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11 UNITED STATES DISTRICT COURT
 12 CENTRAL DISTRICT OF CALIFORNIA
 13 WESTERN DIVISION

14 In re HOT TOPIC, INC. SECURITIES)
 15 LITIGATION)

Lead Case No. 2:13-cv-02939-
 SJO(JCx)

16 _____)
 17 This Document Relates To:)

CLASS ACTION

18 ALL ACTIONS.)

STIPULATION OF SETTLEMENT

1 This Stipulation of Settlement dated as of April 30, 2015 (the “Stipulation”), is
2 made and entered into by and among the following Settling Parties to the above-
3 entitled litigation (the “Litigation”): (i) the Lead Plaintiff City of Livonia Employees’
4 Retirement System (on behalf of itself and each of the Class Members), by and
5 through its counsel of record in the Litigation; and (ii) Hot Topic, Inc. (“Hot Topic” or
6 the “Company”), Lisa M. Harper, Steven Becker, Matthew Drapkin, Evelyn D’an,
7 Terri Funk Graham, John Kyees, Andrew Schuon and Thomas Vellios (collectively,
8 the “Individual Defendants”; together with Hot Topic, the “Defendants”), by and
9 through their counsel of record in the Litigation. This Stipulation is intended by the
10 Settling Parties to fully, finally and forever resolve, discharge and settle the Released
11 Claims upon and subject to the terms and conditions hereof.

12 **I. THE LITIGATION**

13 **A. State Action**

14 On March 7, 2013, Hot Topic announced that the Company would be acquired
15 by Sycamore Partners LLC (“Sycamore”)¹ for \$14 per share, or approximately
16 \$600 million (the “Merger”). Thereafter, between March 8, 2013 and April 25, 2013,
17 seven putative class action complaints (*Leone v. Harper*, Case No. BC502537;
18 *Weisberg v. Harper*, Case No. BC502538; *Gonzalez v. Hot Topic, Inc.*, Case No.
19 BC502693; *Carter v. Hot Topic, Inc.*, Case No. BC502839; *Mor v. Harper*, Case No.
20 BC502992; *Coniglio v. Hot Topic, Inc.*, Case No. BC502875; and *Wolfe v. Hot Topic,*
21 *Inc.*, Case No. BC503322) were filed in the Superior Court of California, County of
22 Los Angeles alleging breach of fiduciary duty claims in connection with the proposed
23 acquisition of the Company by Sycamore. On May 7, 2013, the parties in the state
24

25 ¹ “Sycamore” refers collectively to the following entities identified in the Definitive
26 Proxy Statement filed with the U.S. Securities and Exchange Commission (“SEC”) on
27 May 10, 2013 (the “Proxy Statement”): 212 F Holdings LLC, a Delaware limited
28 liability company (also referred to as the “Parent”); HT Merger Sub Inc., a California
corporation and a wholly owned subsidiary of Parent (referred to as the “Merger
Sub”); and Sycamore Partners Management, L.L.C., affiliates of which beneficially
own both Parent and Merger Sub.

1 court lawsuits entered into a stipulation to consolidate the seven cases pending in Los
2 Angeles Superior Court (the “Consolidated State Action”). The Consolidated State
3 Action was stayed on July 1, 2013 by agreement of the parties at the Initial Status
4 Conference, pending litigation of the Federal Action (described below).

5 **B. Federal Action**

6 In April and May 2013, four putative class action complaints (*Horn v. Hot*
7 *Topic, Inc.*, Case No 2:13-cv-02939; *Walton v. Hot Topic, Inc.*, Case No. 2:13-cv-
8 02941; *Davis v. Hot Topic, Inc.*, Case No. 8:13-cv-00787; and *Carter v. Hot Topic,*
9 *Inc.*, Case No. 2:13-cv-04153) were filed in the United States District Court for the
10 Central District of California alleging violations of §14(a) and §20(a) of the Securities
11 Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §78n(a) and §78t(a), as well
12 as breach of fiduciary duty claims in connection with the proposed acquisition of Hot
13 Topic by Sycamore. *See* Dkt. No. 1. On May 31, 2013, Hot Topic held a special
14 meeting of shareholders of the Company to approve the Agreement and Plan of
15 Merger dated as of March 6, 2013 (the “Merger Agreement”), during which meeting
16 the Company’s shareholders voted in favor of the approval of the Merger Agreement
17 and the principal terms of the Merger. On June 12, 2013, the Merger closed.

18 On July 29, 2013, the Court consolidated the four complaints as *In re Hot*
19 *Topic, Inc. Sec. Litig.*, Lead Case No. 2:13-cv-02939 (the “Federal Action”). On
20 August 20, 2013, the Court appointed the City of Livonia Employees’ Retirement
21 System as Lead Plaintiff and approved Lead Plaintiff’s selection of Robbins Geller
22 Rudman & Dowd LLP as Lead Counsel. Dkt. No. 42. Thereafter, on October 4, 2013,
23 Lead Plaintiff filed a consolidated complaint for violation of §14(a) and §20(a) of the
24 Exchange Act and SEC Rule 14a-9 promulgated thereunder, 17 C.F.R. §240.14a-9,
25 breach of fiduciary duty, and aiding and abetting breach of fiduciary duty (the
26 “Consolidated Complaint”) against Defendants and Sycamore on behalf of all
27 shareholders whose Hot Topic common stock was purchased by Sycamore in
28 connection with the Merger. Dkt. No. 44.

1 On November 18, 2013, Defendants and Sycamore filed motions to dismiss the
2 Consolidated Complaint. Dkt. Nos. 46-47. Lead Plaintiff opposed the motions on
3 December 3, 2013. Dkt. Nos. 48-50. Defendants and Sycamore filed their replies on
4 December 10, 2013. Dkt. Nos. 51-52. Pursuant to 15 U.S.C. §78u-4(b)(3)(B), all
5 proceedings were stayed during the pendency of the motions to dismiss.

6 On May 2, 2014, the Court granted in part and denied in part the motions to
7 dismiss. Dkt. No. 57. The breach of fiduciary duty claims were dismissed with leave
8 to amend, the federal claims and aiding and abetting claims against Sycamore were
9 dismissed with prejudice and the federal claims against the Defendants were upheld.
10 *Id.* On May 27, 2014, Lead Plaintiff informed the Court of its intent not to amend the
11 complaint. Dkt. No. 58.

12 Defendants answered the Consolidated Complaint on June 16, 2014. Dkt. No.
13 60. Judgment was entered dismissing all claims against Sycamore with prejudice on
14 July 3, 2014. Dkt. No. 62.

15 On July 14, 2014, Lead Plaintiff and Defendants filed a Joint Rule 26(f)
16 Discovery Plan and the Court held a Scheduling Conference on August 1, 2014. Dkt.
17 Nos. 63, 70.

18 On October 6, 2014, Lead Plaintiff filed a motion for class certification. Dkt.
19 No. 74. The Court granted the motion for class certification on November 3, 2014,
20 certifying a class as follows:

21 All holders of Hot Topic, Inc. (“Hot Topic”) common stock on the
22 record date, May 3, 2013, who were allegedly harmed by defendants’
23 violations of §14(a) and §20(a) of the Securities Exchange Act of 1934
24 in connection with the Merger of Hot Topic and Sycamore Partners as
25 alleged in the litigation (the “Class”). Excluded from the Class are
26 defendants, the officers and directors of the Company at all relevant
27 times, members of their immediate families and their legal
28

1 representatives, heirs, successors or assigns and any entity in which
2 defendants have or had a controlling interest.

3 Dkt. No. 82 at 9. The Court also appointed Lead Plaintiff as the Class Representative
4 and Robbins Geller Rudman & Dowd LLP as Class Counsel. *Id.*

5 Between summer 2014 and spring 2015, Lead Plaintiff conducted extensive
6 discovery, seeking documentary and testimonial evidence from Defendants and
7 numerous third parties. Depositions were scheduled to begin on March 31, 2015,
8 before the parties reached an agreement to settle the Litigation. Prior to the
9 Settlement, Lead Plaintiff's counsel received and reviewed over 25,200 records
10 produced by Defendants and third parties. Lead Plaintiff also filed a motion to
11 compel Sycamore's production in response to a subpoena served upon it.

12 In February 2015, the parties attended a mediation session before a JAMS
13 mediator which was not successful.

14 Defendants' counsel and Lead Plaintiff's counsel continued to engage in
15 informal discussions in an effort to resolve the Litigation before depositions were
16 scheduled to begin on March 31, 2015. Thereafter, as reflected in this Stipulation, the
17 Settling Parties reached an agreement to settle the Litigation on March 27, 2015.

18 **II. DEFENDANTS' DENIALS OF WRONGDOING AND**
19 **LIABILITY**

20 Each Defendant has denied and continues to deny each and all of the claims and
21 contentions alleged in the Litigation. Each Defendant has expressly denied and
22 continues to deny all allegations of wrongdoing or liability arising out of any of the
23 conduct, statements, acts or omissions alleged, or that could have been alleged, in the
24 Litigation. The Defendants also have denied and continue to deny, *inter alia*, the
25 allegations that the Lead Plaintiff or the Class suffered damages or that the Lead
26 Plaintiff or the Class were harmed in any way by any of the Defendants or by the
27 conduct alleged in the Litigation. Further, Defendants believe that the claims asserted
28 in the Litigation lack merit and that evidence developed to date refute the claims.

1 Nonetheless, the Defendants have concluded that it is desirable that the
2 Litigation be fully and finally settled in the manner and upon the terms and conditions
3 set forth in this Stipulation. The Defendants have taken into account the uncertainty
4 and risks inherent in any litigation, especially in complex cases like the Litigation, in
5 particular the risk that further discovery would not support a motion for summary
6 judgment or that any summary judgment motions would be denied and the case would
7 proceed to trial. Further, Defendants recognize the expense of defending this
8 Litigation and other similar suits. The Defendants have, therefore, determined that it
9 is desirable and beneficial to them that the Litigation be settled in the manner and
10 upon the terms and conditions set forth in this Stipulation.

11 **III. CLAIMS AND BENEFITS OF SETTLEMENT**

12 The Lead Plaintiff believes that the claims asserted in the Litigation have merit
13 and that the evidence developed to date supports the claims. However, Lead Plaintiff
14 and its counsel recognize and acknowledge the expense and length of continued
15 proceedings necessary to prosecute the Litigation against the Defendants through trial
16 and through appeals. Lead Plaintiff and its counsel also have taken into account the
17 uncertain outcome and the risks of any litigation, especially in complex actions such
18 as the Litigation, and the difficulties and delays inherent in such litigation. In
19 particular, Lead Plaintiff and its counsel are aware of the risk that additional discovery
20 would undermine their claims and support a motion for summary judgment which
21 would preclude a trial on the merits. Lead Plaintiff and its counsel also are mindful of
22 the inherent problems of proof under and possible defenses to the violations asserted
23 in the Litigation. Lead Plaintiff and its counsel believe that the Settlement set forth in
24 this Stipulation confers substantial benefits upon the Class. Based on their evaluation,
25 Lead Plaintiff and its counsel have determined that the Settlement set forth in this
26 Stipulation is in the best interests of the Lead Plaintiff and the Class.

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1 **IV. TERMS OF STIPULATION AND AGREEMENT OF**
2 **SETTLEMENT**

3 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and
4 among the Lead Plaintiff (for itself and the Class Members) and the Defendants, by
5 and through their respective counsel or attorneys of record, that, subject to the
6 approval of the Court, the Litigation and the Released Claims shall be finally and fully
7 compromised, settled and released, and the Litigation shall be dismissed with
8 prejudice, as to all Settling Parties, upon and subject to the terms and conditions of
9 this Stipulation, as follows.

10 **1. Definitions**

11 As used herein the following terms have the meanings specified below:

12 1.1 “Authorized Claimant” means any Class Member whose claim for
13 recovery has been allowed pursuant to the terms of this Stipulation.

14 1.2 “Claims Administrator” means Gilardi & Co. LLC.

15 1.3 “Class,” “Class Member,” or “Members of the Class” means all holders
16 of Hot Topic common stock on the record date, May 3, 2013. Excluded from the
17 Class are Defendants, the officers and directors of the Company at all relevant times,
18 members of their immediate families and their legal representatives, heirs, successors
19 or assigns and any entity in which Defendants have or had a controlling interest, and
20 any Person who timely and validly seeks exclusion from the Class.

21 1.4 “Consolidated Complaint” means the Consolidated Complaint for
22 Violation of Federal Securities Laws and Breach of Fiduciary Duty filed on October 4,
23 2013.

24 1.5 “Court” means the United States District Court for the Central District of
25 California, Western Division.

26 1.6 “Defendants” means Hot Topic and the Individual Defendants.

27 1.7 “Effective Date” means the first date by which all of the events and
28 conditions specified in ¶7.1 of this Stipulation have been met and have occurred.

1 1.8 “Escrow Agent” means Robbins Geller Rudman & Dowd LLP or its
2 successor(s).

3 1.9 “Final” means when the last of the following with respect to a judgment
4 approving this Stipulation, substantially in the form of Exhibit B attached hereto, shall
5 have occurred: (i) the expiration of the time to file a motion to alter or amend the
6 Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such
7 motion having been filed; (ii) the expiration of the time in which to appeal the
8 Judgment has passed without any appeal having been taken, which date shall be
9 deemed to be thirty (30) days following the entry of the Judgment, unless the date to
10 take such an appeal shall have been extended by Court order or otherwise; and (iii) if a
11 motion to alter or amend is filed or if an appeal is taken, the determination of that
12 motion or appeal in such a manner as to permit the consummation of the Settlement
13 substantially in accordance with the terms and conditions of this Stipulation. For
14 purposes of this paragraph, an “appeal” shall include any petition for a writ of
15 certiorari or other writ that may be filed in connection with approval or disapproval of
16 the Settlement, but shall not include any appeal which concerns only the issue of
17 attorneys’ fees and expenses or any allocation of the Settlement Fund, as hereinafter
18 defined.

19 1.10 “Final Approval Hearing” means the hearing to determine whether the
20 proposed Settlement embodied by this Stipulation is fair, reasonable, and adequate to
21 the Class, and whether the Court should enter a Judgment approving the proposed
22 Settlement.

23 1.11 “Hot Topic” means Hot Topic, Inc.

24 1.12 “Individual Defendants” means Lisa M. Harper, Steven Becker, Matthew
25 Drapkin, Evelyn D’an, Terri Funk Graham, John Kyees, Andrew Schuon and Thomas
26 Vellios. As used in this Stipulation, “Individual Defendants” also includes Scott
27 Hedrick, who was originally named as a defendant in the Litigation but was dismissed
28 by notice dated November 15, 2013 after his death.

1 1.13 “Judgment” means the judgment to be rendered by the Court,
2 substantially in the form attached hereto as Exhibit B, or such other substantially
3 similar form agreed to by the Settling Parties.

4 1.14 “Lead Counsel” means Robbins Geller Rudman & Dowd LLP, 655 West
5 Broadway, Suite 1900, San Diego, CA 92101.

6 1.15 “Lead Plaintiff” means City of Livonia Employees’ Retirement System.

7 1.16 “Net Settlement Fund” means the fund described in ¶5.2(d).

8 1.17 “Person” means an individual, corporation, partnership, limited
9 partnership, association, joint stock company, estate, legal representative, trust,
10 unincorporated association, government or any political subdivision or agency thereof,
11 and any business or legal entity and their spouses, heirs, predecessors, successors,
12 representatives, or assignees.

13 1.18 “Preliminary Approval Order” means the preliminary approval order
14 (substantially in the form attached hereto as Exhibit A) as entered by the Court for
15 mailing and publication of notice to the Class.

16 1.19 “Related Parties” means each of a Defendant’s or Sycamore’s past or
17 present directors, officers, employees, partners, insurers, co-insurers, reinsurers,
18 principals, controlling shareholders, attorneys, accountants or auditors, financial
19 advisors, personal or legal representatives, predecessors, successors, parents
20 (including Sycamore), subsidiaries, divisions, affiliates, joint ventures, assigns,
21 spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant
22 has a controlling interest, any members of any Individual Defendant’s immediate
23 family, or any trust of which any Individual Defendant is the settlor or which is for the
24 benefit of any Individual Defendant’s family.

25 1.20 “Released Claims” means any and all claims (including “Unknown
26 Claims” as defined in ¶1.27 hereof), causes of action, rights, actions, suits,
27 obligations, debts, demands, judgments, agreements, promises, liabilities, damages,
28 losses, controversies, costs, expenses or attorneys’ fees, of every nature and

1 description whatsoever, whether direct, indirect, now known or unknown, suspected
2 or unsuspected, accrued or unaccrued, in law or in equity, whether having arisen or
3 yet to arise, including, without limitation, any claims of violations of federal or state
4 securities laws and any federal or state claims of fraud, intentional misrepresentation,
5 negligent misrepresentation, negligence, gross negligence, breach of duty of care
6 and/or breach of duty of loyalty, breach of fiduciary duty, unjust enrichment, abuse of
7 control, mismanagement, waste of corporate assets, violations of any state or federal
8 statutes, rules or regulations, or aiding and abetting any of the foregoing, that have
9 been or could have been alleged or asserted now or in the future by Lead Plaintiff or
10 any Class Member against the Released Persons, or any of them in the Litigation or in
11 any other court action (including, without limitation, the Consolidated State Action) or
12 before any administrative body, tribunal, arbitration panel, or other adjudicatory body,
13 arising out of or relating in any way to, or in connection with both (a) Hot Topic
14 common stock held on the record date, May 3, 2013 (“Record Date”), and (b) any of
15 the acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or
16 failures to act or matters set forth, referred to, or alleged, or that could have been set
17 forth, referred to, or alleged (whether known or unknown) in the Litigation or the
18 Consolidated State Action. The Released Claims do not include claims to enforce the
19 Settlement.

20 1.21 “Released Persons” means each and all of the Defendants, Sycamore and
21 each of their respective Related Parties.

22 1.22 “Settlement” means the settlement contemplated by this Stipulation.

23 1.23 “Settlement Fund” means Fourteen Million Nine Hundred Thousand
24 Dollars (\$14,900,000.00) in cash to be paid by wire transfer to the Escrow Agent
25 pursuant to ¶2.1 of this Stipulation, plus all interest earned upon receipt of funds.

26 1.24 “Settling Parties” means, collectively, the Defendants and the Lead
27 Plaintiff, on behalf of itself and the Class.

28 1.25 “Supplemental Agreement” means the agreement described in ¶7.6.

1 1.26 “Sycamore” means 212 F Holdings LLC, HT Merger Sub Inc., and
2 Sycamore Partners Management, L.L.C.

3 1.27 “Unknown Claims” means any Released Claims which the Lead Plaintiff
4 or any Class Member, as of the Effective Date, does not know or suspect to exist in
5 his, her or its favor, whether direct, indirect, or derivative, including those which, if
6 known by him, her or it, might have affected his, her or its settlement with and release
7 of the Released Persons, or might have affected his, her or its decision not to object to
8 this Settlement. With respect to any and all Released Claims, the Settling Parties
9 stipulate and agree that, upon the Effective Date, the Lead Plaintiff shall expressly
10 waive and each of the Class Members shall be deemed to have, and by operation of
11 the Judgment shall have, expressly waived, the provisions, rights and benefits of
12 California Civil Code §1542, which provides:

13 **A general release does not extend to claims which the creditor**
14 **does not know or suspect to exist in his or her favor at the time of**
15 **executing the release, which if known by him or her must have**
16 **materially affected his or her settlement with the debtor.**

17 The Lead Plaintiff shall expressly waive and each of the Class Members shall be
18 deemed to have, and by operation of the Judgment shall have, expressly waived, any
19 and all provisions, rights and benefits conferred by any law of any state or territory of
20 the United States, or principle of common law that is similar, comparable or
21 equivalent to California Civil Code §1542, or that might otherwise operate to bar or
22 limit the release of Unknown Claims. Lead Plaintiff and Class Members may
23 hereafter discover facts in addition to or different from those which he, she, or it now
24 knows or believes to be true with respect to the subject matter of the Released Claims,
25 but the Lead Plaintiff shall expressly release and each Class Member, upon the
26 Effective Date, shall be deemed to have, and by operation of the Judgment shall have,
27 expressly, fully, finally, and forever settled and released any and all Released Claims,
28 known or unknown, suspected or unsuspected, contingent or non-contingent, whether

1 or not concealed or hidden, which now exist, or heretofore have existed, upon any
2 theory of law or equity now existing or coming into existence in the future, including,
3 but not limited to, conduct that is negligent, intentional, with or without malice, or a
4 breach of any duty, law, or rule, without regard to and notwithstanding the subsequent
5 discovery or existence of such different or additional facts. The Lead Plaintiff
6 acknowledges, and the Class Members shall be deemed by operation of the Judgment
7 to have acknowledged, that the foregoing waiver was separately bargained for and a
8 key element of the Settlement of which this release is a part.

9 **2. The Settlement**

10 **a. The Settlement Fund**

11 2.1 Hot Topic shall transfer or cause to be transferred the principal amount of
12 \$14,900,000.00 (the "Settlement Amount") in cash to the Escrow Agent no later than
13 fifteen (15) business days after the Court enters the Preliminary Approval Order. If
14 any portion of the Settlement Amount is not transferred to the Escrow Agent within
15 fifteen (15) business days after the Court enters the Preliminary Approval Order, Hot
16 Topic shall pay interest at the rate of 2% per annum on any portion of the Settlement
17 Amount that is not timely transferred to the Escrow Agent until that portion is
18 transferred. Defendants and their respective Related Parties shall have no further
19 monetary liability after payment of the Settlement Amount, and in no event shall any
20 Defendant (or any of the Defendants' respective Related Parties) be liable for payment
21 of any amount other than as expressly set forth in this ¶2.1 of the Stipulation. If the
22 entire Settlement Amount is not timely transferred to the Escrow Agent as provided in
23 this paragraph, the Settlement may be voided at the option of Lead Plaintiff only if:
24 (i) Lead Counsel has notified Defendants' counsel in writing of Lead Counsel's
25 intention to terminate the settlement, and (ii) the entire Settlement Amount is not
26 transferred to the Escrow Agent within ten (10) business days after Lead Counsel has
27 provided such written notice.

28

1 **b. The Escrow Agent**

2 2.2 The Escrow Agent shall invest the Settlement Amount deposited pursuant
3 to ¶2.1 in instruments backed by the full faith and credit of the United States
4 Government or fully insured by the United States Government or an agency thereof
5 and shall reinvest the proceeds of these instruments as they mature in similar
6 instruments at their then-current market rates. The Settlement Fund shall bear all risks
7 related to investment of the Settlement Fund in accordance with the guidelines set
8 forth in this paragraph.

9 2.3 The Escrow Agent shall not disburse the Settlement Fund except as
10 provided in this Stipulation, by an order of the Court, or with the written agreement of
11 counsel for Hot Topic.

12 2.4 Subject to further order(s) and/or direction(s) as may be made by the
13 Court, or as provided in this Stipulation, the Escrow Agent is authorized to execute
14 such transactions as are consistent with the terms of this Stipulation.

15 2.5 All funds held by the Escrow Agent shall be deemed and considered to be
16 *in custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court,
17 until such time as such funds shall be distributed pursuant to this Stipulation and/or
18 further order(s) of the Court.

19 2.6 The Escrow Agent may pay to the Claims Administrator from the
20 Settlement Fund, without prior approval from Defendants or the Court, the costs and
21 expenses reasonably and actually incurred in connection with the administration of the
22 Settlement, including, without limitation: the cost of identifying and locating
23 Members of the Class, mailing the Notice of Pendency and Proposed Settlement of
24 Class Action and Proof of Claim and Release and publishing notice (such amount
25 shall include, without limitation, the actual costs of publication, printing and mailing
26 the Notice, and reimbursement to nominee owners for forwarding notice to their
27 beneficial owners), soliciting Class claims, assisting with the filing of claims,
28 administering and distributing the Net Settlement Fund to Authorized Claimants,

1 processing Proof of Claim and Release forms, and paying escrow fees and costs, if
2 any, and the administrative expenses incurred and fees charged by the Claims
3 Administrator in connection with providing notice and processing the submitted
4 claims (“Notice and Administration Expenses”).

5 **c. Taxes**

6 2.7 (a) The Settling Parties and the Escrow Agent agree to treat the
7 Settlement Fund as being at all times a “qualified settlement fund” within the meaning
8 of Treas. Reg. §1.468B-1. In addition, the Escrow Agent shall timely make such
9 elections as necessary or advisable to carry out the provisions of this ¶2.7, including
10 the “relation-back election” (as defined in Treas. Reg. §1.468B-1) back to the earliest
11 permitted date. Such elections shall be made in compliance with the procedures and
12 requirements contained in such regulations. It shall be the responsibility of the
13 Escrow Agent to timely and properly prepare and deliver the necessary documentation
14 for signature by all necessary parties, and thereafter to cause the appropriate filing to
15 occur.

16 (b) For the purpose of §1.468B of the Internal Revenue Code of 1986,
17 as amended, and the regulations promulgated thereunder, the “administrator” shall be
18 the Escrow Agent. The Escrow Agent shall timely and properly cause to be filed all
19 informational and other tax returns necessary or advisable with respect to the
20 Settlement Fund (including, without limitation, the returns described in Treas. Reg.
21 §1.468B-2(k)). Such returns (as well as the election described in ¶2.7(a) hereof) shall
22 be consistent with this ¶2.7(b) and in all events shall reflect that all Taxes (including
23 any estimated Taxes, interest or penalties) on the income earned by the Settlement
24 Fund shall be paid out of the Settlement Fund as provided in ¶2.7(c) hereof.

25 (c) All (i) Taxes (including any interest, penalties, or estimated Taxes)
26 arising with respect to the income earned by the Settlement Fund, including any Taxes
27 or tax detriments that may be imposed upon the Defendants or their counsel with
28 respect to any income earned by the Settlement Fund for any period during which the

1 Settlement Fund does not qualify as a “qualified settlement fund” for federal or state
2 income tax purposes (“Taxes”), and (ii) expenses and costs incurred in connection
3 with the operation and implementation of this ¶2.7 (including, without limitation,
4 expenses of tax attorneys and/or accountants and mailing and distribution costs and
5 expenses relating to filing (or failing to file) the returns described in this ¶2.7) (“Tax
6 Expenses”), shall be paid out of the Settlement Fund; in no event shall the Defendants,
7 their respective Related Parties, or their counsel have any liability or responsibility for
8 Taxes or Tax Expenses. Further, Taxes and Tax Expenses shall be treated as, and
9 considered to be, a cost of administration of the Settlement Fund and shall be timely
10 paid by the Escrow Agent out of the Settlement Fund without prior order from the
11 Court and the Escrow Agent shall be obligated (notwithstanding anything herein to the
12 contrary) to withhold from distribution to Authorized Claimants any funds necessary
13 to pay such amounts, including the establishment of adequate reserves for any Taxes
14 and Tax Expenses (as well as any amounts that may be required to be withheld under
15 Treas. Reg. §1.468B-2(1)(2)). The Settling Parties agree to cooperate with the Escrow
16 Agent, each other, and their tax attorneys and accountants to the extent reasonably
17 necessary to carry out the provisions of this ¶2.7.

18 **d. Termination of Settlement**

19 2.8 In the event that the Settlement is not approved, or terminated, canceled,
20 or fails to become effective for any reason, the provisions of ¶¶7.3, 7.4, and/or 7.5
21 herein shall be followed.

22 **3. Preliminary Approval Order and Final Approval Hearing**

23 3.1 Promptly after execution of this Stipulation, the Settling Parties shall
24 submit this Stipulation together with its Exhibits to the Court and shall jointly apply
25 for entry of the Preliminary Approval Order substantially in the form of Exhibit A
26 attached hereto, requesting, *inter alia*, the preliminary approval of the Settlement set
27 forth in this Stipulation and approval for the mailing of a settlement notice (the
28 “Notice”) to Class Members and publication of a summary notice, substantially in the

1 forms of Exhibits A-1 and A-3 attached hereto. The Notice shall include the general
2 terms of the Settlement set forth in this Stipulation, the proposed allocation of the
3 Settlement Fund, the general terms of the Fee and Expense Application by Lead
4 Counsel and the date of the Final Approval Hearing as defined below. Lead Counsel
5 will be responsible for providing the Notice to the Class. Any Notice and
6 Administration Expenses shall be paid from the Settlement Fund as provided in §§2.6
7 and 5.2(a) hereof.

8 3.2 The Settling Parties shall request that, after notice is given, the Court
9 hold a Final Approval Hearing and approve the Settlement of the Litigation as set
10 forth herein. Lead Counsel will also request that the Court approve the Fee and
11 Expense Application.

12 **4. Releases**

13 4.1 Upon the Effective Date, each and every Lead Plaintiff and Class
14 Member shall be deemed to have, and by operation of the Judgment shall have, fully,
15 finally, and forever released, relinquished, dismissed, and discharged all Released
16 Claims (including Unknown Claims) against the Released Persons with prejudice and
17 on the merits, whether or not such Lead Plaintiff or Class Member executes and
18 delivers a Proof of Claim and Release, and whether or not such Lead Plaintiff or Class
19 Member ever seeks or obtains any distribution from the Settlement Fund.

20 4.2 The Proof of Claim and Release to be executed by the Lead Plaintiff and
21 Class Members shall release all Released Claims (including Unknown Claims) against
22 the Released Persons and shall be substantially in the form contained in Exhibit A-2
23 attached hereto.

24 4.3 Upon the Effective Date, each of the Released Persons shall be deemed to
25 have, and by operation of the Judgment shall have, fully, finally, and forever released,
26 relinquished and discharged the Lead Plaintiff, each and all of the Class Members, and
27 their attorneys (including, without limitation, Lead Counsel), employees, heirs,
28 successors, and assigns from all claims (including, without limitation, Unknown

1 Claims) arising out of, relating to, or in connection with, the institution, prosecution,
2 assertion, settlement, or resolution of the Litigation and/or the Consolidated State
3 Action. Claims to enforce the Settlement are not released.

4 4.4 Upon the Effective Date, Lead Plaintiff and all Class Members and
5 anyone claiming through or on behalf of any of them, are forever barred and enjoined
6 from commencing, instituting, or continuing to prosecute any action or proceeding in
7 any court of law or equity, arbitration tribunal, administrative forum, or other forum of
8 any kind, asserting any of the Released Claims against any of the Released Persons,
9 and each of them.

10 **5. Administration and Calculation of Claims, Final Awards**
11 **and Supervision and Distribution of the Settlement Fund**

12 5.1 The Claims Administrator, subject to such supervision and direction from
13 the Court and/or Lead Counsel as may be necessary or as circumstances may require,
14 shall administer and calculate the claims submitted by Class Members and shall
15 oversee distribution of the Net Settlement Fund to Authorized Claimants.

16 5.2 At the times set forth and in accordance with this Stipulation, the
17 Settlement Fund shall be applied as follows:

- 18 (a) to pay all Notice and Administration Expenses;
19 (b) to pay the Taxes and Tax Expenses described in ¶2.7 hereof;
20 (c) to pay Lead Plaintiff's expenses, including any lost wages, as
21 provided for by 15 U.S.C. §78u-4(a)(4), and Lead Plaintiff's attorneys' fees and
22 expenses with interest thereon at the same rate and for the same time period as earned
23 by the Settlement Fund to the extent allowed by the Court (the "Fee and Expense
24 Award"); and
25 (d) to distribute the balance of the Settlement Fund (the "Net
26 Settlement Fund") to Authorized Claimants as allowed by this Stipulation or the
27 Court.
28

1 5.3 Upon the Effective Date and thereafter, and in accordance with the terms
2 of this Stipulation or such further approval and further order(s) of the Court as may be
3 necessary or as circumstances may require, the Claims Administrator, subject to the
4 Court's jurisdiction, shall distribute the Net Settlement Fund to Authorized Claimants,
5 subject to and in accordance with the following:

6 (a) Within ninety (90) days after the mailing of the Notice or such
7 other time as may be set by the Court, each Person claiming to be an Authorized
8 Claimant shall be required to submit to the Claims Administrator a completed Proof of
9 Claim and Release, substantially in the form of Exhibit A-2 attached hereto, signed
10 under penalty of perjury and supported by such documents as are specified in the
11 Proof of Claim and Release and as are reasonably available to such Person;

12 (b) Except as otherwise ordered by the Court, any and all Class
13 Members who fail to timely submit a Proof of Claim and Release within such period,
14 or such other period as may be ordered by the Court, or otherwise allowed, shall be
15 forever barred from receiving any payments pursuant to this Stipulation and the
16 Settlement set forth herein, but will in all other respects be subject to and bound by the
17 provisions of this Stipulation, the releases contained herein, and the Judgment, and
18 will be permanently barred and enjoined from bringing any action, claim, or other
19 proceeding of any kind against any Released Persons concerning any Released
20 Claims. Notwithstanding the foregoing, Lead Counsel shall have the discretion (but
21 not the obligation) to accept late-submitted claims for processing by the Claims
22 Administrator so long as distribution of the Net Settlement Fund is not materially
23 delayed thereby;

24 (c) Following the Effective Date, the Claims Administrator shall
25 distribute to each Authorized Claimant his, her, or its *pro rata* share of the Net
26 Settlement Fund; and

27 (d) Defendants shall not have a reversionary interest in the Net
28 Settlement Fund. If there is any balance of the Net Settlement Fund remaining after

1 six (6) months from the date of the initial distribution of the Net Settlement Fund,
2 Lead Counsel shall, if feasible, distribute such remaining balance *pro rata* among
3 Authorized Claimants who negotiated the checks sent to them. These redistributions
4 shall be repeated until the balance in the Net Settlement Fund is *de minimis* (*i.e.*, is
5 insufficient to cover the cost of another distribution) and such remaining balance shall
6 then be donated to an appropriate non-profit organization designated by Lead Counsel.

7 5.4 The Defendants and their respective Related Parties shall have no
8 responsibility for, interest in, or liability whatsoever with respect to the distribution of
9 the Settlement Fund, any investment or distribution of the Settlement Fund, the
10 determination, administration, or calculation of claims, final awards, the timing,
11 supervision and distribution of the Settlement Fund, any application for attorneys' fees
12 and expenses, the payment or withholding of Taxes, or any losses incurred in
13 connection therewith.

14 5.5 No Person shall have any claim against Lead Plaintiff, Lead Counsel,
15 Defendants, or the Claims Administrator, or their respective Related Parties, or other
16 Person designated by Lead Counsel based on the distributions made substantially in
17 accordance with this Stipulation and the Settlement contained herein or further
18 order(s) of the Court. This does not include any claim by any party for breach of this
19 Stipulation.

20 5.6 It is understood and agreed by the Settling Parties that any allocation of
21 the Settlement Fund including, but not limited to, any adjustments to an Authorized
22 Claimant's claim set forth therein, is not a part of or a condition to this Stipulation and
23 the Settlement set forth herein, and is to be considered by the Court separately from
24 the Court's consideration of the fairness, reasonableness, and adequacy of the
25 Settlement set forth in this Stipulation, and any order or proceeding relating to the
26 allocation of the Settlement Fund shall not operate to terminate or cancel this
27 Stipulation or the releases set forth herein, or affect or delay the finality of the Court's
28

1 Judgment approving this Stipulation and the releases and Settlement set forth herein,
2 or any other orders entered pursuant to this Stipulation.

3 **6. Attorneys' Fees and Expenses**

4 6.1 The procedure for and the allowance by the Court of any applications by
5 Lead Counsel for attorneys' fees and expenses, or the Lead Plaintiff's expenses
6 (including lost wages) paid pursuant to 15 U.S.C. §78u-4(a)(4), to be paid out of the
7 Settlement Fund, are not part of or a condition to the Settlement set forth in this
8 Stipulation, and are to be considered by the Court separately from the Court's
9 consideration of the fairness, reasonableness, and adequacy of the Settlement set forth
10 in this Stipulation. Any order or proceeding relating to the Fee and Expense
11 Application, or the Lead Plaintiff's expense application pursuant to 15 U.S.C. §78u-
12 4(a)(4), or any appeal from any order relating thereto or reversal or modification
13 thereof, shall not operate to terminate or cancel this Stipulation or the releases set
14 forth herein, or affect or delay the finality of the Judgment approving this Stipulation
15 and the releases and Settlement of the Litigation set forth herein.

16 6.2 Lead Counsel may submit an application or applications (the "Fee and
17 Expense Application") for distributions from the Settlement Fund for: (a) an award of
18 attorneys' fees; (b) the payment of reasonable expenses, including Lead Plaintiff's
19 expenses (including lost wages) paid pursuant to 15 U.S.C. §78u-4(a)(4); (c) the cost
20 of fees of experts or consultants incurred in connection with prosecuting the
21 Litigation; plus (d) any interest on such fees and expenses at the same rate and for the
22 same periods as earned by the Settlement Amount (until such fees and expenses are
23 paid) as may be awarded by the Court. Lead Counsel reserve the right to make
24 additional applications to the Court from the Settlement Fund for fees and expenses
25 incurred.

26 6.3 The Fee and Expense Award shall be paid to Lead Counsel from the
27 Settlement Fund, as ordered, immediately after the Court executes an order awarding
28 such fees and expenses. Lead Counsel may thereafter allocate the attorneys' fees

1 among any other plaintiff's counsel in a manner in which Lead Counsel, in good faith,
2 believes reflects the contributions of such counsel to the initiation, prosecution,
3 assertion, settlement, and resolution of the Litigation. The Defendants and their
4 respective Related Parties shall have no responsibility for, interest in, or liability
5 whatsoever with respect to such allocation or distribution. In the event that the
6 Effective Date does not occur, or either the Judgment or the order making the Fee and
7 Expense Award is reversed or modified by final non-appealable order, or this
8 Stipulation is canceled or terminated for any other reason, and in the event that the Fee
9 and Expense Award has been paid to any extent, then, within ten (10) days from
10 receiving notice from Defendants' counsel or from a court of appropriate jurisdiction,
11 Lead Counsel and any other plaintiff's counsel receiving fees and expenses will
12 refund to the Settlement Fund such fees and expenses previously paid to Lead Counsel
13 or any other plaintiff's counsel from the Settlement Fund in an amount consistent with
14 such reversal or modification, together with interest on that amount at a rate
15 commensurate with that earned on the Settlement Fund during the intervening period.
16 Any refunds required pursuant to this paragraph shall be the obligation of each
17 plaintiff's counsel receiving fees or expenses (to the extent of such amounts received)
18 to make appropriate refunds or repayments to the Settlement Fund. Each plaintiff's
19 counsel, as a condition of receiving such fees, expenses and/or costs on behalf of itself
20 and each partner and/or shareholder of it, agrees that its law firm and its partners
21 and/or shareholders are subject to the jurisdiction of the Court for the purpose of
22 enforcing the provisions of this paragraph.

23 6.4 Lead Plaintiff may submit an application for payment for its time and
24 expenses incurred in the prosecution of the Litigation.

25 6.5 Defendants and their respective Related Parties shall have no
26 responsibility for or liability with respect to any allocation among plaintiff's counsel
27 and/or any other Person who may assert some claim thereto, of any attorneys' fee and
28 expense award that the Court may make in the Litigation.

1 **7. Conditions of Settlement, Effect of Disapproval,**
2 **Cancellation or Termination**

3 7.1 The Effective Date of this Stipulation shall be conditioned on the
4 occurrence of all of the following events:

5 (a) Hot Topic has timely made the contribution to the Settlement Fund
6 as set forth in ¶2.1 hereof;

7 (b) the Court has entered the Preliminary Approval Order, as set forth
8 in ¶3.1 hereof;

9 (c) Hot Topic has not exercised its option to terminate the Settlement,
10 as set forth in ¶7.6 hereof;

11 (d) the Court has entered the Judgment substantially in the form of
12 Exhibit B attached hereto;

13 (e) the Judgment has become Final, as set forth in ¶1.9 hereof; and

14 (f) the Consolidated State Action has been dismissed with prejudice
15 and the dismissal has become final.

16 7.2 Upon the occurrence of all of the events referenced in ¶7.1 hereof, any
17 and all remaining interest or right of Defendants in or to the Settlement Fund, if any,
18 shall, subject to ¶¶7.5, 7.7 and 7.8, be absolutely and forever extinguished. If all of
19 the conditions specified in ¶7.1 hereof are not met, then this Stipulation shall be
20 canceled and terminated subject to ¶7.3 hereof unless Lead Counsel and counsel for
21 the Defendants mutually agree in writing to proceed with this Stipulation.

22 7.3 In the event this Stipulation shall terminate, be canceled, or shall not
23 become effective for any reason, within ten (10) days after written notification of such
24 event is sent by counsel for Defendants or Lead Counsel to the Escrow Agent, the
25 Settlement Fund (including accrued interest), less expenses which have either been
26 incurred or disbursed pursuant to ¶¶2.6 and 2.7 hereof, shall be refunded and
27 transferred by the Escrow Agent pursuant to written instructions from Defendants'
28 counsel. At the request of Defendants' counsel, the Escrow Agent or its designee

1 shall apply for any tax refund owed on the Settlement Fund and pay the proceeds,
2 after deduction of any fees or expenses incurred in connection with such application(s)
3 for refund, at the written direction of Defendants' counsel.

4 7.4 In the event that the Court declines to approve this Stipulation or the
5 Settlement set forth in this Stipulation is terminated or fails to become effective in
6 accordance with its terms, the Settling Parties shall be restored to their respective
7 positions in the Litigation as of March 26, 2015. In such event, the terms and
8 provisions of this Stipulation, with the exception of §§1.1-1.27, 2.6-2.8, 7.3-7.5, and
9 9.3 hereof, shall have no further force and effect with respect to the Settling Parties
10 and shall not be used in the Litigation or in any other proceeding for any purpose, and
11 any judgment or order entered by the Court in accordance with the terms of this
12 Stipulation shall be treated as vacated, *nunc pro tunc*. An order of the Court
13 concerning the allocation of the Settlement Fund or the amount of any attorneys' fees,
14 costs, expenses, and interest awarded by the Court to the Lead Plaintiff or any of
15 plaintiff's counsel, or a modification or reversal on appeal of any such order of the
16 Court, shall not constitute grounds for cancellation or termination of this Stipulation.

17 7.5 If the Effective Date does not occur, or if this Stipulation is terminated
18 pursuant to its terms, neither the Lead Plaintiff nor any of its counsel shall have any
19 obligation to repay any amounts incurred or disbursed pursuant to §§2.6 or 2.7 hereof.

20 7.6 Hot Topic shall have the option to terminate this Stipulation and the
21 Settlement set forth herein in the event that the requisite amount of holders of Hot
22 Topic common stock on the Record Date choose to exclude themselves from the Class
23 (the "Opt-Out Threshold"), as set forth in a separate agreement (the "Supplemental
24 Agreement") executed between Lead Counsel and Defendants' counsel. The Opt-Out
25 Threshold may be disclosed to the Court for purposes of approval of the Settlement set
26 forth in this Stipulation, as may be required by the Court, but such disclosure shall be
27 carried out to the fullest extent possible in accordance with the practices of the Court
28 so as to maintain the confidentiality of the Opt-Out Threshold.

1 7.7 If (a) a case is commenced with respect to any Defendant under Title 11
2 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is
3 appointed under any similar law, (b) a final order of a court of competent jurisdiction
4 is entered determining the transfer of the Settlement Fund, or a material portion
5 thereof, by or on behalf of such Defendant to be a preference, voidable transfer,
6 fraudulent transfer or similar transaction, and (c) any portion of the Settlement Fund is
7 required to be returned and is returned to such Defendant (or such Defendant's estate),
8 then, at Lead Plaintiff's option, as to such Defendant, the releases given and judgment
9 entered in favor of such Defendant pursuant to this Stipulation shall be null and void.
10 Alternatively, Lead Plaintiff may terminate the Settlement, return the Settlement Fund
11 (net of amounts paid pursuant to ¶¶2.6 and 2.7) pursuant to instructions from
12 Defendants' counsel and the releases given and the judgment entered as to all
13 Defendants shall be null and void.

14 7.8 Each of the Defendants warrants and represents that he, she, or it is not
15 "insolvent" within the meaning of 11 U.S.C. §101(32) as of the time this Stipulation is
16 executed and as of the time any payments are transferred or made as required by this
17 Stipulation.

18 **8. Requests for Exclusion**

19 8.1 A Class Member requesting exclusion from the Class shall be required to
20 provide the following information to the Claims Administrator: (a) name; (b) address;
21 (c) telephone number; (d) amount of Hot Topic common stock held on the Record
22 Date; and (e) a statement that the Person wishes to be excluded from the Class.
23 Unless otherwise ordered by the Court, any Class Member who does not submit a
24 timely written request for exclusion as provided by this ¶8.1 shall be bound by the
25 Settlement in this Stipulation. The parties shall request that the deadline for
26 submitting requests for exclusion be at least twenty-one (21) days prior to the Final
27 Approval Hearing.

28

1 8.2 The Claims Administrator shall electronically send copies of all requests
2 for exclusion in PDF format (or such other format as shall be mutually agreed by the
3 Settling Parties) to Defendants’ counsel and to Lead Counsel expeditiously (but not
4 more than five (5) days) after the Claims Administrator receives such a request. As
5 part of the motion papers in support of the Settlement of the Litigation, Lead Counsel
6 will cause to be provided a list of all the persons who have requested exclusion from
7 the Class.

8 **9. Miscellaneous Provisions**

9 9.1 The Settling Parties (a) acknowledge that it is their intent to consummate
10 this agreement; and (b) agree to cooperate to the extent reasonably necessary to
11 effectuate and implement all terms and conditions of this Stipulation and to exercise
12 their best efforts to accomplish the foregoing terms and conditions of this Stipulation.

13 9.2 The Settling Parties intend this Settlement to be a final and complete
14 resolution of all disputes between them with respect to the Litigation. The Settlement
15 compromises claims which are contested and shall not be deemed an admission by
16 any Settling Party as to the merits of any allegations, claims or defenses whatsoever.
17 The Judgment will contain a finding that, during the course of the Litigation, the
18 parties and their respective counsel at all times complied with the requirements of
19 Federal Rule of Civil Procedure 11. The Settling Parties agree that the Settlement
20 Amount and the other terms of the Settlement were negotiated in good faith by the
21 Settling Parties, and reflect a settlement that was reached voluntarily after consultation
22 with competent legal counsel. The Settling Parties reserve their right to rebut, in a
23 manner that such party determines to be appropriate, any contention made in any
24 public forum that the Litigation was brought or defended in bad faith or without a
25 reasonable basis.

26 9.3 Neither this Stipulation nor the Settlement, nor any act performed or
27 document executed pursuant to or in furtherance of this Stipulation or the Settlement:
28 (a) is or may be deemed to be or may be used as an admission of, or evidence of, the

1 validity of any of the Released Claims, or of any wrongdoing or liability of the
2 Defendants or their Related Parties; or (b) is or may be deemed to be or may be used
3 as an admission of, or evidence of, any fault or omission of any of the Defendants or
4 their Related Parties in any civil, criminal, or administrative proceeding in any court,
5 administrative agency or other tribunal. Defendants may file this Stipulation and/or
6 the Judgment in any action that may be brought against them in order to support a
7 defense or counterclaim based on principles of *res judicata*, collateral estoppel,
8 release, good faith settlement, judgment bar or reduction, or any other theory of claim
9 preclusion or issue preclusion or similar defense or counterclaim.

10 9.4 In the event that any part of this Stipulation is found to be unlawful, void,
11 unconscionable, or against public policy by a court of competent jurisdiction, the
12 remaining terms and conditions of this Stipulation shall remain intact.

13 9.5 All agreements made and orders entered during the course of the
14 Litigation relating to the confidentiality of information shall survive this Stipulation,
15 pursuant to their terms.

16 9.6 All of the Exhibits to this Stipulation are material and integral parts
17 hereof and are fully incorporated herein by this reference.

18 9.7 This Stipulation may be amended or modified only by a written
19 instrument signed by or on behalf of all Settling Parties or their respective successors-
20 in-interest.

21 9.8 This Stipulation, the Exhibits attached hereto, and the Supplemental
22 Agreement constitute the entire agreement among the Settling Parties and no
23 representations, warranties, or inducements have been made to any party concerning
24 this Stipulation or its Exhibits or the Supplemental Agreement other than the
25 representations, warranties, and covenants contained and memorialized in such
26 documents. Except as otherwise provided herein, each party shall bear its own costs.

27 9.9 Lead Counsel, on behalf of the Class, are expressly authorized by the
28 Lead Plaintiff to take all appropriate action required or permitted to be taken by the

1 Class pursuant to this Stipulation to effectuate its terms and also are expressly
2 authorized to enter into any modifications or amendments to this Stipulation made
3 pursuant to ¶9.7 on behalf of the Class which they deem appropriate.

4 9.10 Each counsel or other Person executing this Stipulation or any of its
5 Exhibits on behalf of any party hereto hereby warrants that such Person has the full
6 authority to do so.

7 9.11 This Stipulation may be executed in one or more counterparts, including
8 by signature transmitted by facsimile or email in pdf format. All executed
9 counterparts and each of them shall be deemed to be one and the same instrument. A
10 complete set of executed counterparts shall be filed with the Court.

11 9.12 This Stipulation shall be binding upon, and inure to the benefit of, the
12 successors and assigns of the Settling Parties and Members of the Class, any and all
13 Released Persons and any corporation, partnership, or other entity into or with which
14 any party hereto may merge, consolidate, or reorganize.

15 9.13 The Court shall retain jurisdiction with respect to implementation and
16 enforcement of the terms of this Stipulation, and all Settling Parties submit to the
17 jurisdiction of the Court for purposes of implementing and enforcing the Settlement
18 embodied in this Stipulation.

19 9.14 This Stipulation and the Exhibits hereto shall be considered to have been
20 negotiated, executed and delivered, and to be wholly performed, in the State of
21 California, and the rights and obligations of the parties to this Stipulation shall be
22 construed and enforced in accordance with, and governed by, the internal, substantive
23 laws of the State of California without giving effect to that state's choice-of-law
24 principles.

25 9.15 A waiver by one party of any breach of this Stipulation by any other
26 party shall not be deemed a waiver of any other prior or subsequent breach of this
27 Stipulation.

28

1 IN WITNESS WHEREOF, the Settling Parties hereto have caused this
2 Stipulation to be executed, by their duly authorized attorneys, dated as of April 30,
3 2015.

4 ROBBINS GELLER RUDMAN
5 & DOWD LLP
6 RANDALL J. BARON
7 A. RICK ATWOOD, JR.
8 DAVID T. WISSBROECKER
9 EDWARD M. GERGOSIAN
10 DANIELLE S. MYERS

11 s/ Randall J. Baron
12 _____
13 RANDALL J. BARON

14 655 West Broadway, Suite 1900
15 San Diego, CA 92101
16 Telephone: 619/231-1058
17 619/231-7423 (fax)

18 Lead Counsel for Plaintiffs

19 VANOVERBEKE MICHAUD &
20 TIMMONY, P.C.
21 THOMAS C. MICHAUD
22 79 Alfred Street
23 Detroit, MI 48201
24 Telephone: 313/578-1200
25 313/578-1201 (fax)

26 WOLF HALDENSTEIN ADLER
27 FREEMAN & HERZ LLP
28 FRANCIS M. GREGOREK
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Additional Counsel for Plaintiff

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GIBSON, DUNN & CRUTCHER LLP
MERYL L. YOUNG
JOSEPH A. GORMAN
COURTNEY A. DREIBELBIS

s/ Meryl L. Young
MERYL L. YOUNG

3161 Michelson Drive
Irvine, CA 92612-4412
Telephone: 949/451-3800
949/451-4220 (fax)

Counsel for Defendants

ECF CERTIFICATION

The filing attorney attests that he has obtained concurrence regarding the filing of this document from the signatories to this document.

Dated: April 30, 2015

By: s/ Randall J. Baron
RANDALL J. BARON

INDEX OF EXHIBITS TO STIPULATION OF SETTLEMENT

DOCUMENT	EXHIBIT
[Proposed] Order Preliminarily Approving Settlement and Providing for Notice	A
Notice of Proposed Settlement of Class Action	A-1
Proof of Claim and Release	A-2
Summary Notice	A-3
[Proposed] Final Judgment and Order of Dismissal with Prejudice	B

EXHIBIT A

1 ROBBINS GELLER RUDMAN
 & DOWD LLP
 2 RANDALL J. BARON (150796)
 A. RICK ATWOOD, JR. (156529)
 3 DAVID T. WISSBROECKER (243867)
 EDWARD M. GERGOSIAN (105679)
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 dmyers@rgrdlaw.com

9 Lead Counsel for Plaintiffs

10
 11 UNITED STATES DISTRICT COURT
 12 CENTRAL DISTRICT OF CALIFORNIA
 13 WESTERN DIVISION

14 In re HOT TOPIC, INC. SECURITIES)
 15 LITIGATION)

Lead Case No. 2:13-cv-02939-
 SJO(JCx)

16 _____)
 17 This Document Relates To:)

CLASS ACTION

18 ALL ACTIONS.)
 19 _____)

[PROPOSED] ORDER
 PRELIMINARILY APPROVING
 SETTLEMENT AND PROVIDING
 FOR NOTICE

EXHIBIT A

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1 WHEREAS, a consolidated class action is pending before the Court captioned
2 *In re Hot Topic, Inc. Securities Litigation*, Lead Case No. 2:13-cv-02939-SJO(JCx)
3 (the “Litigation”);

4 WHEREAS, on November 3, 2014, the Court certified the following class
5 pursuant to Fed. R. Civ. P. 23(b)(3):

6 All holders of Hot Topic, Inc. (“Hot Topic”) common stock on the
7 record date, May 3, 2013, who were allegedly harmed by defendants’
8 violations of §14(a) and §20(a) of the Securities Exchange Act of 1934
9 in connection with the Merger of Hot Topic and Sycamore Partners as
10 alleged in the litigation (the “Class”). Excluded from the Class are
11 defendants, the officers and directors of the Company at all relevant
12 times, members of their immediate families and their legal
13 representatives, heirs, successors or assigns and any entity in which
14 defendants have or had a controlling interest.

15 Dkt. No. 82 at 9;

16 WHEREAS, the Court has received the Stipulation of Settlement dated as of
17 April 30, 2015 (the “Stipulation”), that has been entered into by the Lead Plaintiff (on
18 behalf of itself and each of the Class Members) and Defendants, and the Court has
19 reviewed the Stipulation and its attached Exhibits;

20 WHEREAS, the Parties having made a joint application, pursuant to Federal
21 Rule of Civil Procedure 23(e), for an order preliminarily approving the Settlement of
22 this Litigation, in accordance with the Stipulation which, together with the Exhibits
23 annexed thereto sets forth the terms and conditions for the Settlement of the Litigation
24 and for dismissal of the Litigation with prejudice upon the terms and conditions set
25 forth therein; and the Court having read and considered the Stipulation and the
26 Exhibits annexed thereto; and

27 WHEREAS, all terms with initial capitalization contained herein shall have the
28 same meanings as set forth in the Stipulation;

Exhibit A
- 32 -

1 NOW, THEREFORE, IT IS HEREBY ORDERED:

2 1. After a preliminary review, the Settlement appears to be fair, reasonable,
3 adequate, and in the best interests of the Class. The Settlement: (a) resulted from
4 extensive arm's-length negotiations; and (b) is sufficient to warrant (i) notice thereof
5 as set forth below; and (ii) a full hearing on the Settlement. Accordingly, the Court
6 does hereby preliminarily approve the Stipulation and the Settlement set forth therein,
7 subject to further consideration at the Final Approval Hearing described below.

8 2. A hearing (the "Final Approval Hearing") shall be held before this Court
9 [no less than one hundred (100) days after the Notice Date] on _____,
10 2015, at _____ .m., at the United States Courthouse, 312 North Spring Street,
11 Los Angeles, CA 90012, to determine whether the proposed Settlement of the
12 Litigation on the terms and conditions provided for in the Stipulation is fair, just,
13 reasonable and adequate to the Class Members and should be approved by the Court;
14 whether a Judgment as provided in ¶1.13 and ¶7.1(d) of the Stipulation should be
15 entered herein; and to determine the amount of attorneys' fees and expenses that
16 should be awarded to Lead Plaintiff's counsel and the amount that Lead Plaintiff
17 should be awarded for its expenses, including lost wages. The Court may continue or
18 adjourn the Final Approval Hearing without further notice to Class Members.

19 3. The Court approves, as to form and content, the Notice of Pendency and
20 Proposed Settlement of Class Action (the "Notice"), the Proof of Claim and Release
21 form (the "Proof of Claim and Release"), and Summary Notice for publication
22 annexed as Exhibits A-1, A-2 and A-3 hereto and finds that the mailing and
23 distribution of the Notice and publishing of the Summary Notice substantially in the
24 manner and form set forth in ¶¶4-5 of this Order meet the requirements of Federal
25 Rule of Civil Procedure 23 and due process, and is the best notice practicable under
26 the circumstances and shall constitute due and sufficient notice to all Persons entitled
27 thereto.

28

Exhibit A
- 33 -

1 4. The firm of Gilardi & Co. LLC (“Claims Administrator”) is hereby
2 appointed to supervise and administer the notice procedure as well as the processing
3 of claims as more fully set forth below:

4 (a) The Claims Administrator shall make reasonable efforts to identify
5 all Persons who are Members of the Class, and not later than [fourteen (14) calendar
6 days after the Court enters this Order] _____, 2015 (the “Notice Date”), the
7 Claims Administrator shall commence mailing copies of the Notice and the Proof of
8 Claim and Release, substantially in the forms annexed as Exhibits A-1 and A-2 hereto,
9 to all Class Members who can be identified with reasonable effort;

10 (b) Not later than [ten (10) calendar days after the Notice Date]
11 _____, 2015, the Claims Administrator shall cause the Summary Notice,
12 substantially in the form annexed hereto as Exhibit A-3, to be published once in
13 *Investor’s Business Daily* and transmitted once over a national newswire service;

14 (c) Not later than the Notice Date, the Claims Administrator shall post
15 the Stipulation and all of its Exhibits on a case dedicated website,
16 www.hottopicsecuritiessettlement.com, which will be set forth in the Notice; and

17 (d) At least seven (7) calendar days prior to the Final Approval
18 Hearing, Lead Counsel shall cause to be served on Defendants’ counsel and filed with
19 the Court proof, by affidavit or declaration, of such mailing and publishing.

20 5. Nominees who purchased the common stock of Hot Topic for the
21 beneficial ownership of Class Members shall send the Notice and the Proof of Claim
22 and Release to all beneficial owners of such securities within ten (10) days after
23 receipt thereof, or send a list of the names and addresses of such beneficial owners to
24 the Claims Administrator within ten (10) days of receipt thereof, in which event the
25 Claims Administrator shall promptly mail the Notice and Proof of Claim and Release
26 to such beneficial owners. Lead Counsel shall, if requested, reimburse nominees
27 solely for their reasonable costs incurred in providing notice to beneficial owners who
28 are Class Members out of the Settlement Fund, which expenses would not have been

Exhibit A
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1 incurred except for the sending of such notice, subject to further order of this Court
2 with respect to any dispute concerning such compensation.

3 6. All Class Members shall be bound by all determinations and judgments
4 in the Litigation concerning the Settlement, whether favorable or unfavorable to the
5 Class.

6 7. Any Member of the Class may enter an appearance in the Litigation, at
7 their own expense, individually or through counsel of their own choice. If they do not
8 enter an appearance, they will be represented by Lead Counsel.

9 8. Class Members who wish to participate in the Settlement shall complete
10 and submit Proofs of Claim and Release in accordance with the instructions contained
11 therein. Unless the Court orders otherwise, all Proofs of Claim and Release must be
12 submitted no later than ninety (90) days from the Notice Date. Any Class Member
13 who does not timely submit a Proof of Claim and Release within the time provided for
14 shall be barred from sharing in the distribution of the proceeds of the Net Settlement
15 Fund, unless otherwise ordered by the Court, but shall in all respects be bound by the
16 release contained in the Stipulation and Judgment. Notwithstanding the foregoing,
17 Lead Counsel shall have the discretion (but not the obligation) to accept late-
18 submitted claims for processing by the Claims Administrator so long as distribution of
19 the Net Settlement Fund is not materially delayed thereby.

20 9. Any Class Member may, upon request, be excluded from the Class. Any
21 such Person must submit to the Claims Administrator a request for exclusion
22 (“Request for Exclusion”), postmarked no later than [fifty-five (55) calendar days
23 after the Notice Date] _____, 2015. A Request for Exclusion must provide the
24 following information to the Claims Administrator: (a) name; (b) address;
25 (c) telephone number; (d) amount of Hot Topic common stock held on the record date,
26 May 3, 2013; and (g) a statement that the Person wishes to be excluded from the
27 Class. All Persons who submit valid and timely Requests for Exclusion in the manner
28 set forth in this paragraph shall have no rights under the Stipulation, shall not share in

Exhibit A
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1 the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation
2 or the Judgment entered in the Litigation. Unless otherwise ordered by the Court, any
3 Class Member who does not submit a valid and timely written Request for Exclusion
4 as provided by this paragraph shall be bound by the Stipulation.

5 10. Any Member of the Class may appear and show cause if he, she or it has
6 any reason why the proposed Settlement of the Litigation should or should not be
7 approved as fair, reasonable, and adequate, why the Judgment should or should not be
8 entered thereon, or why Lead Counsel's request for an award of attorneys' fees and
9 expenses including Lead Plaintiff's expenses as provided for by 15 U.S.C. §78u-
10 4(a)(4) should or should not be awarded; provided, however, that no Class Member or
11 any other Person shall be heard or entitled to contest the approval of the terms and
12 conditions of the proposed Settlement or the Judgment to be entered thereon unless
13 that Person has delivered by hand or sent by first class mail written objections and
14 copies of any papers and briefs such that they are received on or before [fifty-five (55)
15 calendar days after the Notice Date] _____, 2015, by Robbins Geller
16 Rudman & Dowd LLP, Danielle S. Myers, 655 West Broadway, Suite 1900, San
17 Diego, CA 92101; and Gibson, Dunn & Crutcher LLP, Meryl L. Young, 3161
18 Michelson Drive, Irvine, CA 92612, and filed said objections, papers and briefs with
19 the Clerk of the United States District Court for the Central District of California,
20 Western Division, on or before [fifty-five (55) calendar days after the Notice Date]
21 _____, 2015. Any Class Member who does not make his, her or its
22 objection in the manner provided shall be deemed to have waived such objection and
23 shall forever be foreclosed from making any objection to the fairness or adequacy of
24 the proposed Settlement as set forth in the Stipulation, or to the award of attorneys'
25 fees and expenses to Lead Counsel, including Lead Plaintiff's expenses, unless
26 otherwise ordered by the Court.

27 11. All funds held by the Escrow Agent shall be deemed and considered to be
28 in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court.

Exhibit A
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1 until such time as such funds shall be distributed pursuant to the Stipulation and/or
2 further order(s) of the Court.

3 12. All papers in support of the Settlement and any application by Lead
4 Counsel for an award of attorneys' fees or expenses, including Lead Plaintiff's request
5 for payment of its expenses as provided for by 15 U.S.C. §78u-4(a)(4) shall be filed
6 and served on or before _____, 2015 [thirty-five (35) calendar days after the
7 Notice Date]. Any reply briefs and supporting documents shall be filed and served on
8 or before _____, 2015 [seven (7) calendar days prior to the Final Approval
9 Hearing].

10 13. The Defendants and their respective Related Parties shall have no
11 responsibility for, interest in, or liability whatsoever with respect to the distribution of
12 the Settlement Fund, any investment or distribution of the Settlement Fund, the
13 determination, administration, or calculation of claims, final awards, the timing,
14 supervision and distribution of the Settlement Fund, any application for attorneys' fees
15 and expenses, the payment or withholding of Taxes, or any losses incurred in
16 connection therewith.

17 14. At or after the Final Approval Hearing, the Court shall determine whether
18 any application for attorneys' fees or expenses, and any application for an award of
19 Lead Plaintiff's expenses, including lost wages pursuant to 15 U.S.C. §78u-4(a)(3)(4),
20 shall be approved.

21 15. All reasonable expenses incurred in identifying and notifying Class
22 Members, as well as administering the Settlement Fund, shall be paid as set forth in
23 the Stipulation. In the event the Settlement is not approved by the Court, or otherwise
24 fails to become effective, neither the Plaintiffs nor any of their counsel shall have any
25 obligation to repay any amounts incurred or properly disbursed pursuant to ¶¶2.6 or
26 2.7 of the Stipulation.

27 16. Neither the Stipulation, nor any of its terms or provisions, nor any of the
28 negotiations or proceedings connected with it, shall be construed as an admission of
Exhibit A
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1 concession by Defendants or their Related Parties of the truth of any of the allegations
2 in the Litigation, or of any liability, fault, or wrongdoing of any kind.

3 17. The Court reserves the right to adjourn the date of the Final Approval
4 Hearing without further notice to the Members of the Class, and retains jurisdiction to
5 consider all further applications arising out of or connected with the proposed
6 Settlement. The Court may approve the Settlement, with such modifications as may
7 be agreed to by the Settling Parties, if appropriate, without further notice to the Class.

8 IT IS SO ORDERED.

9
10 DATED: _____

11 THE HONORABLE S. JAMES OTERO
12 UNITED STATES DISTRICT JUDGE
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EXHIBIT A-1

1 ROBBINS GELLER RUDMAN
 & DOWD LLP
 2 RANDALL J. BARON (150796)
 A. RICK ATWOOD, JR. (156529)
 3 DAVID T. WISSBROECKER (243867)
 EDWARD M. GERGOSIAN (105679)
 4 DANIELLE S. MYERS (259916)
 655 West Broadway, Suite 1900
 5 San Diego, CA 92101-8498
 Telephone: 619/231-1058
 6 619/231-7423 (fax)
 randyb@rgrdlaw.com
 7 ricka@rgrdlaw.com
 dwissbroecker@rgrdlaw.com
 8 egergosian@rgrdlaw.com
 dmyers@rgrdlaw.com

9 Lead Counsel for Plaintiffs

10
 11 UNITED STATES DISTRICT COURT
 12 CENTRAL DISTRICT OF CALIFORNIA
 13 WESTERN DIVISION

14 In re HOT TOPIC, INC. SECURITIES
 LITIGATION

} Lead Case No. 2:13-cv-02939-
 SJO(JCx)

15
 16 This Document Relates To:

} CLASS ACTION

17 ALL ACTIONS.

} NOTICE OF PENDENCY AND
 PROPOSED SETTLEMENT OF
 CLASS ACTION

18
 19 EXHIBIT A-1
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1 **IF YOU HELD HOT TOPIC, INC. (“HOT TOPIC”) COMMON STOCK ON**
2 **THE RECORD DATE, MAY 3, 2013 AND WERE DAMAGED THEREBY**
3 **(THE “CLASS”), YOU COULD RECEIVE A PAYMENT FROM A CLASS**
4 **ACTION SETTLEMENT. CERTAIN PERSONS ARE EXCLUDED FROM**
5 **THE DEFINITION OF THE CLASS AS SET FORTH BELOW IN**
6 **RESPONSE TO QUESTION 6.¹**

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

- 9 • The Settlement will provide \$14,900,000 in cash to pay claims of all Class
10 Members. For an estimate of how much you could receive from this
11 Settlement, see the discussion at Question 9 of this Notice.
- 12 • The Settlement resolves a lawsuit claiming that Defendants issued a materially
13 false and misleading Proxy Statement in violation of §14(a) and §20(a) of the
14 Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §78n(a) and
15 §78t(a), in connection with the proposed acquisition of Hot Topic by
16 Sycamore.² The lawsuit originally asserted additional claims for breach of
17 fiduciary duty, which were previously dismissed by the Court. The Defendants
18 deny they did anything wrong. The Settlement avoids the costs and risks
19 associated with continued litigation (including the danger of no recovery),
20 provides a monetary benefit to the Class, and releases Defendants from
21 liability.
- 22 • The proposed Settlement should be compared to the risk of no recovery. The
23 claims in this case involve numerous complex legal and factual issues that
24 would require extensive and costly expert testimony. Among the many issues
25 about which the parties do not agree are: (1) whether any of the Defendants
26 violated the securities laws or otherwise engaged in any wrongdoing; and
27 (2) the amount of damages (if any) that could be recovered at trial.
- 28 • For the past two years, Lead Plaintiff’s counsel have not received payment for
their work investigating the facts, prosecuting this Litigation, and negotiating
the proposed Settlement on behalf of the Lead Plaintiff and the Class. Lead
Plaintiff’s counsel will ask the Court to award litigation expenses of no more
than \$120,000 from the Settlement Amount and an award of attorneys’ fees of
25% of the Settlement Amount, plus interest earned at the same rate and for the
same period as earned by the Settlement Fund. Lead Counsel also may apply
for the reimbursement of the Lead Plaintiff’s expenses pursuant to 15 U.S.C.
§78u-4(a)(4).
- Your legal rights are affected whether you act or don’t act. Read this Notice
carefully.

1 This Notice incorporates by reference the definitions in the Stipulation of
Settlement dated as of April 30, 2015 (“Stipulation”), and all capitalized terms used,
but not defined herein, shall have the same meanings as in the Stipulation. The
Stipulation can be obtained at www.hottopicsecuritiessettlement.com.

2 The Defendants include: Hot Topic, Lisa M. Harper, Steven Becker, Matthew
Drapkin, Evelyn D’an, Terri Funk Graham, John Kyees, Andrew Schuon and Thomas
Vellios (collectively, the “Individual Defendants”; together with Hot Topic, the
“Defendants”).

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YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Submit a Proof of Claim and Release Form	The only way to get a payment.
Go to a Hearing	Ask to speak in Court about the fairness of the Settlement.
Do Nothing	Get no payment. Give up your rights.
Exclude Yourself	Get no payment. This is the only option that allows you to ever bring a lawsuit against Defendants concerning the legal claims at issue in this case.
Object	Write to the Court about why you don't like the Settlement.

- The following **deadlines** apply to your rights and options in this Litigation:
 Submit Claim: _____, 2015
 Request Exclusion: _____, 2015
 File Objection: _____, 2015
 Court Hearing on Fairness of Settlement: _____, 2015
- The Court in charge of this case must decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

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WHAT THIS NOTICE CONTAINS

Basic Information

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- 2. What is this lawsuit about?
- 3. Why is this a class action?
- 4. Why is there a settlement?

Who Is in the Settlement?

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- 5. How do I know if I am part of the Settlement?
- 6. What are the exceptions to being included?
- 7. I'm still not sure if I am included.

The Settlement Benefits – What You Get

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- 8. What does the Settlement provide?
- 9. How much will my payment be?

How You Obtain a Payment – Submitting a Proof of Claim and Release

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- 10. How will I obtain a payment?
- 11. When will I receive my payment?
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- 13. How do I get out of the Class?
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The Lawyers Representing You

Page ___

- 16. Do I have a lawyer in this case?
- 17. How will the lawyers be paid?

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Page ___

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- 19. What's the difference between objecting and excluding?

The Court's Fairness Hearing

Page ___

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

If You Do Nothing

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- 23. What happens if I do nothing at all?

Getting More Information

Page ___

- 24. Are there more details about the Settlement?

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25. How do I get more information?

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BASIC INFORMATION

1. Why did I receive this notice package?

You may have held shares of Hot Topic common stock on the record date, May 3, 2013.

The Court directed that this Notice be sent to you because you have a right to know about a proposed Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement.

If the Court approves the Settlement, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This Notice explains the lawsuit, the Settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is Judge S. James Otero of the United States District Court for the Central District of California, Western Division (the "Court"), and the case is known as *In re Hot Topic, Inc. Securities Litigation*, Lead Case No. 2:13-cv-02939-SJO(JCx).

2. What is this lawsuit about?

The Litigation claims that the Proxy Statement (the "Proxy") disseminated to shareholders in connection with the merger of Hot Topic and Sycamore contained materially false and misleading statements and failed to include information concerning the Company's long-range projections and revised projections in violation of §14(a) and §20(b) of the Securities Exchange Act of 1934. All Defendants deny they or their Related Parties did anything wrong or that Lead Plaintiff or other Members of the Class suffered any damage.

3. Why is this a class action?

In a class action, one or more people called plaintiffs (in this case the City of Livonia Employees' Retirement System, which was appointed by the Court as Lead Plaintiff) sue on behalf of people who have similar claims. Here, all these people are called the Class or Class Members. One court resolves the issues for all Class Members, except for those who timely and validly exclude themselves from the Class.

4. Why is there a settlement?

The Court did not decide in favor of Lead Plaintiff or the Defendants who are currently part of the case. Instead, all parties agreed to a Settlement. By agreeing to a Settlement, the parties avoid the cost and uncertainty of further litigation and a possible trial (including any appeals) and allow eligible Class Members who submit valid claims to receive a payment. Lead Plaintiff and its attorneys believe the Settlement is in the best interests of the Class.

Exhibit A-1

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WHO IS IN THE SETTLEMENT?

To see if you will receive money from this Settlement, you first have to determine if you are a Class Member.

5. How do I know if I am part of the Settlement?

The Class includes all Persons who held Hot Topic common stock on the record date, May 3, 2013, and were damaged thereby.

Defendants do not agree with the characterization that any damages were suffered by Lead Plaintiff or the Class.

6. What are the exceptions to being included?

You are not a Class Member if you are a Defendant, an officer or director of Hot Topic at any relevant time, a member of the immediate family, the legal representative, heir, successor or assign of a Defendant, or any entity in which a Defendant has or had a controlling interest. You are also not a Class Member if you timely and validly request exclusion from the Class pursuant to this Notice.

7. I'm still not sure if I am included.

If you are still not sure if you are included, you can ask for free help. You can call Rick Nelson of Robbins Geller Rudman & Dowd LLP at 1-800-449-4900 or visit www.hottopicsecuritiessettlement.com for more information.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the Settlement provide?

Defendants have agreed to pay \$14,900,000 in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses, Lead Plaintiff expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund") will be divided among all eligible Class Members who send in valid claim forms.

9. How much will my payment be?

Your share of the fund will depend on the number of shares of Hot Topic common stock represented by valid claims made by Members of the Class and the amount of those claims and the number of shares of Hot Topic common stock you held on the record date. Assuming that all of the investors (other than Defendants or other excluded Persons) who held Hot Topic common stock on the record date, May 3, 2013, and suffered damages therefrom participate in this Settlement, Lead Plaintiff's counsel estimates that the estimated average distribution will be approximately \$0.42 per share of Hot Topic common stock before the deduction of Court-approved fees and expenses, as described in Question 17 below (estimated to be

1 approximately \$0.10 per share), and the cost of notice and claims administration.
2 Historically, less than all eligible investors submit claims, resulting in higher average
distributions per share.

3 The Settlement Fund less taxes, notice and administration costs, attorneys' fees,
4 litigation expenses, and Lead Plaintiff expenses ("Net Settlement Fund") will be
5 distributed to Class Members who submit valid, timely Proof of Claim and Release
forms ("Claimants") on a *pro rata* basis. However, no distributions will be made to
Claimants who would otherwise receive a distribution of less than \$10.00.

6 Payment shall be conclusive against all Claimants. No Person shall have any
7 claim against Lead Plaintiff's counsel, Lead Plaintiff, the Claims Administrator,
8 Defendants and their Related Parties, or any Person designated by Lead Plaintiff's
9 counsel based on distributions made substantially in accordance with the Stipulation
10 and the Settlement contained therein, or further order(s) of the Court. No Class
11 Member shall have any claim against any Released Persons for any Released Claims.
All Class Members who fail to complete and file a valid and timely Proof of Claim
and Release form shall be barred from participating in distributions from the Net
Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound
by all of the terms of the Stipulation, including the terms of any judgment entered and
the releases given.

12 **HOW YOU OBTAIN A PAYMENT – SUBMITTING A PROOF OF CLAIM
AND RELEASE FORM**

13 **10. How will I obtain a payment?**

14
15 To qualify for payment, you must be an eligible Class Member, send in a valid claim
16 form, and properly document your claim as requested in the claim form. A claim
17 form is enclosed with this Notice. You may also obtain a Proof of Claim and Release
18 form at www.hottopicsecuritiessettlement.com. Read the instructions carefully, fill
out the form, include all the documents the form asks for, sign it, and mail or submit it
online no later than _____, 2015. The claim form can be submitted online at
www.hottopicsecuritiessettlement.com.

19 **11. When will I receive my payment?**

20
21 The Court will hold a hearing on _____, 2015 to decide whether to
22 approve the Settlement. If Judge Otero approves the Settlement, there may be
23 appeals. It is always uncertain how these appeals will be resolved, and resolving them
can take time, perhaps several years. Everyone who sends in a claim form will be
informed of the determination with respect to their claim. Please be patient.

24 **12. What am I giving up to receive a payment or stay in the Class?**

25 Unless you timely and validly exclude yourself, you are staying in the Class, and that
26 means that you cannot sue, continue to sue, or be part of any other lawsuit against the
27 Released Persons about the Released Claims in this case. It also means that all of the
28 Court's orders will apply to you and legally bind you and you will release your claims
in this case against the Released Persons. The terms of the release are included in the
enclosed claim form.

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EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue or continue to sue on your own for the Released Claims in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

13. How do I get out of the Class?

To exclude yourself from the Settlement, you must send a letter by mail saying that you want to be excluded from the class in *In re Hot Topic, Inc. Securities Litigation*, Lead Case No. 2:13-cv-02939-SJO(JCx). You must provide the following information: (a) name; (b) address; (c) telephone number; (d) amount of Hot Topic common stock held on the record date, May 3, 2013; and (e) a statement that you wish to be excluded from the Class. **You must mail your exclusion request postmarked no later than _____, 2015 to:**

Hot Topic, Inc. Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you will not receive any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

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

No. Unless you timely and validly exclude yourself, you give up any right to sue for the Released Claims in this Settlement. If you have a pending lawsuit against any of the Released Persons, speak to your lawyer in that case immediately. **Remember, the exclusion deadline is _____, 2015.**

15. If I exclude myself, can I receive money from this Settlement?

No. If you exclude yourself, do not send in a Proof of Claim and Release form. But, you may be able to sue, continue to sue, or be part of a different lawsuit against Defendants.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

Yes. The Court appointed Robbins Geller Rudman & Dowd LLP to represent you and other Class Members. These lawyers are called Lead Counsel. You will not be charged directly for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

1 **17. How will the lawyers be paid?**

2
3 In the two years that this Litigation has been pending, Lead Counsel have not been
4 paid for their services on behalf of Lead Plaintiff and the Class, nor for their
5 substantial expenses. The fee requested is to compensate Lead Counsel for their work
6 investigating the facts, litigating the case over the past two years, and negotiating the
7 Settlement.

8 Lead Plaintiff’s counsel will ask the Court to award litigation expenses of no more
9 than \$120,000 and a payment of 25% of the Settlement Amount for attorneys’ fees,
10 plus interest on both amounts. The fee requested is well within the range of fees
11 awarded to class counsel in similar cases. Lead Counsel may also seek the Court’s
12 approval to pay the Lead Plaintiff reasonable costs and expenses directly relating to
13 the representation of the Class. The Court may award less than these amounts.

14 **OBJECTING TO THE SETTLEMENT OR THE REQUEST FOR
15 FEES AND EXPENSES**

16 You can tell the Court that you do not agree with the Settlement or the request for fees
17 and expenses or some part of these matters.

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

19 If you are a Class Member, you can object to the Settlement or the request for fees and
20 expenses if you do not like any part of these matters. You can state the reasons why
21 you think the Court should not approve any of the relief sought. The Court will
22 consider your views. To object, you must send a letter saying that you object to the
23 Settlement in *In re Hot Topic, Inc. Securities Litigation*, Lead Case No. 2:13-cv-
24 02939-SJO(JCx). Be sure to include your name, address, telephone number, your
25 signature, the number of shares of Hot Topic common stock you held on the record
26 date, May 3, 2013, and the reason(s) why you object to the Settlement or the request
27 for fees and expenses. **Mail the objection to the Court, Lead Counsel and Defense
28 Counsel in time for it to be received no later than _____, 2015:**

COURT	LEAD COUNSEL	DEFENSE COUNSEL
Clerk of the Court U.S. DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION United States Courthouse 312 North Spring Street Los Angeles, CA 90012	Danielle S. Myers ROBBINS GELLER RUDMAN & DOWD LLP 655 West Broadway Suite 1900 San Diego, CA 92101	Meryl L. Young GIBSON, DUNN & CRUTCHER LLP 3161 Michelson Drive Irvine, CA 92612

19 **19. What’s the difference between objecting and excluding?**

20 Objecting is simply telling the Court that you do not like something about the
21 Settlement or the fee and expense request. You can object *only* if you stay in the
22 Class.

1 Excluding yourself is telling the Court that you do not want to be paid and do not want
2 to release any claims. If you exclude yourself, you cannot object to the Settlement
because it does not affect you.

3 **THE COURT’S FAIRNESS HEARING**

4 The Court will hold a hearing to decide whether to approve the Settlement. You may
attend and you may ask to speak, but you do not have to.

5 **20. When and where will the Court decide whether to approve the Settlement?**

6
7 The Court will hold a fairness hearing at ____:____.m., on _____, 2015, before
8 the Honorable S. James Otero at the U.S. District Court for the Central District of
California, Western Division, United States Courthouse, 312 North Spring Street, Los
9 Angeles, CA 90012. At this hearing, the Court will consider whether the Settlement is
fair, reasonable, and adequate. If there are objections, the Court will consider them.
10 Judge Otero will listen to people who have asked to speak at the hearing. The Court
will also consider whether to approve the fee and expense requests. The Court may
11 decide the issues at the hearing or take them under consideration. We do not know
how long these decisions will take.

12 **21. Do I have to come to the hearing?**

13
14 No. Lead Counsel will answer questions Judge Otero may have. But, you are
welcome to come at your own expense. If you send an objection, you do not have to
15 come to Court to talk about it. As long as you mailed your written objection on time,
the Court will consider it. You may also pay your own lawyer to attend, but it is not
16 necessary.

17 **22. May I speak at the hearing?**

18
19 You may ask the Court for permission to speak at the fairness hearing. To do so, you
must send a letter saying that it is your intention to appear in *In re Hot Topic, Inc.*
20 *Securities Litigation*, Lead Case No. 2:13-cv-02939-SJO(JCx). Be sure to include
your name, address, telephone number, the number of shares of Hot Topic common
21 stock you held on the record date, May 3, 2013, and your signature. **Your notice of
intention to appear must be received no later than _____, 2015, by the
Clerk of the Court, Lead Counsel, and Defendants’ Counsel**, at the addresses listed
22 above in Question 18.

23 You cannot speak at the hearing if you exclude yourself from the Class.

24 **IF YOU DO NOTHING**

25 **23. What happens if I do nothing at all?**

26
27 If you do nothing, you will not receive any money from this Settlement. In addition,
unless you exclude yourself, you will not be able to start a lawsuit, continue with a
28 lawsuit, or be part of any other lawsuit about the Released Claims in this Case. Exhibit A-1

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GETTING MORE INFORMATION

24. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation dated as of April 30, 2015. You can obtain a copy of the Stipulation by writing to Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or from the Clerk’s office at the United States District Court for the Central District of California, Western Division, 312 North Spring Street, Los Angeles, CA 90012 during regular business hours. The Stipulation may also be downloaded at www.hottopicsecuritiessettlement.com.

25. How do I get more information?

You can call 1-800-449-4900 or write to Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101 or visit www.hottopicsecuritiessettlement.com.

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any Hot Topic common stock on the record date, May 3, 2013, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice 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:

Hot Topic, Inc. Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

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 which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

DATED: _____, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

EXHIBIT A-2

1 ROBBINS GELLER RUDMAN
 & DOWD LLP
 2 RANDALL J. BARON (150796)
 A. RICK ATWOOD, JR. (156529)
 3 DAVID T. WISSBROECKER (243867)
 EDWARD M. GERGOSIAN (105679)
 4 DANIELLE S. MYERS (259916)
 655 West Broadway, Suite 1900
 5 San Diego, CA 92101-8498
 Telephone: 619/231-1058
 6 619/231-7423 (fax)
 randyb@rgrdlaw.com
 7 ricka@rgrdlaw.com
 dwissbroecker@rgrdlaw.com
 8 egergosian@rgrdlaw.com
 dmyers@rgrdlaw.com

9 Lead Counsel for Plaintiffs

10
 11 UNITED STATES DISTRICT COURT
 12 CENTRAL DISTRICT OF CALIFORNIA
 13 WESTERN DIVISION

14 In re HOT TOPIC, INC. SECURITIES)
 15 LITIGATION)

Lead Case No. 2:13-cv-02939-
 SJO(JCx)

16 _____)
 17 This Document Relates To:)
 18 ALL ACTIONS.)

CLASS ACTION

PROOF OF CLAIM AND RELEASE

EXHIBIT A-2

19
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1 **I. GENERAL INSTRUCTIONS**

2 1. To recover as a Class Member based on your claims in the action entitled
3 *In re Hot Topic, Inc. Securities Litigation*, Lead Case No. 2:13-cv-02939-SJO(JCx)
4 (the “Litigation”), you must complete and, on page ___ hereof, sign this Proof of
5 Claim and Release. If you fail to file a properly addressed (as set forth in ¶3 below)
6 Proof of Claim and Release, your claim may be rejected and you may be precluded
7 from any recovery from the Net Settlement Fund created in connection with the
8 proposed settlement of the Litigation.

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

11 3. YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND
12 SIGNED PROOF OF CLAIM AND RELEASE NO LATER THAN _____,
13 2015, TO THE COURT-APPOINTED CLAIMS ADMINISTRATOR IN THIS CASE
14 AT THE FOLLOWING ADDRESS:

15 *Hot Topic, Inc. Securities Litigation*
16 Claims Administrator
17 c/o Gilardi & Co. LLC
18 P.O. Box 8040
19 San Rafael, CA 94912-8040
20 (www.hottopicsecuritiessettlement.com)

21 If you are NOT a Class Member, as defined below, DO NOT submit a Proof of Claim
22 and Release form.

23 4. If you are a Class Member and you do not timely and validly request
24 exclusion from the Class, you are bound by the terms of any judgment entered in the
25 Litigation, including the releases provided therein, WHETHER OR NOT YOU
26 SUBMIT A PROOF OF CLAIM AND RELEASE FORM.

27 **II. DEFINITIONS**

28 1. “Class,” “Class Member,” or “Members of the Class” means all holders
of Hot Topic common stock on the record date, May 3, 2013. Excluded from the
Class are Defendants, the officers and directors of the Company at all relevant times,

Exhibit A-2
- 54 -

1 members of their immediate families and their legal representatives, heirs, successors
2 or assigns and any entity in which Defendants have or had a controlling interest, and
3 any Person who timely and validly seeks exclusion from the Class.

4 2. “Defendants” means Hot Topic, Lisa M. Harper, Steven Becker, Matthew
5 Drapkin, Evelyn D’an, Terri Funk Graham, John Kyees, Andrew Schuon and Thomas
6 Vellios.

7 3. “Hot Topic” means Hot Topic, Inc.

8 4. “Person” means an individual, corporation, partnership, limited
9 partnership, association, joint stock company, estate, legal representative, trust,
10 unincorporated association, government or any political subdivision or agency thereof,
11 and any business or legal entity and their spouses, heirs, predecessors, successors,
12 representatives, or assignees.

13 5. “Related Parties” means each of a Defendant’s or Sycamore’s past or
14 present directors, officers, employees, partners, insurers, co-insurers, reinsurers,
15 principals, controlling shareholders, attorneys, accountants or auditors, financial
16 advisors, personal or legal representatives, predecessors, successors, parents
17 (including Sycamore), subsidiaries, divisions, affiliates, joint ventures, assigns,
18 spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant
19 has a controlling interest, any members of any Individual Defendant’s immediate
20 family, or any trust of which any Individual Defendant is the settlor or which is for the
21 benefit of any Individual Defendant’s family.

22 6. “Released Claims” means any and all claims (including “Unknown
23 Claims” as defined in ¶8 hereof), causes of action, rights, actions, suits, obligations,
24 debts, demands, judgments, agreements, promises, liabilities, damages, losses,
25 controversies, costs, expenses or attorneys’ fees, of every nature and description
26 whatsoever, whether direct, indirect, now known or unknown, suspected or
27 unsuspected, accrued or unaccrued, in law or in equity, whether having arisen or yet to
28 arise, including, without limitation, any claims of violations of federal or state

Exhibit A-2
33

1 securities laws and any federal or state claims of fraud, intentional misrepresentation,
2 negligent misrepresentation, negligence, gross negligence, breach of duty of care
3 and/or breach of duty of loyalty, breach of fiduciary duty, unjust enrichment, abuse of
4 control, mismanagement, waste of corporate assets, or violations of any state or
5 federal statutes, rules or regulations, or aiding and abetting any of the foregoing, that
6 have been or could have been alleged or asserted now or in the future by Lead
7 Plaintiff or any Class Member against the Released Persons, or any of them in the
8 Litigation or in any other court action (including, without limitation, the Consolidated
9 State Action) or before any administrative body, tribunal, arbitration panel, or other
10 adjudicatory body, arising out of or relating in any way to, or in connection with both
11 (a) Hot Topic common stock held on the record date, May 3, 2013, and (b) any of the
12 acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or
13 failures to act or matters set forth, referred to, or alleged, or that could have been set
14 forth, referred to, or alleged (whether known or unknown) in the Litigation or the
15 Consolidated State Action. The Released Claims do not include claims to enforce the
16 Settlement.

17 7. “Released Persons” means each and all of the Defendants, Sycamore and
18 each of their respective Related Parties.

19 8. “Unknown Claims” means any Released Claims which the Lead Plaintiff
20 or any Class Member, as of the Effective Date, does not know or suspect to exist in
21 his, her or its favor, whether direct, indirect, or derivative, including those which, if
22 known by him, her or it, might have affected his, her or its settlement with and release
23 of the Released Persons, or might have affected his, her or its decision not to object to
24 this Settlement. With respect to any and all Released Claims, the Settling Parties
25 stipulate and agree that, upon the Effective Date, the Lead Plaintiff shall expressly
26 waive and each of the Class Members shall be deemed to have, and by operation of
27 the Judgment shall have, expressly waived, the provisions, rights and benefits of
28 California Civil Code §1542, which provides:

Exhibit A-2
- 56 -

1 party, such as a nominee or brokerage firm, you are the beneficial purchaser and the
2 third party is the record purchaser.

3 2. Use Part I of this form entitled “Claimant Identification” to identify each
4 share held of record (“nominee”), if different from the beneficial holder of the Hot
5 Topic common stock that form the basis of this claim. THIS CLAIM MUST BE
6 FILED BY THE ACTUAL BENEFICIAL HOLDER(S) OR THE LEGAL
7 REPRESENTATIVE OF SUCH HOLDER(S) OF THE HOT TOPIC COMMON
8 STOCK UPON WHICH THIS CLAIM IS BASED.

9 3. All joint holders must sign this claim. Executors, administrators,
10 guardians, conservators and trustees must complete and sign this claim on behalf of
11 Persons represented by them and their authority must accompany this claim and their
12 titles or capacities must be stated. The Social Security (or taxpayer identification)
13 number and telephone number of the beneficial owner may be used in verifying the
14 claim. Failure to provide the foregoing information could delay verification of your
15 claim or result in rejection of the claim.

16 **IV. CLAIM FORM**

17 1. Use Part II of this form entitled “Holdings in Hot Topic Common Stock”
18 to state the number of shares of Hot Topic common stock that you held on the record
19 date, May 3, 2013.

20 2. Copies of broker confirmations or other documentation of your holdings
21 in Hot Topic common stock should be attached to your claim. Failure to provide this
22 documentation could delay verification of your claim or result in rejection of your
23 claim.

24 3. The above requests are designed to provide the minimum amount of
25 information necessary to process the simplest claims. The Claims Administrator may
26 request additional information as required to efficiently and reliably calculate your
27 recovery. In the event the Claims Administrator cannot perform the calculation
28 accurately or at a reasonable cost to the Class with the information provided, the

Exhibit A-2
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1 Claims Administrator may condition acceptance of the claim upon the production of
2 additional information and/or the claimant's responsibility for any increased costs due
3 to the nature and/or scope of the claim.

4 UNITED STATES DISTRICT COURT
5 CENTRAL DISTRICT OF CALIFORNIA
6 WESTERN DIVISION

7 *In re Hot Topic, Inc. Securities Litigation*

8 Lead Case No. 2:13-cv-02939-SJO(JCx)

9 PROOF OF CLAIM AND RELEASE

10 Must Be Postmarked No Later Than:

11 _____, 2015

12 Please Type or Print

13 Do NOT use red ink, pencil, or staples.

14 **PART I: CLAIMANT IDENTIFICATION**

15
16 _____
Beneficial Owner's Name (Last, Middle Initial, First Name)

17
18 _____
Co-Beneficial Owner's Name (Last, Middle Initial, First Name)

19 IRA Joint Tenancy Employee Individual
20 Other: _____

21 _____
Trustee/Asset Manager/Nominee/Record Owner's Name (if Different from Beneficial
22 Owner)

23 _____
Account #/Fund # (Not necessary for individual filers)

24 _____ Taxpayer Identification Number
Social Security Number or

25
26 _____ Telephone Number (home)
Telephone Number (work)

27 _____
E-mail Address

1 **MAILING INFORMATION**

2 _____
 3 Address

4 _____ State _____ Zip Code _____

5 _____
 6 Foreign Province Foreign Country

7 **PART II: SCHEDULE OF TRANSACTIONS IN HOT TOPIC COMMON**
 8 **STOCK**

9 A. State how many shares of Hot Topic common stock you held on the
 10 record date, May 3, 2013: _____

11 Proof enclosed? yes no

12 YOU MUST READ AND SIGN THE RELEASE ON PAGE _____.
 13 FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN
 14 PROCESSING OR THE REJECTION OF YOUR CLAIM.

15 **V. SUBMISSION TO JURISDICTION OF COURT AND**
 16 **ACKNOWLEDGMENTS**

17 I (We) submit this Proof of Claim and Release under the terms of the
 18 Stipulation of Settlement dated as of April 30, 2015 (“Stipulation”) described in the
 19 Notice. I (We) also submit to the jurisdiction of the United States District Court for
 20 the Central District of California, with respect to my (our) claim as a Class Member
 21 (as defined in the Notice) and for purposes of enforcing the release set forth herein. I
 22 (We) further acknowledge that I am (we are) bound by and subject to the terms of any
 23 judgment that may be entered in the Litigation. I (we) agree to furnish additional
 24 information to Lead Counsel and/or the Claims Administrator to support this claim if
 25 required to do so. I (we) have not submitted any other claim covering the same
 26 holdings of Hot Topic common stock and know of no other Person having done so on
 27 my (our) behalf.

1 **VI. RELEASE**

2 1. I (We) hereby acknowledge full and complete satisfaction of, and do
3 hereby fully, finally, and forever settle, release, relinquish, and discharge, all of the
4 Released Claims (including Unknown Claims) against each and all of the Released
5 Persons, all as defined herein and in the Notice and Stipulation.

6 2. This release shall be of no force or effect unless and until the Court
7 approves the Stipulation and it becomes effective on the Effective Date.

8 3. I (We) hereby warrant and represent that I (we) am or are not a Person
9 excluded from the definition of the Class.

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

13 5. I (We) hereby warrant and represent that I (we) have included all
14 requested information about all of my (our) holdings of Hot Topic common stock on
15 the record date, May 3, 2013 requested in this claim form.

16 6. The number(s) shown on this form is (are) the correct SSN/TIN(s).

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

19 (NOTE: If you have been notified by the Internal Revenue Service that you are
20 subject to backup withholding, you must cross out Item 7 above.)

21 I (We) declare under penalty of perjury under the laws of the United States of
22 America that the foregoing information supplied by the undersigned is true and
23 correct.

24 Executed this _____ day of _____,
25 (Month/Year)
26 in _____, _____.
(City) (State/Country)

28 _____ Exhibit A-2
(Sign your name here) - 61 -

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(Type or print your name here)

(Capacity of person(s) signing, *e.g.*,
Beneficial Purchaser, 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 copies of 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

1 ROBBINS GELLER RUDMAN
 & DOWD LLP
 2 RANDALL J. BARON (150796)
 A. RICK ATWOOD, JR. (156529)
 3 DAVID T. WISSBROECKER (243867)
 EDWARD M. GERGOSIAN (105679)
 4 DANIELLE S. MYERS (259916)
 655 West Broadway, Suite 1900
 5 San Diego, CA 92101-8498
 Telephone: 619/231-1058
 6 619/231-7423 (fax)
 randyb@rgrdlaw.com
 7 ricka@rgrdlaw.com
 dwissbroecker@rgrdlaw.com
 8 egergosian@rgrdlaw.com
 dmyers@rgrdlaw.com

9 Lead Counsel for Plaintiffs

10
 11 UNITED STATES DISTRICT COURT
 12 CENTRAL DISTRICT OF CALIFORNIA
 13 WESTERN DIVISION

14 In re HOT TOPIC, INC. SECURITIES)
 15 LITIGATION)

Lead Case No. 2:13-cv-02939-
 SJO(JCx)

16 _____)
 17 This Document Relates To:)

CLASS ACTION

18 ALL ACTIONS.)

SUMMARY NOTICE OF PENDENCY
 OF CLASS ACTION AND
 PROPOSED SETTLEMENT

19 EXHIBIT A-3
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1 ***IF YOU HELD HOT TOPIC, INC. (“HOT TOPIC”) COMMON STOCK ON***
2 ***THE RECORD DATE, MAY 3, 2013 AND WERE DAMAGED THEREBY***
3 ***(THE “CLASS”), YOU COULD RECEIVE A PAYMENT FROM A CLASS***
4 ***ACTION SETTLEMENT. CERTAIN PERSONS ARE EXCLUDED FROM***
5 ***THE DEFINITION OF THE CLASS AS SET FORTH IN THE STIPULATION***
6 ***OF SETTLEMENT.***

7 PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE
8 AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT.

9 YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of
10 Civil Procedure and Order of the United States District Court for the Central District
11 of California, that the above-captioned litigation (the “Litigation”) has been certified
12 as a class action and that a Settlement has been proposed for \$14,900,000 in cash. A
13 hearing will be held on _____, 2015, at _____.m., before the Honorable S. James
14 Otero at the United States Courthouse, 312 North Spring Street, Los Angeles, CA
15 90012, for the purpose of determining whether: (1) the proposed Settlement should be
16 approved by the Court as fair, reasonable and adequate; and (2) the application of
17 Lead Plaintiff’s counsel for the payment of attorneys’ fees and expenses, including
18 Lead Plaintiff’s expenses incurred in connection with the Litigation, should be
19 approved.

20 If you are a Class Member described above, your rights may be affected by the
21 Settlement of the Litigation and you may be entitled to share in the Settlement Fund. If
22 you have not received a detailed Notice of Pendency and Proposed Settlement of Class
23 Action (“Notice”) and a copy of the Proof of Claim and Release, you may obtain a copy
24 of these documents by contacting the Claims Administrator: *Hot Topic, Inc. Securities*
25 *Litigation, c/o Gilardi & Co. LLC, P.O. Box 8040, San Rafael, CA 94912-8040, 1-877-*
26 *289-2663. You may also obtain copies of the Stipulation of Settlement, Notice and*
27 *Proof of Claim and Release at www.hottopicsecuritiessettlement.com.*

28 If you are a Class Member, to be eligible to share in the distribution of the Net
Settlement Fund, you must submit a Proof of Claim and Release postmarked no later

Exhibit A-3

- 65 -

1 than _____, 2015. If you are a Class Member and do not submit a valid Proof
2 of Claim and Release, you will not be eligible to share in the distribution of the Net
3 Settlement Fund but you will still be bound by any judgment entered by the Court in
4 this Litigation (including the releases provided for therein).

5 To exclude yourself from the Class, you must submit a written request for
6 exclusion postmarked by _____, 2015, and in accordance with the instructions
7 set forth in the Notice. If you are a Class Member and do not exclude yourself from
8 the Class, you will be bound by any judgment entered by the Court in this Litigation
9 (including the releases provided for therein), whether or not you submit a Proof of
10 Claim and Release. If you submit a written request for exclusion, you will have no
11 right to recover money pursuant to the Settlement.

12 Any objection to the proposed Settlement or the request for attorneys' fees and
13 expenses must be filed with the Court and delivered such that it is received by each of
14 the following no later than _____, 2015:

15 COURT	LEAD COUNSEL	DEFENSE COUNSEL
16 Clerk of the Court 17 U.S. DISTRICT COURT FOR 18 THE CENTRAL DISTRICT 19 OF CALIFORNIA, 20 WESTERN DIVISION United States Courthouse 312 North Spring Street Los Angeles, CA 90012	21 Danielle S. Myers 22 ROBBINS GELLER RUDMAN 23 & DOWD LLP 24 655 West Broadway 25 Suite 1900 26 San Diego, CA 92101	27 Meryl L. Young 28 GIBSON, DUNN & CRUTCHER LLP 3161 Michelson Drive Irvine, CA 92612

21 **PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S**
22 **OFFICE REGARDING THIS NOTICE.** If you have any questions about the
23 settlement, you may contact Lead Counsel at the address listed above.

24 DATED: _____

25 BY ORDER OF THE COURT
26 UNITED STATES DISTRICT COURT
27 CENTRAL DISTRICT OF
28 CALIFORNIA
WESTERN DIVISION

EXHIBIT B

1 ROBBINS GELLER RUDMAN
 & DOWD LLP
 2 RANDALL J. BARON (150796)
 A. RICK ATWOOD, JR. (156529)
 3 DAVID T. WISSBROECKER (243867)
 EDWARD M. GERGOSIAN (105679)
 4 DANIELLE S. MYERS (259916)
 655 West Broadway, Suite 1900
 5 San Diego, CA 92101-8498
 Telephone: 619/231-1058
 6 619/231-7423 (fax)
 randyb@rgrdlaw.com
 7 ricka@rgrdlaw.com
 dwissbroecker@rgrdlaw.com
 8 egergosian@rgrdlaw.com
 dmyers@rgrdlaw.com

9 Lead Counsel for Plaintiffs

10
 11 UNITED STATES DISTRICT COURT
 12 CENTRAL DISTRICT OF CALIFORNIA
 13 WESTERN DIVISION

14 In re HOT TOPIC, INC. SECURITIES)
 15 LITIGATION)

Lead Case No. 2:13-cv-02939-
 SJO(JCx)

16 This Document Relates To:)

CLASS ACTION

17 ALL ACTIONS.)
 18

[PROPOSED] FINAL JUDGMENT
 AND ORDER OF DISMISSAL WITH
 PREJUDICE

EXHIBIT B

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1 This matter came before the Court for hearing pursuant to the Order of this
2 Court, dated _____, 2015, on the application of the parties for approval of the
3 Settlement set forth in the Stipulation of Settlement dated April 30, 2015 (the
4 “Stipulation”). Due and adequate notice having been given to the Class as required in
5 the Order, the Court having considered all papers filed and proceedings held herein
6 and otherwise being fully informed in the premises and good cause appearing
7 therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

8 1. This Judgment incorporates by reference the definitions in the
9 Stipulation, and all terms used herein shall have the same meanings as set forth in the
10 Stipulation, unless otherwise stated herein.

11 2. This Court has jurisdiction over the subject matter of the Litigation and
12 over all parties to the Litigation, including all Class Members.

13 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court
14 previously certified a Class defined as all holders of Hot Topic, Inc. (“Hot Topic”)
15 common stock on the record date, May 3, 2013, who were allegedly harmed by
16 defendants’ violations of §14(a) and §20(a) of the Securities Exchange Act of 1934 in
17 connection with the Merger of Hot Topic and Sycamore Partners as alleged in the
18 litigation (the “Class”). Excluded from the Class are defendants, the officers and
19 directors of the Company at all relevant times, members of their immediate families
20 and their legal representatives, heirs, successors or assigns and any entity in which
21 defendants have or had a controlling interest, and any Person who timely and validly
22 seeks exclusion from the Class.

23 4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court
24 hereby approves the Settlement set forth in the Stipulation and finds that said
25 Settlement is, in all respects, fair, just, reasonable and adequate to the Class.

26 5. Except as to any individual claim of those Persons who have validly and
27 timely requested exclusion from the Class (identified in Exhibit 1 hereto), the
28 Litigation and all claims contained therein, as well as all of the Released Claims, ^{Exhibit B} are

1 dismissed with prejudice as to the Lead Plaintiff and the other Class Members, and as
2 against each and all of the Released Persons. The Settling Parties are to bear their
3 own costs, except as otherwise provided in the Stipulation.

4 6. The Court finds that the Settlement is fair, just, reasonable and adequate
5 as to each of the Class Members, and that the Settlement is hereby finally approved in
6 all respects, and the Settling Parties are hereby directed to perform its terms.

7 7. Upon the Effective Date, the Lead Plaintiff and each of the Class
8 Members shall be deemed to have, and by operation of this Judgment shall have, fully,
9 finally and forever released, relinquished, dismissed and discharged all Released
10 Claims (including Unknown Claims) against the Released Persons with prejudice on
11 the merits, whether or not the Lead Plaintiff or such Class Member executes and
12 delivers the Proof of Claim and Release, and whether or not the Lead Plaintiff or any
13 of the Class Members ever seeks or obtains any distribution from the Settlement Fund.
14 Claims to enforce the Settlement are not released.

15 8. Upon the Effective Date, each of the Released Persons shall be deemed to
16 have, and by operation of this Judgment shall have, fully, finally, and forever released,
17 relinquished and discharged the Lead Plaintiff, each and all of the Class Members, and
18 their attorneys (including, without limitation, Lead Counsel), employees, heirs,
19 successors, and assigns from all claims (including, without limitation, Unknown
20 Claims) arising out of, relating to, or in connection with, the institution, prosecution,
21 assertion, settlement or, resolution of the Litigation and/or the Consolidated State
22 Action. Claims to enforce the Settlement are not released.

23 9. Upon the Effective Date, Lead Plaintiff and all Class Members and
24 anyone claiming through or on behalf of any of them, are forever barred and enjoined
25 from commencing, instituting, or continuing to prosecute any action or proceeding in
26 any court of law or equity, arbitration tribunal, administrative forum, or other forum of
27 any kind, asserting any of the Released Claims against any of the Released Parties,
28 and each of them.

1 10. The distribution of the Notice and publication of the Summary Notice as
2 provided for in the Preliminary Approval Order constituted the best notice practicable
3 under the circumstances, including individual notice to Class Members who could be
4 identified through reasonable effort. Said notice provided the best notice practicable
5 under the circumstances of those proceedings and of the matters set forth therein,
6 including the proposed Settlement set forth in the Stipulation, to all Persons entitled to
7 such notice, and said notice fully satisfied the requirements of Federal Rule of Civil
8 Procedure 23, due process, and any other applicable law, including the Private
9 Securities Litigation Reform Act of 1995.

10 11. Any order entered regarding any attorneys' fee and expense application
11 shall in no way disturb or affect this Judgment and shall be considered separate from
12 this Judgment.

13 12. Neither the Stipulation nor the Settlement contained therein, nor any act
14 performed or document executed pursuant to or in furtherance of the Stipulation or the
15 Settlement: (a) is or may be deemed to be or may be used as an admission of, or
16 evidence of, the validity of any Released Claim, or of any wrongdoing or liability of
17 the Defendants, their Related Parties or any Released Person; or (b) is or may be
18 deemed to be or may be used as an admission of, or evidence of, any fault or omission
19 of any of the Defendants, their Related Parties or any Released Person in any civil,
20 criminal, or administrative proceeding in any court, administrative agency, or other
21 tribunal. Defendants, their Related Parties or any Released Person may file the
22 Stipulation and/or the Judgment in any other action that may be brought against them
23 in order to support a defense or counterclaim based on principles of *res judicata*,
24 collateral estoppel, release, good faith settlement, judgment bar or reduction, or any
25 other theory of claim preclusion or issue preclusion or similar defense or
26 counterclaim.

27 13. Without affecting the finality of this Judgment in any way, this Court
28 hereby retains continuing jurisdiction over: (a) implementation of the Settlement and ^{Exhibit B}

1 any award or distribution of the Settlement Fund, including interest earned thereon;
2 (b) disposition of the Settlement Fund; (c) hearing and determining applications for
3 attorneys' fees and expenses in the Litigation; and (d) all parties hereto for the purpose
4 of construing, enforcing and administering the Settlement.

5 14. The Court finds that during the course of the Litigation, the Settling
6 Parties and their respective counsel at all times complied with the requirements of
7 Federal Rule of Civil Procedure 11.

8 15. In the event that the Settlement does not become effective in accordance
9 with the terms of the Stipulation, or the Effective Date does not occur, or the
10 conditions set forth in ¶7.7 of the Stipulation occur, then this Judgment shall be
11 rendered null and void to the extent provided by and in accordance with the
12 Stipulation and shall be vacated and, in such event, all orders entered and releases
13 delivered in connection herewith shall be null and void to the extent provided by and
14 in accordance with the Stipulation.

15 16. The Settling Parties shall bear their own costs and expenses, except as
16 otherwise provided in the Stipulation or in this Judgment.

17 IT IS SO ORDERED.

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19 DATED: _____

20 THE HONORABLE S. JAMES OTERO
21 UNITED STATES DISTRICT JUDGE
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CERTIFICATE OF SERVICE

I hereby certify that on April 30, 2015, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I caused to be mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 30, 2015.

s/ Randall J. Baron
RANDALL J. BARON

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Mailing Information for a Case 2:13-cv-02939-SJO-JC Julie Horn v. Hot Topic Inc et al

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Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

- (No manual recipients)