Eastern District of Texas, William M. Steger Federal Building and United States Courthouse, 211 West Ferguson Street, Room 353, Tyler, TX 75702, to determine whether the proposed Settlement of the Action on the terms and conditions provided for in the Settlement Agreement is fair, reasonable, and adequate to the Class and should be approved by the Court; to determine whether a Judgment as provided in ¶1.11 of the Settlement Agreement should be entered; to determine whether the proposed Plan of Allocation should be

approved; to determine any amount of attorneys' fees and expenses that should be awarded to Lead Counsel for their service to the Class; to hear any objections by Class Members to the Settlement Agreement or Plan of Allocation or any award of attorneys' fees and expenses to the Lead Counsel and any award to the Plaintiffs pursuant to 15 U.S.C. §78u-4(a)(4); to hear any objections by Class Members; and to consider such other matters as the Court may deem appropriate.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court entered an order certifying the Class defined as: "All persons who, between August 20, 2013 and September 26, 2013 (the "Class Period"), purchased or otherwise acquired J.C. Penney Company, Inc. securities, and were damaged thereby. Excluded from the Class are current and former defendants, members of the immediate family of any current or former defendants, directors, officers, subsidiaries and affiliates of J.C. Penney Company, Inc., any person, firm, trust, corporation, officer, director or other individual or entity in which any current or former defendant has a controlling interest, and the legal representatives, affiliates, heirs, successors-in-interest or assigns of any such excluded party." The pleadings and briefing submitted in connection with class certification made clear that this class definition includes persons who, during the same period, sold JCPenney put options and were damaged thereby.

4. The Court approves the form, substance and requirements of the Notice of Pendency and Proposed Settlement of Class Action ("Notice") and Proof of Claim and Release, substantially in the forms annexed hereto as Exhibits A-1 and A-2, respectively.

5. The Court approves the Summary Notice, substantially in the form annexed hereto as Exhibit A-3.

6. The Court appoints the firm Gilardi & Co. LLC ("Claims Administrator") to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

(a) Not later than seven (7) calendar days after the entry of this Order, Defendants and their counsel shall provide, and without any charge to Plaintiffs or the Class, shareholder lists, as appropriate for providing notice to the Class, and thereafter;

(b) Not later than fourteen (14) calendar days after the Court signs and enters this Order (the Notice date), the Claims Administrator shall commence mailing of the Notice and Proof of Claim and Release, substantially in the form annexed as Exhibits A-1 and A-2 hereto, by First-Class Mail to all Class Members who can be identified with reasonable effort and shall also cause the Notice to be posted on the Settlement website at [www.jcpenneysecuritieslitigation.com](http://www.jcpenneysecuritieslitigation.com);

(c) Not later than ten (10) calendar day after the Notice Date, the Claims Administrator shall cause the Summary Notice to be published once in the national edition of *The Wall Street Journal* and once over the *Business Wire*; and

(d) Not later than seven (7) calendar days prior to the Settlement Hearing, Lead Counsel shall serve on Defendants' counsel and file with the Court proof, by affidavit or declaration, of such mailing and posting.

7. Nominees who purchased or otherwise acquired JCPenney common stock, purchased exchange-traded call options on JCPenney common stock, or sold exchange-traded put options on JCPenney common stock ("Securities") for the benefit of another Person during the Class Period, shall be requested to send the Notice and Proof of Claim and Release to such beneficial owners of JCPenney Securities within ten (10) calendar days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) calendar days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim and Release to such beneficial owners.

8. Other than the cost, if any, of providing shareholder lists to Lead Counsel and/or the Claims Administrator as required by ¶5.2 of the Settlement Agreement, all fees, costs, and expenses incurred in identifying and notifying members of the Class shall be paid from the Settlement Fund and in no event shall any of the Released Persons bear any responsibility for such fees, costs, or expenses.

9. All members of the Class (except Persons who request exclusion pursuant to ¶12 below) shall be bound by all determinations and judgments in the Action concerning the Settlement, including, but not limited to, the releases provided for therein, whether favorable or unfavorable to the Class, regardless of whether such Persons seek or obtain by any means, including, without limitation, by submitting a Proof of Claim and Release form or any similar document, any distribution from the Settlement Fund or the Net Settlement Fund.

10. Class Members who wish to participate in the Settlement shall complete and submit the Proof of Claim and Release form in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proofs of Claim and Release must be postmarked or submitted electronically no later than ninety (90) calendar days from the Notice Date. Any Class Member who does not submit a Proof of Claim and Release within the time provided shall be barred from sharing in the distribution of the proceeds of the Net Settlement Fund, unless otherwise ordered by the Court, but shall nevertheless be bound by any final judgment entered by the Court. Notwithstanding the foregoing, Lead Counsel shall have the discretion (but not the obligation) to accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund is not materially delayed.

11. Any member of the Class may enter an appearance in the Action, at his, her, or its own expense, individually or through counsel of the Class Member's own choice. If a Class Member does not enter an appearance, he, she, or it will be represented by Lead Counsel.

12. Any Person falling within the definition of the Class may, upon request, be excluded or “opt out” from the Class. Any such Person must submit to the Claims Administrator a request for exclusion (“Request for Exclusion”), postmarked no later than twenty-one (21) calendar days before the Settlement Hearing. A Request for Exclusion must be signed and state (a) the name, address, and telephone number of the Person requesting exclusion; (b) the Person’s purchases, acquisitions and sales of JCPenney Securities from August 20, 2013, through and including September 26, 2013, including the dates, the amount of JCPenney Securities purchased, acquired or sold, and price paid or received for each such purchase, acquisition or sale; and (c) that the Person wishes to be excluded from the Class. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph shall have no rights under the Settlement Agreement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Settlement Agreement or any final judgment.

13. Lead Counsel shall cause to be provided to Defendants’ counsel copies of all Requests for Exclusion, and any written revocation of Requests for Exclusion, within the sooner of two (2) days of Lead Counsel’s receipt or seven (7) days prior to the Settlement Hearing.

14. Any member of the Class may appear and object if he, she, or it has any reason why the proposed Settlement of the Action should not be approved as fair, reasonable and adequate, or why a judgment should not be entered thereon, why the Plan of Allocation should not be approved, why attorneys’ fees and expenses should not be awarded to counsel for Plaintiffs for their service to the Class or why costs and expenses should not be awarded to Plaintiffs; provided, however, that no Class Member or any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the order approving the Plan of Allocation, or any attorneys’ fees and expenses to be awarded to Plaintiffs’ Counsel, unless written objections and copies of any papers

and briefs are received by Robert R. Henssler, Jr., Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101 and Jason J. Mendro, Gibson, Dunn & Crutcher LLP, 1050 Connecticut Ave., N.W., Washington, D.C. 20036, on or before twenty-one (21) calendar days before the Settlement Hearing; and said objections, papers, and briefs are filed with the Clerk of the United States District Court for the Eastern District of Texas, on or before twenty-one (21) calendar days before the Settlement Hearing. Any member of the Class who does not make his, her, or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement as incorporated in the Settlement Agreement, to the Plan of Allocation, and to the award of attorneys' fees and expenses to Plaintiffs' Counsel and to any award of costs and expenses to Plaintiffs, unless otherwise ordered by the Court.

15. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis*, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Settlement Agreement and/or further order(s) of the Court.

16. All papers in support of the Settlement, Plan of Allocation, and any application by Plaintiffs' Counsel for attorneys' fees and expenses and for costs and expenses for Plaintiffs, shall be filed and served no later than thirty-five (35) calendar days prior to the Settlement Hearing, and any reply papers shall be filed and served no later than seven (7) calendar days before the Settlement Hearing.

17. The Released Persons shall have no responsibility for the Plan of Allocation or any application for attorneys' fees or expenses submitted by Plaintiffs' Counsel, and such matters will be considered separately from the fairness, reasonableness, and adequacy of the Settlement.

18. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Counsel, and any application for attorneys' fees and expenses and for the costs and expenses of Plaintiffs, should be approved.

19. All reasonable expenses incurred in identifying and notifying Class Members as well as administering the Settlement Fund shall be paid as set forth in the Settlement Agreement. In the event the Court does not approve the Settlement, or it otherwise fails to become effective, neither Plaintiffs nor any of their counsel shall have any obligation to repay any amounts actually and properly incurred or disbursed pursuant to ¶¶2.7 or 2.8 of the Settlement Agreement.

20. Neither the Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by any of the Released Persons of the truth of any of the allegations in the Action, or of any liability, fault, or wrongdoing of any kind.

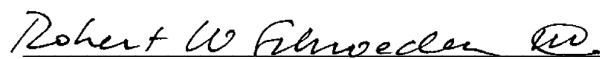
21. All proceedings in the Action are **STAYED** until further order of this Court, except as may be necessary to implement the Settlement or comply with the terms of the Settlement Agreement. Pending final determination of whether the Settlement should be approved, neither the Plaintiffs nor any Class Member, either directly, representatively, or in any other capacity shall commence or prosecute against any of the Released Persons any action or proceeding in any court or tribunal asserting any of the Released Claims.

22. The Court reserves the right to alter the time or the date of the Settlement Hearing without further notice to the members of the Class, provided that the time or the date of the Settlement Hearing shall not be set at a time or date earlier than the time and date set forth in ¶2 above, and retains jurisdiction to consider all further applications arising out of or connected with



the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class.

**SIGNED this 24th day of July, 2017.**



ROBERT W. SCHROEDER III  
UNITED STATES DISTRICT JUDGE

# EXHIBIT A-1



**TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED J. C. PENNEY COMPANY, INC. (“JCPENNEY” OR THE “COMPANY”) COMMON STOCK OR EXCHANGE-TRADED CALL OPTIONS OR WHO SOLD EXCHANGE-TRADED JCPENNEY PUT OPTIONS (“SECURITIES”) BETWEEN AUGUST 20, 2013 AND SEPTEMBER 26, 2013, INCLUSIVE**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE \_\_\_\_\_, 2017.

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

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Eastern District of Texas (the “Court”). The purpose of this Notice of Pendency and Proposed Settlement of Class Action (“Notice”) is to inform you of the proposed settlement of this securities class action litigation (the “Settlement”) and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. The Settlement resolves the Class’s claims asserted against the Defendants. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation.

The proposed Settlement creates a fund in the amount of Ninety-Seven Million, Five Hundred Thousand Dollars (\$97,500,000.00) in cash and will include interest that accrues on the fund prior to distribution. Based on the information currently available to Plaintiffs and the analysis performed by their damages consultant, it is estimated that if Class Members submit claims for 100% of the Securities eligible for distribution, the estimated average distribution per share will be approximately \$0.64 before deduction of Court-approved fees and expenses. Historically, actual claims rates are less than 100%, which result in higher distributions per share. Your actual recovery from this fund will depend on a number of variables, including the number of claimants, the amount of JCPenney Securities you and they purchased or otherwise acquired and

sold, the expense of administering the claims process, and the timing of your purchases, acquisitions and sales, if any (*see* the Plan of Allocation below for a more detailed description of how the settlement proceeds will be allocated among Class Members).

The Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action. The issues on which the parties disagree include, but are not limited to: (1) whether the statements allegedly made or facts allegedly omitted were false or misleading, material, or otherwise actionable under the federal securities laws; (2) whether any of the Defendants acted intentionally or recklessly in making any alleged misstatements; (3) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of JCPenney Securities; (4) the extent to which the various allegedly adverse material facts that Plaintiffs alleged were omitted influenced (if at all) the trading price of JCPenney Securities; (5) the extent to which external factors, such as general market conditions, influenced the trading price of JCPenney Securities; (6) the effect of various market forces influencing the trading price of JCPenney Securities; (7) the amount by which the price of JCPenney Securities was allegedly artificially inflated (if at all); and (8) the appropriate economic model for determining the amount by which the price of JCPenney Securities was allegedly artificially inflated (if at all). Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if Plaintiffs were to have prevailed on each claim asserted. The Defendants deny that they have violated the federal securities laws or any laws.

Plaintiffs believe that the proposed Settlement is a very good recovery and is in the best interests of the Class. There were significant risks associated with continuing to litigate through trial, and if the Defendants prevailed at trial, the Class would receive nothing. In addition, the amount of damages recoverable by the Class was and is challenged by the Defendants.

Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law, and had the Action gone to trial, the Defendants intended to assert that they have not violated the law, that they are not liable, and that any losses of Class Members were caused by non-actionable market, industry, general economic or company-specific factors.

Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of Plaintiffs and the members of the Class, nor have they been paid their litigation expenses. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of up to one-third of the settlement proceeds plus expenses not to exceed \$950,000.00, plus interest on such amounts, all of which shall be paid from the Settlement Fund. If the amounts requested by counsel are approved by the Court, the average cost per security would be approximately \$0.22. In addition, the Plaintiffs intend to seek an amount not to exceed \$12,000 for their time and expenses incurred in representing the Class.

This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this Action or the fairness or adequacy of the proposed Settlement.

For further information regarding this Settlement you may contact: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 1-800-449-4900. Please do not call any representative of the Defendants or the Court.

#### **I. NOTICE OF HEARING ON PROPOSED SETTLEMENT**

A hearing (the "Settlement Hearing") will be held on \_\_\_\_\_, 2017, at \_\_\_\_\_ a.m., before the Honorable K. Nicole Mitchell, United States Magistrate Judge, at the United States District Court for the Eastern District of Texas, William M. Steger Building and United States Courthouse, 211 West Ferguson Street, Room 300, Tyler, TX 75702. The purpose

of the Settlement Hearing will be to determine: (1) whether the Settlement consisting of Ninety-Seven Million, Five Hundred Thousand Dollars (\$97,500,000.00) in cash plus accrued interest on the Settlement Fund should be approved as fair, reasonable, and adequate to the Class, which would result in this Action being dismissed with prejudice against the Released Persons as set forth in the Settlement Agreement dated June 14, 2017 (the “Stipulation” or the “Settlement Agreement”); (2) whether the proposed plan to distribute the settlement proceeds (the “Plan of Allocation”) is fair, reasonable, and adequate; and (3) whether the application by Lead Counsel for an award of attorneys’ fees and expenses should be approved. The Court may adjourn or continue the Settlement Hearing without further notice to the Class.

## **II. DEFINITIONS USED IN THIS NOTICE**

1. “Authorized Claimant” means any member of the Class who submits a timely and valid Proof of Claim and Release form and whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

2. “Claims Administrator” means the firm of Gilardi & Co. LLC.

3. “Class” means all persons who purchased or otherwise acquired JCPenney common stock or call options, or who sold JCPenney put options, between August 20, 2013 and September 26, 2013, inclusive (the “Class Period”). Excluded from the Class are any current or former defendant and any current or former director, officer, subsidiary and affiliate of JCPenney, or members of the immediate family of current and former defendants, as well as any person, firm, trust, corporation, officer, director or other individual or entity in which any current or former defendant has a controlling interest, and the legal representatives, affiliates, heirs, successors-in-interest or assigns of any such excluded party.

4. “Class Member” means a Person who falls within the definition of the Class as set forth above.

5. “Class Period” means the period from August 20, 2013 to September 26, 2013, inclusive.

6. “Defendants” means JCPenney, Myron Ullman, III, and Kenneth H. Hannah.

7. “Effective Date” means the first date by which all of the events and conditions specified in paragraph 7.1 of the Stipulation have been met and have occurred.

8. “Escrow Account” means the account controlled by the Escrow Agent.

9. “Escrow Agent” means Robbins Geller Rudman & Dowd LLP or its successor(s).

10. “Final” means when the last of the following with respect to the Judgment shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of the time in which to appeal the Judgment has passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an appeal is taken, the determination of that motion or appeal in such a manner as to permit the consummation of the Settlement, in accordance with the terms and conditions of the Stipulation. For purposes of this paragraph, an “appeal” shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this Settlement, but shall not include any appeal which concerns only the issue of attorneys’ fees and expenses or any Plan of Allocation of the Settlement Fund.

11. “Judgment” means the judgment and order of dismissal with prejudice to be rendered by the Court upon approval of the Settlement, substantially in the form attached to the Stipulation as Exhibit B.

12. “Lead Counsel” means Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.



13. “Net Settlement Fund” means the portion of the Settlement Fund that shall be distributed to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court, after provision for the amounts set forth in paragraph 5.4 of the Stipulation.

14. “Person” means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and his, her or its spouses, heirs, predecessors, successors, representatives, or assignees.

15. “Plaintiffs” means the National Shopmen Pension Fund (“NSPF”) and David O’Connell.

16. “Plaintiffs’ Counsel” means any counsel who have appeared for any of the Plaintiffs in the Action.

17. “Plan of Allocation” means a plan or formula of allocation of the Net Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses and such attorneys’ fees, costs, expenses, and interest and other expenses as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and the Released Persons shall have no responsibility or liability with respect to the Plan of Allocation.

18. “Related Persons” means, with respect to the Defendants, each and all of their respective present or former parents, subsidiaries, affiliates, successors and assigns, and each and all of their respective present or former officers, directors, employees, employers, attorneys, accountants, financial advisors, commercial bank lenders, insurers, reinsurers, investment bankers, representatives, general and limited partners and partnerships, heirs, executors, administrators, successors, affiliates, agents, spouses, associates, and assigns of each of them or any trust of which any Defendant and/or their Related Persons is the settlor or which is for the

benefit of any Defendant and/or their Related Persons and/or member(s) of his or her family and any entity in which any such Defendant and/or their Related Persons has a controlling interest.

19. “Released Claims” means any and all claims and causes of action of every nature and description whatsoever whether known or unknown, whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiff NSPF or any other member of the Class asserted in the Action or could have asserted in any forum that arise out of or are based upon or related in any way to (i) the purchase or acquisition of JCPenney common stock or call options, or the sale of JCPenney put options, and (ii) the allegations, transactions, facts, matters, or occurrences, representations or omissions involved, set forth, or referred to in the Complaint. “Released Claims” includes “Unknown Claims” as defined in paragraph 24 hereof.

20. “Released Persons” means each and all of Defendants and each and all of their Related Persons.

21. “Settlement Amount” means the principal amount of Ninety-Seven Million, Five Hundred Thousand Dollars (\$97,500,000.00), to be paid pursuant to paragraph 2.1 of the Stipulation. Such amount is paid as consideration for full and complete settlement of all the Released Claims.

22. “Settlement Fund” means the Settlement Amount, together with all interest and income earned thereon after being transferred to an account controlled by the Escrow Agent, and which may be reduced by payments or deductions as provided for herein or by Court order.

23. “Settling Parties” means Defendants and Lead Plaintiff on behalf of itself and the Class Members.

24. “Unknown Claims” means any Released Claims which Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement

with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived to the fullest extent permitted by law the provisions, rights, and benefits of California Civil Code §1542, which provides:

**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.**

Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived 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, comparable, or equivalent to California Civil Code §1542. Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, whether or not previously or currently asserted in any action. Plaintiffs acknowledge, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the

foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

### **III. THE LITIGATION**

This case is currently pending before the Honorable Robert W. Schroeder in the United States District Court for the Eastern District of Texas and was brought on behalf of the certified Class of all persons who purchased or otherwise acquired JCPenney common stock or call options, or who sold JCPenney put options, between August 20, 2013, through and including September 26, 2013 (the “Class Period”). The initial complaint was filed on October 1, 2013, and on February 28, 2014, the Court appointed NSPF as Lead Plaintiff and Robbins Geller Rudman & Dowd LLP as Lead Counsel. On June 8, 2015, Lead Plaintiff filed the Revised Consolidated Complaint for Violation of the Federal Securities Laws (“Complaint”), which alleges that during the Class Period, Defendants made false and misleading statements to investors concerning JCPenney’s liquidity, need for additional financing, sufficiency of inventory, and strength of supplier relationships that artificially inflated JCPenney’s stock price and those statements resulted in substantial damages to the Class.

From the outset of the Action, Defendants have denied all of these allegations and consistently maintained that they never made any statement to the market that was false or misleading, nor did they ever direct anyone to make public statements that were false or misleading. Defendants believed at the time and still believe that, during the Class Period and at all other times that JCPenney’s public statements were truthful, accurate and not misleading. As a result, Defendants contend that Plaintiffs cannot prove any element of securities fraud, including, but not limited to, falsity, scienter and loss causation.

On September 11, 2015, Magistrate Judge Mitchell issued a report recommending that Defendants’ motion to dismiss be denied. On September 29, 2015, Judge Schneider issued an

order adopting Judge Mitchell's report. Thereafter, Defendants filed an answer denying all material allegations of the Complaint and asserting their defenses. On March 8, 2017, the Court entered an order appointing Plaintiff NSPF as class representative and certifying the Class defined as: "All persons who, between August 20, 2013 and September 26, 2013 (the "Class Period"), purchased or otherwise acquired J.C. Penney Company, Inc. securities, and were damaged thereby. Excluded from the Class are current and former defendants, members of the immediate family of any current or former defendants, directors, officers, subsidiaries and affiliates of J.C. Penney Company, Inc., any person, firm, trust, corporation, officer, director or other individual or entity in which any current or former defendant has a controlling interest, and the legal representatives, affiliates, heirs, successors-in-interest or assigns of any such excluded party." The pleadings and briefing submitted in connection with class certification made clear that this class definition includes persons who, during the same period, sold JCPenney put options and were damaged thereby.

On April 17, 2017, the parties provisionally agreed to settle the Action for financial consideration in the amount of Ninety-Seven Million, Five Hundred Thousand Dollars (\$97,500,000.00), subject to their ability to reach agreement on several non-monetary terms that were still being negotiated. At that time, Lead Plaintiff was unwilling to stay additional litigation, and Lead Counsel continued to pursue discovery, including by deposing a third-party witness on April 20, 2017. On April 21, 2017, the parties finalized a written term sheet, which documented their agreement to the financial consideration and several contested non-monetary settlement terms. The term sheet provided, among other things, that the mediator was vested with binding authority to promptly resolve a term that was still being negotiated if the parties were unable to resolve it themselves, and it included terms to expedite the preparation and filing of formal settlement documentation. As of April 21, 2017, the parties also agreed to cancel then-scheduled

depositions and to seek to stay further litigation activity while they finalized the Settlement Agreement.

#### **IV. CLAIMS OF THE PLAINTIFFS AND BENEFITS OF SETTLEMENT**

Plaintiffs and Lead Counsel believe that the claims asserted in the Action have merit. However, Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Defendants through trial. Plaintiffs and Lead Counsel also have taken into account the uncertain outcome and the risk of trial, especially in complex matters such as this Action, as well as the risks posed by the difficulties and delays relating to post-trial motions, and potential appeals of the Court's determination of said motions, or the verdict of a jury. Plaintiffs and Lead Counsel also are aware of the defenses to the securities law violations asserted in the Action. Plaintiffs and Lead Counsel believe that the Settlement set forth in the Settlement Agreement confers substantial benefits upon the Class in light of the circumstances present here. Based on their evaluation, Plaintiffs and Lead Counsel have determined that the Settlement set forth in the Settlement Agreement is in the best interests of the Class.

#### **V. THE DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

The Defendants have denied and continue to deny that they have violated the federal securities laws or any laws and maintain that their conduct was at all times proper and in compliance with all applicable provisions of law. Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action, along with all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Defendants also have denied and continue to deny, *inter alia*, the allegations that any of the Defendants made, knowingly or otherwise, any material misstatements or omissions; that Defendants acted recklessly or with

culpable intent; that any member of the Class has suffered any damages; that the price of JCPenney Securities was artificially inflated by reason of the alleged misrepresentations, omissions, or otherwise; or that the members of the Class were harmed by the conduct alleged in the Action or that could have been alleged as part of the Action. In addition, the Defendants maintain that they have meritorious defenses to all claims alleged in the Action.

Nonetheless, taking into account the uncertainty, risks, costs and distraction inherent in any litigation, especially in complex cases such as this Action, Defendants have determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Settlement Agreement. As set forth in paragraphs 8.2-8.3 of the Settlement Agreement, the Settlement Agreement shall in no event be construed as or deemed to be evidence of an admission or concession by Defendants or any of the Released Persons with respect to any claim of any fault or liability or wrongdoing or damage whatsoever.

## **VI. TERMS OF THE PROPOSED SETTLEMENT**

The sum of Ninety-Seven Million, Five Hundred Thousand Dollars (\$97,500,000.00) will be transferred to the Escrow Agent within twenty-one (21) days after (i) entry of preliminary approval order, and (ii) the provision to Defendants of the information necessary to effectuate a transfer of funds. The principal amount of \$97,500,000.00, plus any accrued interest once transferred, constitutes the Settlement Fund. A portion of the settlement proceeds will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice and notice over *Business Wire*, payment of any taxes assessed against the Settlement Fund, and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to Lead Counsel as attorneys' fees and for expenses in litigating the case and to Plaintiffs for their costs and expenses in representing the Class. The balance of the Settlement Fund (the "Net

Settlement Fund”) will be distributed according to the Plan of Allocation described below to Class Members who submit valid and timely Proof of Claim and Release forms.

## **VII. PLAN OF ALLOCATION**

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim and Release forms (“Authorized Claimants”) under the Plan of Allocation described below. The Plan of Allocation provides that Authorized Claimants will be eligible to participate in the distribution of the Net Settlement Fund only if Authorized Claimants transacted in JCPenney Securities during the Class Period, August 20, 2013 to September 26, 2013. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel conferred with their damages consultants and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered had the Plaintiffs prevailed at trial. Defendants have had, and shall have, no involvement or responsibility for the terms or application of the Plan of Allocation described herein. The Court may approve the Settlement, even if it does not approve the Plan of Allocation.

### **A. Eligible Securities**

The JCPenney Securities for which an Authorized Claimant may be entitled to receive a distribution from the Net Settlement Fund consist of the common stock and exchange-traded call and put options<sup>1</sup> on JCPenney common stock. Exchange-traded options are traded in units called “contracts.” Each option contract entitles the holder to 100 shares of the underlying stock upon exercise or expiration, in this case JCPenney common stock. If an option was exercised for

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<sup>1</sup> Excludes those options that expired prior to September 25, 2013, the date of the price reaction to the first alleged corrective disclosure.



JCPenney common stock, the amount paid, or proceeds received, upon settlement of the option contract equals the intrinsic value of the option using JCPenney common stock's closing price on the date the option was exercised. At least 95% of the Net Settlement Fund will be allocated to JCPenney common stock and no more than 5% will be allocated to JCPenney options on the common stock.

**B. Recognized Loss**

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's "Recognized Loss," as described below. If, however, as expected, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants – *i.e.*, the Authorized Claimant's *pro rata* share of the Net Settlement Fund. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The proposed Plan of Allocation reflects the Plaintiffs' allegations that over the course of the Class Period, the trading prices of JCPenney Securities were artificially inflated as a result of the Defendants' misrepresentations and omissions concerning this matter.

Estimated damages and the Plan of Allocation were developed based on event study analysis, which determines how much artificial inflation was in the stock price on each day during the Class Period by measuring how much the stock price was inflated as a result of the alleged misrepresentations and omissions and declined as a result of alleged disclosures that corrected the alleged misrepresentations and omissions. Because the alleged corrective disclosures reduced the artificial inflation in stages over the course of the Class Period, the damages suffered by any

particular Authorized Claimant depends on when that Authorized Claimant purchased and sold shares, or retained shares beyond the end of the Class Period.

**C. Calculation of Recognized Loss**

Based on the foregoing, and for purposes of this Settlement only, Recognized Loss will be calculated as follows:

**1. Publicly Traded Common Stock**

For each share of JCPenney publicly traded common stock purchased or otherwise acquired during any of the periods shown in the left column of Table-1 (below), and:

- a. sold within the same period, the Recognized Loss per share is zero.
- b. sold in a subsequent period, the Recognized Loss per share is the lesser of:
  - i. the artificial inflation per share shown in Table 1; or
  - ii. the difference between the purchase price and the sales price.
- c. retained beyond September 26, 2013 but sold on/or before December 24, 2013, the Recognized Loss per share is the least of:
  - i. the artificial inflation per share shown in Table 1; or
  - ii. the difference between the purchase price and the sales price; or
  - iii. the purchase price per share less the average closing price per share identified in Table 2 (below) for the date the share(s) were sold.<sup>2</sup>
- d. retained as of the close of trading on December 24, 2013, the Recognized Loss per share is the lesser of:
  - i. the artificial inflation per share shown in Table 1; or
  - ii. the difference between the purchase price per share and \$8.31 per share.

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<sup>2</sup> Pursuant to Section 21D(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this chapter in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market.” \$8.31 was the mean (average) daily closing trading price of JCPenney common stock during the 90-day period beginning on September 27, 2013 and ending on December 24, 2013.

## **2. Exchange-Traded Call Options**

For exchange-traded call options on JCPenney common stock purchased or otherwise acquired from August 20, 2013 to September 24, 2013, inclusive, and:

- a. closed (through sale, exercise or expiration) before September 24, 2013, the Recognized Loss per call option is zero; or
- b. held at the end of September 24, 2013 the claim per call option is the difference between the price paid for the call option less the proceeds received upon the settlement of the call option contract.

For exchange-traded call options on JCPenney common stock purchased or otherwise acquired from September 25, 2013 to September 26, 2013, inclusive, and:

- c. closed (through sale, exercise or expiration) before the close of trading on September 26, 2013, the Recognized Loss per call option is zero; or
- d. held at the end of September 26, 2013, the claim per call option is the difference between the price paid for the call option less the proceeds received upon the settlement of the call option contract.

For exchange-traded call options on JCPenney common stock written from August 20, 2013 to September 26, 2013, inclusive, the claim per call option is zero.

## **3. Exchange-Traded Put Options**

For exchange-traded put options on JCPenney common stock written from August 20, 2013 to September 24, 2013, inclusive, and:

- a. closed (through purchase, assignment, or expiration) before the close of trading on September 24, 2013, the Recognized Loss per put option is zero; or
- b. held at the end of September 24, 2013 the claim per put option is the difference between the price paid upon settlement of the put option contract less the initial proceeds received upon the sale of the put option contract.

For exchange-traded put options on JCPenney common stock written from September 25, 2013 to September 26, 2013, inclusive, and:

- c. closed (through purchase, assignment, or expiration) prior to the close of trading on September 26, 2013, the Recognized Loss per put option is zero; or
- d. held at the end of September 26, 2013, the claim per put option is the difference between the price paid upon settlement of the put option contract less the initial proceeds received upon the sale of the put option contract.

For exchange-traded call options on JCPenney common stock purchased or otherwise acquired from August 20, 2013 to September 26, 2013 inclusive, the claim per put option is zero.

**Table 1: Decline in Artificial Inflation per Share of JCPenney Common Stock**

Purchase Date	Sale Date		Retained Beyond 9/26/2013
	8/20/2013-9/24/2013	9/25/2013-9/26/2013	
8/20/2013-9/24/2013	\$0.00	\$1.58	\$2.79
9/25/2013-9/26/2013		\$0.00	\$1.21

**Table 2  
JCPenney Common Stock Closing Price and Average Closing Price  
September 27, 2013 – December 24, 2013**

Date	Closing Price	Average Closing Price Between September 27, 2013 and Date Shown
9/27/2013	\$9.05	\$9.05
9/30/2013	\$8.81	\$8.93
10/1/2013	\$8.75	\$8.87
10/2/2013	\$8.72	\$8.83
10/3/2013	\$8.41	\$8.75
10/4/2013	\$7.86	\$8.60
10/7/2013	\$7.71	\$8.47
10/8/2013	\$7.77	\$8.38
10/9/2013	\$7.89	\$8.33
10/10/2013	\$7.97	\$8.29
10/11/2013	\$8.00	\$8.27
10/14/2013	\$7.87	\$8.23
10/15/2013	\$7.17	\$8.15
10/16/2013	\$7.47	\$8.10
10/17/2013	\$7.35	\$8.05
10/18/2013	\$7.00	\$7.99
10/21/2013	\$6.42	\$7.90
10/22/2013	\$6.55	\$7.82
10/23/2013	\$7.04	\$7.78
10/24/2013	\$6.75	\$7.73
10/25/2013	\$6.79	\$7.68
10/28/2013	\$7.39	\$7.67
10/29/2013	\$7.38	\$7.66
10/30/2013	\$7.60	\$7.65
10/31/2013	\$7.50	\$7.65
11/1/2013	\$8.14	\$7.67
11/4/2013	\$8.36	\$7.69
11/5/2013	\$8.31	\$7.72
11/6/2013	\$7.70	\$7.71

Date	Closing Price	Average Closing Price Between September 27, 2013 and Date Shown
11/11/2013	\$8.56	\$7.77
11/12/2013	\$8.37	\$7.79
11/13/2013	\$8.67	\$7.81
11/14/2013	\$8.69	\$7.84
11/15/2013	\$9.03	\$7.87
11/18/2013	\$8.71	\$7.90
11/19/2013	\$8.71	\$7.92
11/20/2013	\$9.44	\$7.96
11/21/2013	\$9.17	\$7.99
11/22/2013	\$8.87	\$8.01
11/25/2013	\$9.19	\$8.04
11/26/2013	\$9.36	\$8.07
11/27/2013	\$10.08	\$8.11
11/29/2013	\$10.19	\$8.16
12/2/2013	\$10.01	\$8.20
12/3/2013	\$10.11	\$8.24
12/4/2013	\$9.66	\$8.27
12/5/2013	\$8.85	\$8.28
12/6/2013	\$8.08	\$8.28
12/9/2013	\$8.43	\$8.28
12/10/2013	\$8.73	\$8.29
12/11/2013	\$8.48	\$8.29
12/12/2013	\$8.55	\$8.30
12/13/2013	\$8.57	\$8.30
12/16/2013	\$8.48	\$8.30
12/17/2013	\$8.20	\$8.30
12/18/2013	\$8.26	\$8.30
12/19/2013	\$7.96	\$8.30
12/20/2013	\$8.32	\$8.30

<b>Date</b>	<b>Closing Price</b>	<b>Average Closing Price Between September 27, 2013 and Date Shown</b>
11/7/2013	\$8.13	\$7.73
11/8/2013	\$8.23	\$7.74

<b>Date</b>	<b>Closing Price</b>	<b>Average Closing Price Between September 27, 2013 and Date Shown</b>
12/23/2013	\$8.78	\$8.30
12/24/2013	\$8.75	\$8.31

If a Class Member held JCPenney Securities at the beginning of the Class Period or made multiple purchases, acquisitions or sales of JCPenney Securities during or after the Class Period, the starting point for calculating an Authorized Claimant's Recognized Loss is to match the Authorized Claimant's holdings, purchases and acquisitions to their sales using the FIFO (*i.e.*, first-in-first-out) method. Under the FIFO method, JCPenney Securities sold during the Class Period will be matched, in chronological order first against JCPenney Securities held at the beginning of the Class Period. The remaining sales of JCPenney Securities during the Class Period will then be matched, in chronological order against JCPenney Securities purchased or acquired during the Class Period.

Purchases or acquisitions and sales of JCPenney Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of JCPenney Securities during the Class Period shall not be deemed a purchase, acquisition or sale of JCPenney Securities for the calculation of Recognized Loss, unless (i) the donor or decedent purchased or otherwise acquired such shares of JCPenney Securities during the Class Period; (ii) no Proof of Claim and Release was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of JCPenney Securities; and (iii) it is specifically so provided in the instrument of gift or assignment.

An Authorized Claimant's Recognized Loss shall be the amount used to calculate the Authorized Claimant's *pro rata* share of the Net Settlement Fund. If the sum total of Recognized Loss of all Authorized Claimants who are entitled to receive payment out of the Net Settlement

Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Loss divided by the total of the Recognized Loss of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Claim Member on equitable grounds.

### **VIII. PARTICIPATION IN THE CLASS**

If you fall within the definition of the Class, you are a Class Member unless you elect to be excluded from the Class pursuant to this Notice. If you do not request to be excluded from the Class, you will be bound by any judgment entered with respect to the Settlement in the Action against the Defendants whether or not you file a Proof of Claim and Release form.

If you are a Class Member, you need do nothing (other than timely file a Proof of Claim and Release if you wish to participate in the distribution of the Net Settlement Fund). Your interests will be represented by Lead Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release must be postmarked (if mailed) or received (if filed electronically) on or before \_\_\_\_\_, 2017, and be delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Settlement Agreement and the Final Judgment.

**IX. EXCLUSION FROM THE CLASS**

You may request to be excluded from the Class. To do so, you must mail a written request stating that you wish to be excluded from the Class to:

JCPenney Securities Litigation  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 404005  
Louisville, KY 40233-4005

The request for exclusion must state: (1) your name, address, and telephone number; (2) all purchases, acquisitions and sales of JCPenney Securities made from August 20, 2013 through September 26, 2013, inclusive, including the dates and prices of each purchase, acquisition or sale, and the amount of Securities purchased, otherwise acquired or sold; and (3) that you wish to be excluded from the Class. YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE \_\_\_\_\_, 2017. If you submit a valid and timely request for exclusion, you shall have no rights under the Settlement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Settlement Agreement or the Judgment.

**X. DISMISSAL AND RELEASES**

If the proposed Settlement is approved, the Court will enter a Final Judgment. The Judgment will dismiss the Released Claims with prejudice as to all Released Persons as provided in the Settlement Agreement.

The Judgment will provide that all Class Members who have not validly and timely requested to be excluded from the Class shall be deemed to have released and forever discharged all Released Claims, including Unknown Claims, against all Released Persons as provided in the Settlement Agreement.

**XI. APPLICATION FOR ATTORNEYS' FEES AND EXPENSES**

At the Settlement Hearing, Lead Counsel will request the Court to award attorneys' fees of up to one-third of the Settlement Amount, plus litigation expenses not to exceed \$950,000, plus

interest earned on both amounts. Class Members are not personally liable for any such fees, expenses, or compensation. In addition, the Plaintiffs intend to seek an amount not to exceed \$12,000 for their costs and expenses incurred in representing the Class.

To date, Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of Plaintiffs and members of the Class, nor have counsel been paid for their expenses. The fee requested by Lead Counsel would compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in litigation of this type.

## **XII. CONDITIONS FOR SETTLEMENT**

The Settlement is conditioned upon the occurrence of certain events described in the Settlement Agreement. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Settlement Agreement; and (2) expiration of the time to appeal from or alter or amend the Judgment. Pending the Court's consideration of this Settlement, the Court has stayed all proceedings, and Class Members are precluded from bringing or pursuing any litigation that seeks to prosecute the Released Claims.

If, for any reason, any one of the conditions described in the Settlement Agreement is not met, the Settlement Agreement might be terminated and, if terminated, will become null and void, and the Settling Parties will be restored to their respective positions as of April 20, 2017.

## **XIII. THE RIGHT TO BE HEARD AT THE SETTLEMENT HEARING**

Any Class Member who has not validly and timely requested to be excluded from the Class, and who objects to any aspect of the Settlement, the Plan of Allocation, the application for an award of attorneys' fees and expenses or Plaintiffs' application for an award for the



reimbursement of their costs and expenses, may appear and be heard at the Settlement Hearing.<sup>1</sup>

Any such Person must submit and serve a written notice of objection, to be received on or before

\_\_\_\_\_, 2017, by each of the following:

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TEXAS  
William M. Steger Building  
United States Courthouse  
211 West Ferguson Street, Room 106  
Tyler, TX 75702

ROBBINS GELLER RUDMAN  
& DOWD LLP  
JONAH H. GOLDSTEIN  
ROBERT R. HENSSLER JR.  
655 West Broadway, Suite 1900  
San Diego, CA 92101

*Counsel for Plaintiffs*

GIBSON, DUNN & CRUTCHER LLP  
JASON J. MENDRO  
1050 Connecticut Ave., N.W.  
Washington, D.C. 20036

*Counsel for Defendants*

The notice of objection must demonstrate the objecting Person's membership in the Class, including the amount of JCPenney Securities purchased, otherwise acquired and sold between August 20, 2013 and September 26, 2013, inclusive, and must contain a statement of the reasons for objection. Only Class Members who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

#### **XIV. SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES**

If you hold or held any JCPenney Securities purchased, otherwise acquired or sold between August 20, 2013 and September 26, 2013, inclusive, as nominee for a beneficial owner, then,

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<sup>1</sup> Lead Counsel's pleadings in support of these matters will be filed with the Court on or before \_\_\_\_\_, 2017.

within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim and Release by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

JCPenney Securities Litigation  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 404005  
Louisville, KY 40233-4005

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and Release and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim and Release, upon submission of appropriate documentation to the Claims Administrator.

#### **XV. EXAMINATION OF PAPERS**

This Notice is a summary and does not describe all of the details of the Settlement Agreement. For full details of the matters discussed in this Notice, you may review the Settlement Agreement filed with the Court, which is posted on the Settlement website at [www.jcpennysecuritieslitigation.com](http://www.jcpennysecuritieslitigation.com), along with certain other papers relating to the Settlement. The Settlement Agreement may also be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Eastern District of Texas, William M. Steger Building and United States Courthouse, 211 West Ferguson Street, Tyler, TX 75702. The motion papers,

with exhibits, including the Settlement Agreement, are also available on the Court's ECF website (for a fee).

If you have any questions about the settlement of the Action, you may contact a representative of Lead Counsel: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900.

**DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE**

DATED: \_\_\_\_\_, 2017

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TEXAS

# EXHIBIT A-2



**I. GENERAL INSTRUCTIONS**

1. To recover as a member of the Class based on your claims in the action entitled *Alan B. Marcus v. J.C. Penney Company, Inc.*, Civil Action No. 6:13-cv-00736-RWS-KNM (the “Action”), you must complete and, on page \_\_ hereof, sign this Proof of Claim and Release. If you fail to submit a timely and properly addressed (as set forth in paragraph 3 below) Proof of Claim and Release, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed Settlement of the Action.

2. Submission of this Proof of Claim and Release, however, does not assure that you will share in the proceeds of the Settlement of the Action.

3. YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE ON OR BEFORE \_\_\_\_\_, 2017, ADDRESSED AS FOLLOWS:

*JCPenney Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 404005  
Louisville, KY 40233-4005

Online submissions: [www.jcpenneysecuritieslitigation.com](http://www.jcpenneysecuritieslitigation.com)

If you are NOT a member of the Class (as defined in the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”)), DO NOT submit a Proof of Claim and Release form.

4. If you are a member of the Class and you do not timely request exclusion in connection with the proposed Settlement, you will be bound by the terms of any judgment entered in the Action, including the releases provided therein, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE FORM.

## **II. CLAIMANT IDENTIFICATION**

If you purchased or otherwise acquired J.C. Penney Company, Inc. (“JCPenney” or the “Company”) common stock or exchanged-traded call options on JCPenney common stock or if you sold exchanged-traded put options on JCPenney common stock (collectively, “Securities”) during the period from August 20, 2013 through and including September 26, 2013, and held the Securities in your name, you are the beneficial purchaser, acquirer or seller as well as the record purchaser, acquirer or seller. If, however, you purchased, otherwise acquired or sold Securities that were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser, acquirer or seller and the third party is the record purchaser, acquirer or seller.

Use Part I of this form entitled “Claimant Identification” to identify each purchaser, acquirer or seller of record (“nominee”), if different from the beneficial purchaser, acquirer or seller of the Securities which form the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S), ACQUIRER(S) OR SELLER(S) OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S), ACQUIRER(S) OR SELLER(S) OF THE SECURITIES UPON WHICH THIS CLAIM IS BASED.**

All joint purchasers, acquirers and/or seller(s) must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

If you are acting in a representative capacity on behalf of a Class Member (for example, as an executor, administrator, trustee, or other representative), you must submit evidence of your current

authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. All claimants **MUST** submit a manually signed paper Proof of Claim and Release form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-866-684-3873 to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a written acknowledgement of receipt and acceptance of electronically submitted data.

### **III. CLAIM FORM**

Use Part II of this form entitled “Schedule of Transactions in JCPenney Securities” to supply all required details of your transaction(s) in JCPenney Securities. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all of the requested information with respect to **all** of your purchases or acquisitions and **all** of your sales of JCPenney Securities between August 20, 2013 and September 26, 2013, inclusive, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to **all** of the JCPenney Securities you held at the close of trading on August 19, 2013, September 26, 2013 and December 24, 2013. Failure to report all such transactions may result in the rejection of your claim.

List these transactions separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.



The date of covering a “short sale” is deemed to be the date of purchase of JCPenney Securities. The date of a “short sale” is deemed to be the date of sale of JCPenney Securities.

Copies of stockbroker confirmation slips, stockbroker statements, or other documents evidencing your transactions in JCPenney Securities should be attached to your claim. If any such documents are not in your possession, please obtain a copy or equivalent documents from your broker because these documents are necessary to prove and process your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF TEXAS

*Alan B. Marcus v. J.C. Penney Company, Inc.,*

Civil Action No. 6:13-cv-00736-RWS-KNM

PROOF OF CLAIM AND RELEASE

Must Be Postmarked (if Mailed) or Received (if Submitted Online) No Later Than:

\_\_\_\_\_, 2017

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

\_\_\_\_\_  
Beneficial Owner's Name (First, Middle, Last)

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State or Province

\_\_\_\_\_  
Zip Code or Postal Code

\_\_\_\_\_  
Country

\_\_\_\_\_  
Social Security Number or  
Taxpayer Identification Number

\_\_\_\_\_  
Individual  
Corporation/Other

\_\_\_\_\_  
Area Code

\_\_\_\_\_  
Telephone Number (work)

\_\_\_\_\_  
Area Code

\_\_\_\_\_  
Telephone Number (home)

\_\_\_\_\_  
Record Owner's Name (if different from beneficial owner listed above)

**PART II: SCHEDULE OF TRANSACTIONS IN JCPENNEY SECURITIES**

- A. Number of JCPenney Securities held at the close of trading on August 19, 2013:  
\_\_\_\_\_.
- B. Purchases or acquisitions of JCPenney Securities between August 20, 2013 and September 26, 2013, inclusive:

Trade Date Mo. Day Year	Number of Securities Purchased or Acquired	Total Purchase or Acquisition Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

**IMPORTANT:** Identify by number listed above all purchases in which you covered a “short sale”: \_\_\_\_\_

- C. Sales of JCPenney Securities between August 20, 2013 and September 26, 2013, inclusive:

Trade Date Mo. Day Year	Number of Securities Sold	Total Sales Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

- D. Number of JCPenney Securities held at the close of trading on December 24, 2013:  
\_\_\_\_\_.
- E. Number of JCPenney Securities held at the close of trading on September 26, 2013:  
\_\_\_\_\_.

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

**YOUR SIGNATURE ON PAGE \_\_\_ WILL CONSTITUTE YOUR**

**ACKNOWLEDGMENT OF THE RELEASE.**

**IV. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS**

I (We) submit this Proof of Claim and Release under the terms of the Settlement Agreement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Eastern District of Texas with respect to my (our) claim as a Class Member and for purposes of

enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim in connection with the purchase or acquisition of JCPenney Securities and know of no other person having done so on my (our) behalf.

## **V. RELEASE**

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Released Claims each and all of the Released Persons as provided in the Settlement Agreement.

2. “Related Persons” means, with respect to the Defendants, each and all of their respective present or former parents, subsidiaries, affiliates, successors and assigns, and each and all of their respective present or former officers, directors, employees, employers, attorneys, accountants, financial advisors, commercial bank lenders, insurers, reinsurers, investment bankers, representatives, general and limited partners and partnerships, heirs, executors, administrators, successors, affiliates, agents, spouses, associates, and assigns of each of them or any trust of which any Defendant and/or their Related Persons is the settlor or which is for the benefit of any Defendant and/or their Related Persons and/or member(s) of his or her family and any entity in which any such Defendant and/or their Related Persons has a controlling interest.

3. “Released Claims” means any and all claims and causes of action of every nature and description whatsoever whether known or unknown, whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiff NSPF or any other member of the Class asserted in the Action or could have asserted in any forum that arise out of or are based upon or related in any way to (i) the purchase or acquisition of JCPenney common stock or call options, or the sale of JCPenney put options, and (ii) the allegations, transactions, facts, matters, or

occurrences, representations or omissions involved, set forth, or referred to in the Complaint.

“Released Claims” includes “Unknown Claims” as defined in Section V.5 hereof.

4. “Released Persons” means each and all of Defendants and each and all of their Related Persons.

5. “Unknown Claims” means any Released Claims which Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived to the fullest extent permitted by law the provisions, rights, and benefits of California Civil Code §1542, which provides:

**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.**

Plaintiffs shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived 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, comparable, or equivalent to California Civil Code §1542. Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of

law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, whether or not previously or currently asserted in any action. Plaintiffs acknowledge, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

6. This release shall be of no force or effect unless and until the Court approves the Settlement Agreement and the Settlement becomes effective on the Effective Date.

7. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

8. I (We) hereby warrant and represent that I (we) have included information about all of my (our) purchases, acquisitions and sales of JCPenney Securities between August 20, 2013 and September 26, 2013, inclusive, and the number of JCPenney Securities held by me (us) at the close of trading on August 19, 2013, September 26, 2013 and December 24, 2013.

9. I (We) certify that I am (we are) not subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code.

Note: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_  
(Month/Year)  
in \_\_\_\_\_  
(City) (State/Country)

\_\_\_\_\_  
(Sign your name here)

\_\_\_\_\_  
(Type or print your name here)

\_\_\_\_\_  
(Capacity of person(s) signing,

*e.g.*, Beneficial Purchaser or Acquirer,

Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A  
SIGNIFICANT AMOUNT OF TIME.  
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and declaration.
2. Remember to attach supporting documentation, if available.
3. Do not send original stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send us your new address.

# EXHIBIT A-3





**TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED J.C. PENNEY COMPANY, INC. (“JCPENNEY” OR THE “COMPANY”) COMMON STOCK OR EXCHANGE-TRADED CALL OPTIONS OR WHO SOLD EXCHANGE-TRADED JCPENNEY PUT OPTIONS (“SECURITIES”) BETWEEN AUGUST 20, 2013 AND SEPTEMBER 26, 2013, INCLUSIVE**

YOU ARE HEREBY NOTIFIED that pursuant to an Order of the United States District Court for the Eastern District of Texas, a hearing will be held on \_\_\_\_\_, 2017, at \_\_\_:\_\_\_ \_\_.m., before the Honorable K. Nicole Mitchell, United States Magistrate Judge, at the William M. Steger Building and United States Courthouse, 211 West Ferguson Street, Room 300, Tyler, TX 75702, for the purpose of determining (1) whether the proposed Settlement of the Action for the sum of Ninety-Seven Million, Five Hundred Thousand Dollars (\$97,500,000.00) in cash should be approved by the Court as fair, reasonable, and adequate, which would result in this Action being dismissed with prejudice against the Released Persons as set forth in the Settlement Agreement dated June 14, 2017; (2) whether the Plan of Allocation of settlement proceeds is fair, reasonable, and adequate and therefore should be approved; and (3) the reasonableness of the application of Lead Counsel for the payment of attorneys’ fees and expenses in connection with this Action, together with interest thereon, and the application of Plaintiffs for an award of their costs and expenses in representing the Class.

If you purchased, acquired or sold JCPenney Securities, your rights may be affected by this Action and the Settlement thereof. If you have not received a detailed Notice of Pendency and Proposed Settlement of Class Action and a copy of the Proof of Claim and Release form, you may obtain copies by writing to *JCPenney Securities Litigation*, Claims Administrator, c/o Gilardi & Co. LLC, P.O. Box 404005, Louisville, KY 40233-4005, or by downloading this information at [www.jcpennysecuritieslitigation.com](http://www.jcpennysecuritieslitigation.com). If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release form (postmarked no later than \_\_\_\_\_, 2017), or online at

www.jcpenneysecuritieslitigation.com no later than \_\_\_\_\_, 2017, establishing that you are entitled to a recovery. You will be bound by any judgment rendered in the Action unless you request to be excluded, in writing, to the above address, postmarked by \_\_\_\_\_, 2017.

Any objection to any aspect of the Settlement must be filed with the Clerk of the Court no later than \_\_\_\_\_, 2017, and received by the following no later than \_\_\_\_\_, 2017:

ROBBINS GELLER RUDMAN  
& DOWD LLP  
ROBERT R. HENSSLER JR.  
655 West Broadway, Suite 1900  
San Diego, CA 92101

*Counsel for Plaintiffs*

GIBSON, DUNN & CRUTCHER LLP  
JASON J. MENDRO  
1050 Connecticut Ave., N.W.  
Washington, D.C. 20036

*Counsel for Defendants*

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE  
REGARDING THIS NOTICE.

DATED: \_\_\_\_\_, 2017

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TEXAS